



# Falkland Islands Holdings plc

David Hudd - Chairman

John Foster - Managing Director

Results for the 12 months ended 31 March 2005

# Falkland Islands Holdings - Investor presentation

Results to 31 March 2005

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# FIH - Key Achievements of Transformational year

- **Purchase UK Ferry business - PHFC -**
  - Attractive price - cost £7.5m .Historic PER 10.0x
  - New ferry in service - strong cash flow
- **Float Falklands Oil & Gas ( FOGL ) - raised £12m Oct 2004 , +£10m in June 2005**
  - Operations expanded & funded through 2006
  - 18.3% shareholding after £2m investment in June placing ( total 16,802,941 shares )
- **Float Falklands Gold & minerals ( FGML) - raised £10m Dec 2004**
  - Operations funded through 2006
  - 14.4 % shareholding ( 11,250,000 shares )
- **Recruited new management**
  - MD John Foster
  - Capacity for growth & acquisitions
- **Expanded FIH Equity base**
  - Expansion funded by issue of 2.1million new shares ( +36% )
  - New Institutional shareholders

# FIH Group Profitability

	Year to 31 March 2005 £000	Year to 31 March 2004 £000	Change +/-
Turnover	12,754	11,082	+15.1%
Trading Profit	1,490	1,143	+ 30.3%
Head Office costs	(533)	(283)	
Goodwill amortisation	(65)	--	
Operating Profit	892	860	+3.7%
Interest	6	(13)	
<b>Profit Before Tax</b>	<b>898</b>	<b>847</b>	<b>+ 6.0%</b>
EPS - Basic before goodwill w/o	8.9p	9.7p	-0.8p

## Falklands Ops Only - Comparative Performance

Year to 31 March	2005 £000	PHFC (Post Acq) £000	Fklds Ops 2005 £000	Fklds Ops 2004 £000	Change
Turnover	12,754	1,286	11,468	11,082	+3.5%
PBITa	1,490	203	1,287	1,143	+12.6%
Goodwill amortisation	(65)	(65)	--	--	--
Head Office costs	( 533)	-	( 533)	(283)	( 250)
Operating Profit	892	138	754	860	
Interest	6	(1)	7	(13)	20
<b>Profit Before Tax</b>	<b>898</b>	<b>137</b>	<b>761</b>	<b>847</b>	<b>( 86)</b>

# FIH Only - Operating Review - Y/e 31 March 2005

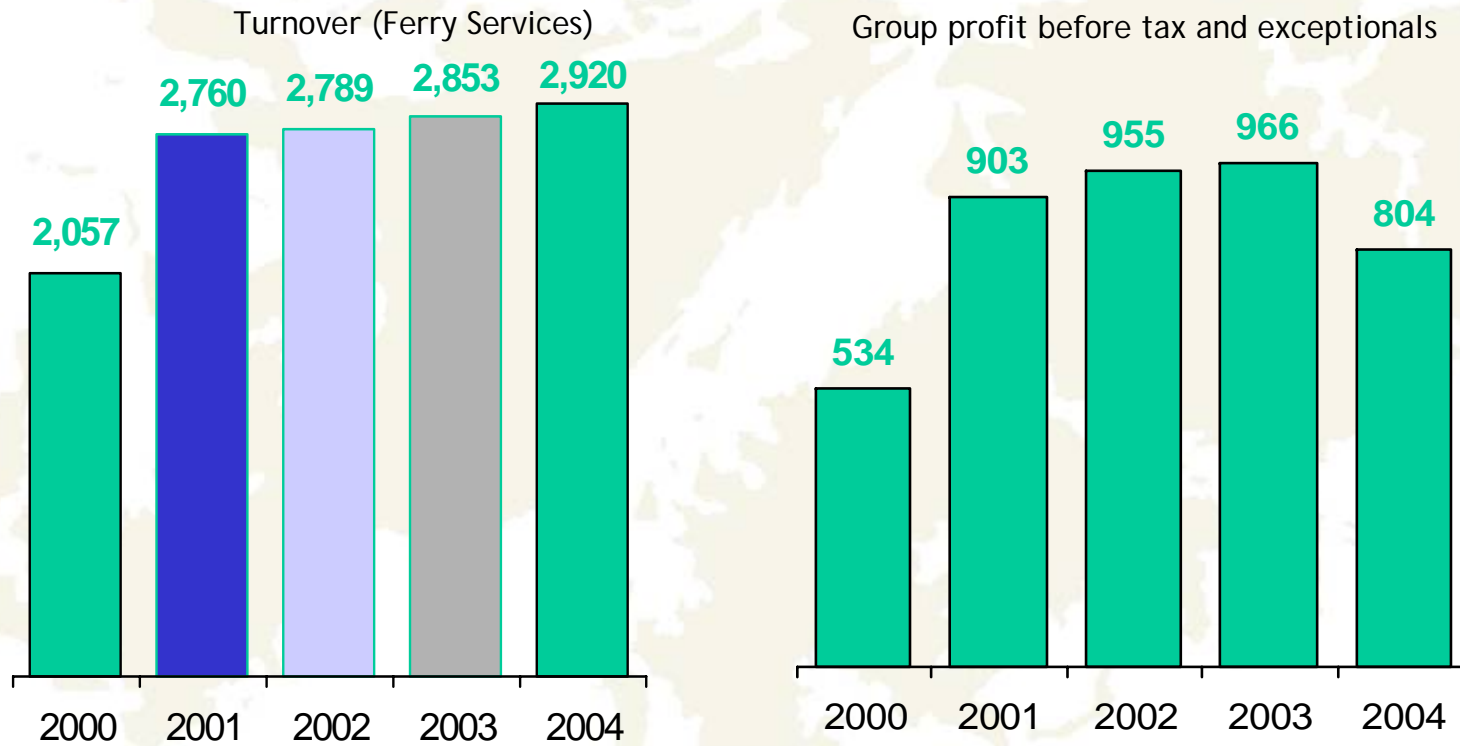
- Ahead £144k (+12.6%) at trading level - before UK Head Office costs
- Retailing - strong performance
  - 2/3 of FIH revenues - increased sales and contribution with full year of new West Store extension.
- Management Services
  - Increase in insurance commission and property rental income
  - Offset by weaker Port Services income ( poor fishing season )
- Automotive
  - Continued good level of sales to Land Rover sales to MoD- up on prior year
- Shipping
  - Steady improvement on 2004
- Fishing Agency
  - Break even year - Illex volumes down , season closed early for conservation reasons
- Upland Goose Hotel
  - Loss making in year but deficit reducing following new management contract with Sodexo on 1 October 2004.
- Head office costs
  - - Increase in year due to expansion of group - professional fees and salaries.

## Portsmouth Harbour Ferry Company- PHFC

- FIH acquired control after hostile bid - 9 Dec 2004
- NTA £3.3m - Goodwill £4.2m -w/o over 20 years - w/o will end with IFRS
- Company established 1883
- c4. Million Passenger journeys pa (£1.60 return fare )
- Issues :
  - Mgmt walked out day1 - *New GM and FD recruited Q1 2005*
  - £2m New ferry under construction - *Managed delivery on time/ budget Mar 05*
  - Car parking charges Nov 04 hit passenger numbers ( *Q1 2005 -5%* )
  - Ageing cruise vessel for scrap yard - *Sold for £150k- March 2005*
  - Non core travel agency - *exploring possible sale with interested parties*
  - No fare increase since March 2001 - *Increased fares 12.5% June 1, 2005*

# PHFC financial history - £'000

Years ended 31 December





## PHFC - Risks & Opportunities

- Risks:
- (SHRT) - Rapid Transit Tram under harbour via tunnel (£150m cost )
  - Rejected by govt July 2004 - Last ditch resubmission June 2005
  - BUT Tram without tunnel linking to ferry is potentially a big upside.
- Car parking charges - introduced by Gosport council Nov 2004
  - £15 per week - local outcry - Passenger numbers down 5-6% Q1 2005
- Opportunities:
- Fares increases -12.5% rise implemented 1 June 2005
- Corporate entertaining & events venues
- IFOS / IFR in 2005
- Reduced repair costs with modernised fleet.
- Extend ferry services where possible ( New tram ? ) Late night weekend service
- Cost saving measures
- Sale of surplus assets

<b>FIH Balance Sheet</b>	<b>31 March 2005 £000</b>	<b>31 March 2004 £000</b>	<b>Change £000</b>
Tangible Fixed Assets	8,501	3,552	4,949
Goodwill	4,136	--	4,136
Exploration Assets *	900	278	622
<b>Total Fixed Assets and Investments</b>	<b>13,537</b>	<b>3,830</b>	<b>9,707</b>
Working Capital - Net	(286)	(91)	(195)
Cash	914	1,183	(269)
Bank Loans	(1,346)	(250)	(1,096)
Net Current Assets	(718)	842	(1,560)
Pension Provisions & Deferred tax	(1,895)	( 1,157)	738
<b>Equity Shareholders funds</b>	<b>10,924</b>	<b>3,515</b>	<b>7,409</b>
Net Assets per share	130p	57p	+73p
NAV per share at Mkt value 31/3/05	375p	57p	+318p
* <i>Market value at 31/3/ 05 = £21.4m</i>			

# FIH Only - Investment Property Assets in Falklands

- Income producing – rent £172,000 pa
  - 17 houses and 5 flats in Stanley
  - 3 buildings let as offices in Stanley
  - 1 small retail complex at Mount Pleasant military base
- Development Land
  - 4 sites in central Stanley zoned for Housing 20 units
  - 92 acres zoned for housing
  - 18 acres zoned as commercial
- Other land
  - 280 acres - with 21 small uninhabited islands
  - Book value £1.4m

## FIH Group -Cash flow

	31 March 2005 £000	31 March 2004 £000
Operating profit	892	860
Depreciation	291	226
Amortisation goodwill	65	---
Working capital	(524)	658
Interest / Tax / Dividends	(586)	(656)
<b>Net Cash Flow before investment</b>	<b>138</b>	<b>1,088</b>
Capital expenditure	(1,099)	(503)
Purchase of PHFC	(5,673)	-
Investment in FOGL / FGML	(622)	(109)
<b>Cash Flow Before Financing</b>	<b>(7,256)</b>	<b>(476)</b>
Financed by: - New Shares	(5,682)	-
- Bank loan	(848)	250
- Incr. /( Decr. ) in Cash	(726)	226
	<b>(7,256)</b>	<b>476</b>

## FIH Group -Net Borrowings and liquidity

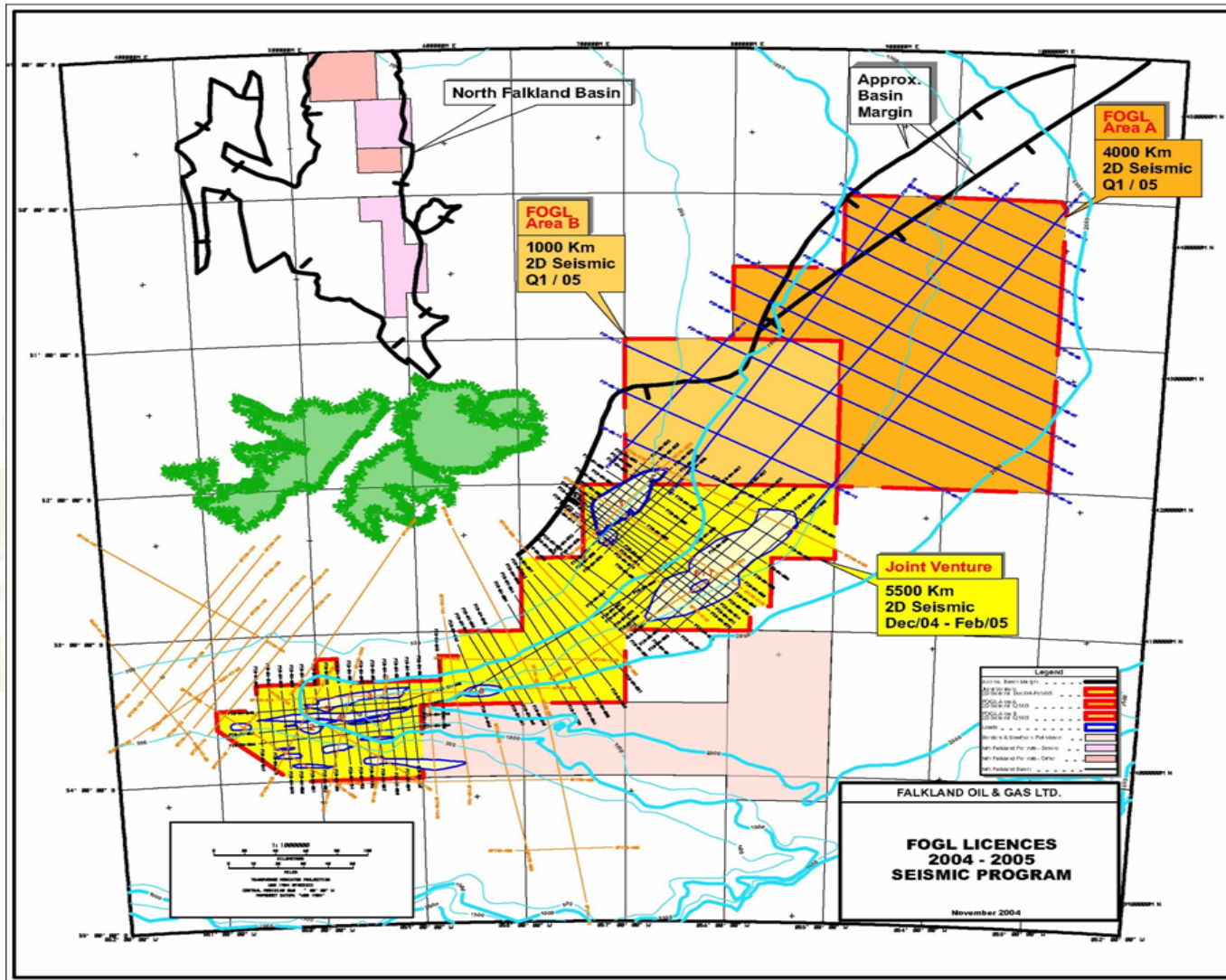
	31 March 2005 £000	31 March 2004 £000
Bank Loans due within 1 year	(515)	(250)
Bank loans due after 1 year	(746)	
Unsecured Loan Notes	(85)	---
	(1,346)	(250)
Cash	914	1,183
<b>Net ( Borrowings ) / Cash</b>	<b>(432)</b>	<b>933</b>
<b>Capital Gearing ( vs NTA £6.8m )</b>	<b>6.3%</b>	<b>Na</b>
Unutilised facilities		-
- Bank loans	2,500	1,250
- Overdraft	800	800
<b>Total unutilised facilities at 31 March</b>	<b>3,300</b>	<b>2,050</b>

# Falkland Oil and Gas (FOGL)

- Listed on AIM 14 October 2004 having raised £12m
- Held as long term investment
- Licences over 83,700 sq km - equivalent to 329 North Sea blocks
  - 33,700 with Hardman Resources (22.5%)
  - 50,000 100% interest awarded 7 December 2004
- FIH Shareholding 18.1% -
  - Book value £0.7m at cost - held as investment
  - Value 31 March £17.1million - 14,450,000 at 118.5p
- Placing 31 May to raise further £10 million
  - FIH subscribed £2 million to retain 18% holding - June 3 2005
  - Value 9 June 2005 £14.8million - 16,802,941 at 88p
- Early indications suggest South & East Falklands basin has potential to be a major petroleum province.
- Benefits of exploration already benefiting operations - hotel / housing rentals /shipping agency
- Strategy to remain a single purpose Falklands only company



# FOGL Regional Setting



# Falkland Gold and Minerals (FGML)

- Listed on AIM 9 December having raised £10m
- David Hudd - deputy Chairman
- Held as long term investment
- FIH Shareholding 14.4% - 11,250,000 shares
  - Book value £0.2m
  - Value at 31 March £4.2m ( 37.75p per share )
  - Value at 10 June £3.4m ( 30.0p per share )
- Exclusive licence to explore whole of Falklands 12,000 sq km for gold and minerals
- Licence area valid to July 2009 - 50% relinquishment in January 2007



# FIH strategy

- Maximise profits from Falklands
  - MoD shipping opportunity
  - Property development
  - Insurance broking
  - Benefits of exploration activity on all activities
- PHFC
  - Stabilise management- Done- New GM and FD recruited
  - Instigate profit improvement plan
  - Seek other related acquisitions
- Exploration
  - Support FOGI and FGML as long term investors
- Dividend policy remains progressive

## FIH Outlook

- Falklands profits continue to be impacted by level of fishing catches which are likely to disappoint in 2005/6
- Benefit of exploration activity will be experienced progressively in Islands
- PHFC acquisition will have positive impact on cash flow and earnings per share
- PHFC likely to enjoy buoyant trading in 2005 with Fleet Review and Trafalgar Celebrations
- News flow from FOGI and FGML likely to influence share price in future