

Falkland Islands Holdings PLC
19 May 2004

Falkland Islands Holdings PLC
Investment in Portsmouth Harbour Ferry Company

The board of Falkland Islands Holdings PLC ('FIH') is pleased to announce the purchase of 21.6% of the issued share capital of Portsmouth Harbour Ferry Company public limited company ('PHFC') as a long term investment.

PHFC was established in 1883 and operates a ferry service across Portsmouth Harbour between Portsea and Gosport and also owns a travel agency. The Falkland Islands company also has long a history of providing a service to a local community having been established by Royal Charter in 1851.

PHFC recently published consolidated accounts for the year ended 31 December 2003, which showed the following:

	2003	2002
	£'000	£'000
Turnover	4,571	4,693
Pre-tax profit	775	915
Net assets	2,918	2,520
Earnings per share	222.87p	323.49p
Dividends per share	50p	29p
Net assets per share	£12.69	£10.96

FIH will benefit from dividends paid in respect of its 21.6% shareholding in PHFC in relation to PHFC's trading activities from 1 January 2004.

The consideration paid for the 49,701 PHFC shares acquired by FIH comprised £596,412 in cash and 66,268 new FIH shares. Based on the mid market price of a FIH share at close of business yesterday the total consideration had a value of £759,000. The cash element is being financed out of FIH's existing cash resources and bank facilities. The new FIH shares are subject to transfer restrictions for up to one year.

At present, FIH's earnings and assets are almost exclusively related to its activities in the Falkland Islands. The FIH Group provides a wide range of services to the local economy there including retailing, wholesale and distribution, financial services, motor vehicle distribution, shipping agency, port services and accommodation. The FIH Group is also involved in

exploration activities in the Falklands and South Atlantic, onshore for minerals and offshore for oil.

As part of its stated strategy FIH has been looking to diversify its activities outside the Falkland Islands. PHFC offers a long term investment opportunity in a sector which has a number of comparable features to FIH's business. As a result FIH will improve the spread of its assets, its risk profile and scope for future growth.

Following the issue of 66,268 new FIH shares to the vendors of the PHFC shares acquired, FIH now has 6,236,305 shares in issue. Application has been made for the admission of the new FIH shares to trading on AIM.

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