

Falkland Islands Holdings plc

Recommended Offer for The Portsmouth Harbour Ferry Company PLC

Full Cash and Part Cash Alternatives closed

The Offer by Dawnay, Day Corporate Finance Limited on behalf of Falkland Islands Holdings plc ('FIH') for the whole of the issued share capital of The Portsmouth Harbour Ferry Company PLC ('PHFC') provided three alternative forms of consideration:

- The Share Offer, which comprises 7 New FIH Shares for every PHFC Share, remains open for acceptance until further notice;
- The Part Cash Alternative, which closed at 1pm yesterday; and
- The Full Cash Alternative, which also closed at 1pm yesterday.

Prior to the announcement of the Offer, FIH held 61,149 PHFC Shares (26.59% of its issued share capital). Since the announcement of the Offer, FIH has purchased 74,345 PHFC Shares (32.32% of its issued share capital).

As at 1.00pm on 6 January 2005 valid acceptances of the Offer had been received (and not withdrawn) in respect of 76,905 PHFC Shares (33.43% of PHFC's issued share capital) as follows:

Share Offer	29,717 (12.92%)
Part Cash Alternative	8,748 (3.80%)
Full Cash Alternative	38,440 (16.71%)

FIH now holds 212,399 PHFC Shares representing 92.34% of its issued share capital.

In addition to the above, valid acceptances and elections in respect of 2,293 PHFC Shares were received prior to 1pm yesterday, which lacked certain supporting documents (e.g. a power of attorney, grant of probate or share certificate). No New FIH Shares will be issued nor will any other consideration be paid to such accepting PHFC Shareholders until the relevant supporting documents have been received.

Application has been made to The London Stock Exchange for the admission of 56,917 New FIH Shares, which are being issued to PHFC Shareholders who accepted the Share Offer, to trading on AIM and dealings are expected to commence in New FIH Shares on 12 January 2005. Following the issue of the aforementioned shares FIH has 8,333,861 shares in issue.

As stated in the Offer Document, FIH intends to apply the provisions of Sections 428-430F (inclusive) of the Companies Act 1985 ('the Act') to acquire compulsorily any remaining PHFC Shares if FIH acquires 90 per cent. or more of the PHFC Shares to which the Offer relates. In those circumstances any remaining PHFC Shareholders will be offered the choice of consideration equivalent to the Share Offer, the Part Cash Alternative and the Full Cash Alternative as required by Section 430 of the Act.

7 January 2005

Enquiries

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The issue of this announcement has been approved by the board of FIH. The Directors of FIH are the persons responsible for the information contained in this announcement. To the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case) the information for which they are responsible contained in this announcement is in accordance with the facts and does not omit anything likely to affect the import of such information. Each of the directors of FIH accepts responsibility accordingly.

This announcement has been approved for the purposes of section 21 of the Financial Services and Markets Act 2000 by Dawnay, Day Corporate Finance Limited ('Dawnay Day'). Dawnay Day, which is regulated by the Financial Services Authority, is acting for FIH and no one else and will not be responsible to anyone other than FIH for providing the protections afforded to customers of Dawnay Day or for providing advice in relation to the Offer.

This announcement is not for distribution in the United States.