



# COMPANY ANNOUNCEMENT

ISLAND HOTELS

GROUP HOLDINGS PLC

**Date of Announcement:**

**24 February 2015**

**Reference:**

**67/2015**

The following is a Company Announcement issued by Island Hotels Group Holdings plc pursuant to the Malta Financial Services Authority Listing Rules.

## Quote

The Board of Directors of Island Hotels Group Holdings p.l.c. (the Company) has today, the 24 February 2015, approved the audited financial statements for the financial year ended 31 October 2014. The board resolved that these audited financial statements be submitted for the approval of the shareholders at the forthcoming Annual General Meeting which is scheduled to be held on 20 May 2015. The said audited financial statements are available for viewing on the company's website [www.islandhotels.com](http://www.islandhotels.com) or at the company's registered address at Radisson Blu Resort St. Julians, Louis V. Farrugia Street, St George's Bay, St. Julians. A preliminary statement of annual results is being attached herewith in terms of the Listing Rules.

In view of the proposed transaction with International Hotel Investments plc referred to in the commentary section of this company announcement, the directors do not propose the payment of a dividend for the year ended 31 October 2014 (2013 – Nil.) It is pertinent to point out that the value of the company for the purposes of the transaction is based on the financials up to 31 October 2014 and hence the price agreed takes into account the profits registered during the financial year under review.

Shareholders on the Company's share register at the Central Securities Depository of the Malta Stock Exchange as at close of business on Monday 20 April 2015 (this will include trades undertaken up to and including Thursday 16 April 2014), will receive notice of the Annual General Meeting, together with the Financial Statements for the financial year ended 31 October 2014.

## Unquote

Signed:

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**Kenneth Abela**

Company Secretary

**Island Hotels Group Holdings p.l.c.**

**Registered Address:** Radisson Blu Resort St. Julians, Louis V. Farrugia Street, St. George's Bay, St. Julians STJ 3391 Malta

Company Registration No.: C44855

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# COMPANY ANNOUNCEMENT

## ISLAND HOTELS

GROUP HOLDINGS PLC

### Statements of profit and loss and other comprehensive income

Year ended 31 October 2014

	Group		Holding	
	2014 €	2013 €	2014 €	2013 €
<b>Continuing operations</b>				
Revenue	36,558,717	30,669,121	-	-
Staff costs	(12,141,548)	(11,282,715)	-	-
Food and beverage costs	(3,979,998)	(3,688,755)	-	-
Other operating costs	(11,643,546)	(9,677,716)	(168,484)	(231,618)
Other operating income	-	-	152,465	214,355
Earnings/(loss) before interest, taxation, depreciation and amortisation	8,793,625	6,019,935	(16,019)	(17,263)
Depreciation and amortisation	(3,007,345)	(2,828,871)	-	-
Operating profit/(loss)	5,786,280	3,191,064	(16,019)	(17,263)
Share of losses of associates	-	(25,000)	-	-
Investment income	67,217	60,538	2,490,714	2,046,204
Finance costs	(3,386,502)	(2,541,041)	(2,277,218)	(1,526,754)
Profit before tax	2,466,995	685,561	197,477	502,187
Income tax (expense)/credit	(936,924)	10,205	(67,986)	(65,494)
Profit for the year from continuing operations	1,530,071	695,766	129,491	436,693
<b>Discontinued operations</b>				
Profit/(loss) for the year from discontinued operations	1,202,385	(141,047)	-	-
<b>Profit for the year attributable to the owners of the holding company</b>	<b>2,732,456</b>	<b>554,719</b>	<b>129,491</b>	<b>436,693</b>
<b>Other comprehensive income/(expense):</b>				
Exchange differences on translating foreign operations	1,437,025	(820,440)	-	-
<b>Total comprehensive income/(expense) for the year attributable to the owners of the holding company</b>	<b>4,169,481</b>	<b>(265,721)</b>	<b>129,491</b>	<b>436,693</b>
<b>Basic/diluted earnings per share from continuing operations</b>	<b>0.042</b>	<b>0.019</b>		
<b>Basic/diluted earnings per share from continuing and discontinued operations</b>	<b>0.075</b>	<b>0.015</b>		

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## ISLAND HOTELS

GROUP HOLDINGS PLC

### Statements of financial position

31 October 2014

	Group		Holding	
	2014 €	2013 €	2014 €	2013 €
<b>ASSETS AND LIABILITIES</b>				
<b>Non-current assets</b>				
Goodwill	34,391,243	33,147,407	-	-
Other intangible assets	588,211	725,684	-	-
Property, plant and equipment	71,131,216	86,010,457	-	-
Investments in subsidiaries	-	-	52,801,199	52,801,199
Investment in associates	150	150	-	-
Investments in jointly controlled entities	-	-	17,314,460	17,314,460
Loans and receivables	8,941,054	8,970,321	11,024,760	3,432,970
Other cash at bank	137,327	-	-	-
	<u>115,189,201</u>	<u>128,854,019</u>	<u>81,140,419</u>	<u>73,548,629</u>
<b>Current assets</b>				
Inventories	755,790	1,224,929	-	-
Trade and other receivables	10,709,687	10,085,145	5,659,121	4,239,464
Loans and receivables	26,042	94,264	198,272	1,060,642
Current tax asset	321,265	217,734	242,463	117,102
Cash and cash equivalents	21,898,444	664,930	19,583,881	22,765
Other cash at bank	211,349	-	-	-
	<u>33,922,577</u>	<u>12,287,002</u>	<u>25,683,737</u>	<u>5,439,973</u>
Assets classified as held for sale	651,984	-	-	-
<b>Total assets</b>	<u>149,763,762</u>	<u>141,141,021</u>	<u>106,824,156</u>	<u>78,988,602</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to the owners of the holding company</b>				
Share capital	36,583,660	36,583,660	36,583,660	36,583,660
Currency translation reserve	1,522,222	85,197	-	-
Retained earnings / (Accumulated losses)	2,266,815	(465,641)	633,676	504,185
<b>Total equity</b>	<u>40,372,697</u>	<u>36,203,216</u>	<u>37,217,336</u>	<u>37,087,845</u>

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ISLAND HOTELS

GROUP HOLDINGS PLC

## Statements of financial position (continued)

31 October 2014

	Group		Holding	
	2014	2013	2014	2013
	€	€	€	€
<b>Non-current liabilities</b>				
Bank loans	15,667,811	25,222,246	5,668,392	9,384,001
Other financial liabilities	57,192,619	25,725,356	61,967,568	30,140,386
Trade and other payables	2,648,327	4,738,226	-	-
Deferred tax liabilities	9,731,882	11,814,605	-	-
	<u>85,240,639</u>	<u>67,500,433</u>	<u>67,635,960</u>	<u>39,524,387</u>
<b>Current liabilities</b>				
Trade and other payables	14,818,558	19,199,815	1,230,077	428,132
Bank overdrafts and loans	7,175,070	15,772,138	740,782	1,450,651
Current tax liabilities	28,501	45,489	-	-
Other financial liabilities	1,207,089	2,419,930	-	497,587
	<u>23,229,218</u>	<u>37,437,372</u>	<u>1,970,859</u>	<u>2,376,370</u>
Liabilities directly associated with assets classified as held for sale	921,208	-	-	-
<b>Total liabilities</b>	<u>109,391,065</u>	<u>104,937,805</u>	<u>69,606,819</u>	<u>41,900,757</u>
<b>Total equity and liabilities</b>	<u>149,763,762</u>	<u>141,141,021</u>	<u>106,824,155</u>	<u>78,988,602</u>

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ISLAND HOTELS

GROUP HOLDINGS PLC

## Statement of changes in equity - Group

Year ended 31 October 2014

### Group

#### Equity attributable to the owners of the holding company

	Share capital €	Currency translation reserve €	Retained earnings/ (Accumulated losses) €	Total €
<b>Balance at 31 October 2012</b>	<b>36,340,160</b>	<b>905,637</b>	<b>(776,860)</b>	<b>36,468,937</b>
Issue of ordinary shares	243,500	-	(243,500)	-
Profit for the year	-	-	554,719	554,719
Other comprehensive expense for the year	-	(820,440)	-	(820,440)
Total comprehensive (expense)/income for the year	-	(820,440)	554,719	(265,721)
<b>Balance at 31 October 2013</b>	<b>36,583,660</b>	<b>85,197</b>	<b>(465,641)</b>	<b>36,203,216</b>
Profit for the year	-	-	2,732,456	2,732,456
Other comprehensive income for the year	-	1,437,025	-	1,437,025
Total comprehensive income for the year	-	1,437,025	2,732,456	4,169,481
<b>Balance at 31 October 2014</b>	<b>36,583,660</b>	<b>1,522,222</b>	<b>2,266,815</b>	<b>40,372,697</b>

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# COMPANY ANNOUNCEMENT

ISLAND HOTELS

GROUP HOLDINGS PLC

## Statement of changes in equity – Holding company

Year ended 31 October 2014

### Holding company

	Share capital €	Retained earnings €	Total €
Balance at 31 October 2012	36,340,160	67,492	36,407,652
Issue of ordinary shares	243,500	-	243,500
Profit/total comprehensive income for the year	-	436,693	436,693
<b>Balance at 31 October 2013</b>	<b>36,583,660</b>	<b>504,185</b>	<b>37,087,845</b>
Profit/total comprehensive income for the year	-	129,491	129,491
<b>Balance at 31 October 2014</b>	<b>36,583,660</b>	<b>633,676</b>	<b>37,217,336</b>

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# COMPANY ANNOUNCEMENT

## ISLAND HOTELS

GROUP HOLDINGS PLC

### Statements of cash flows

Year ended 31 October 2014

	Group		Holding	
	2014 €	2013 €	2014 €	2013 €
<b>Cash flows from operating activities</b>				
Profit before tax from:				
Continuing operations	<b>2,466,995</b>	685,561	<b>197,477</b>	502,187
Discontinued operations	<b>672,639</b>	(240,536)	-	-
	<b>3,139,634</b>	445,025	<b>197,477</b>	502,187
Profit before tax	<b>3,139,634</b>	445,025	<b>197,477</b>	502,187
<i>Adjustments for:</i>				
Depreciation and amortisation	<b>3,252,399</b>	3,206,896	-	-
Movement in provision for bad debts	<b>351,468</b>	2,266	-	-
Bad debts written off	<b>126,765</b>	31,045	-	-
Loss on disposal of property, plant and equipment	<b>68,277</b>	56,492	-	-
Share of losses of associates	-	25,000	-	-
Gain on disposal of subsidiary	<b>(1,975,400)</b>	-	-	-
Interest income	<b>(67,217)</b>	(60,538)	<b>(340,330)</b>	(123,127)
Dividend income	-	-	<b>(2,150,384)</b>	(1,923,077)
Interest expense	<b>3,386,502</b>	2,916,081	<b>2,277,218</b>	1,526,754
Operating profit/(loss) before working capital movements	<b>8,282,428</b>	6,622,267	<b>(16,019)</b>	(17,263)
Movement in inventory	<b>426,945</b>	(13,288)	-	-
Movement in trade and other receivables	<b>(1,581,521)</b>	(1,444,940)	<b>(1,419,656)</b>	(1,453,274)
Movement in trade and other payables	<b>(3,689,954)</b>	1,860,712	<b>801,945</b>	(19,581)
Cash flows from operations	<b>3,437,898</b>	7,024,751	<b>(633,730)</b>	(1,490,118)
Interest paid	<b>(3,386,502)</b>	(2,651,187)	<b>(2,277,218)</b>	(1,526,754)
Taxation paid	<b>(110,819)</b>	(138,937)	<b>(193,347)</b>	(168,421)
<i>Net cash flows from operating activities</i>	<b>(59,423)</b>	4,234,627	<b>(3,104,295)</b>	(3,185,293)
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	<b>(3,274,476)</b>	(4,242,418)	-	-
Purchase of intangible assets	<b>(61,915)</b>	(105,079)	-	-
Proceeds from sale of property, plant and equipment	<b>82,423</b>	119,752	-	-
Net cash flow on disposal of subsidiary	<b>5,660,788</b>	-	-	-
Movement in loans and other receivables	<b>97,489</b>	(895,444)	<b>(6,729,420)</b>	(1,583,875)
Other cash at bank held as guarantee	<b>(348,676)</b>	-	-	-
Dividends received	-	-	<b>2,150,384</b>	1,923,077
Payment for the issued share capital of an associate	-	(25,000)	-	-
Interest received	<b>67,217</b>	60,538	<b>340,330</b>	123,127
<i>Net cash flows from investing activities</i>	<b>2,222,850</b>	(5,087,651)	<b>(4,238,706)</b>	462,329

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GROUP HOLDINGS PLC

## Statements of cash flows (continued)

Year ended 31 October 2014

	Group		Holding	
	2014	2013	2014	2013
	€	€	€	€
<b>Cash flows from financing activities</b>				
Movement in bank loans	(5,216,955)	(1,087,854)	(4,425,478)	1,591,715
Proceeds from issue of bond	34,298,521	-	-	-
Movement in related party balances	(3,450,398)	1,609,978	31,329,595	1,154,014
Movement in obligations under finance lease	309,513	215,364	-	-
<i>Net cash flows from financing activities</i>	<u>25,940,681</u>	<u>737,488</u>	<u>26,904,117</u>	<u>2,745,729</u>
<b>Net movement in cash and cash equivalents</b>	<b>28,104,108</b>	<b>(115,536)</b>	<b>19,561,116</b>	<b>22,765</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>(10,403,284)</b>	<b>(10,267,390)</b>	<b>22,765</b>	<b>-</b>
<b>Effect of foreign exchange rate changes</b>	<b>234,369</b>	<b>(20,358)</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the year</b>	<u><u>17,935,193</u></u>	<u><u>(10,403,284)</u></u>	<u><u>19,583,881</u></u>	<u><u>22,765</u></u>

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GROUP HOLDINGS PLC

## Commentary on Financial Statements for period ended 31 October 2014

### Background

The group's business remains unchanged and comprises the ownership and operation of hotels in Malta and the provision of accommodation, catering and related services. The group is made up of a holding company that acts as an investment company, together with its subsidiaries and jointly controlled entities.

### Review of Business

The results of the group in this preliminary statement represent the results of the holding company together with those of its subsidiaries and its share of jointly controlled entities for the year ended 31 October 2014.

The net profit before tax from continuing operations of €2,466,995 reflected the group's sustained efforts to achieve a profit in all areas of its operations. Despite difficult market conditions continuing to prevail in many of the group's source markets, tourist arrivals in Malta in 2014 were buoyant and reached record levels. This, together with the group's own marketing efforts resulted in slightly higher occupancy levels and significantly better rates in its hotels and thus higher profits. The group also experienced a higher level of Vacation Ownership sales and this, coupled with the efforts initiated in previous years to reduce the cost base of this part of the business, resulted in significantly higher profits. An increased volume of activity in the event catering area of the business was also registered, whilst the Costa Coffee outlets in Malta also began to realise the potential expected from this investment. Focus on that area of the business will now also include Spain. Through its investment in Buttigieg Holdings Limited, after the year end, the group opened its first Costa Coffee outlet in Barcelona with a further 7 outlets contracted to open in the forthcoming months.

On 16 January 2015, the Directors issued a statement whereby the major shareholders of the group had reached an agreement in principle for the sale of the entire shareholding of the group to International Hotel Investments plc (IHI). This transaction is subject to the satisfaction of various conditions, including but not limited to the usual due diligence processes, and is expected to be concluded during the course of the current financial year. The conclusion of this deal will lead to Island Hotels Group Holdings plc (IHGH) becoming a subsidiary of IHI and, in the process, will be placed in a position to leverage the strength of the IHGH operations with those of IHI. The directors believe that through this transaction the combined operations will be placed in a stronger position to achieve further growth in an important segment of the Maltese economy.

In terms of Listing Rule 5.54.6, the financial information of the company and the group for the year ended 31 October 2014 contained within this company announcement has been agreed with the group's auditors and has been extracted from the audited financial statements of the group which were approved by the board of directors on the 24 February 2015.

- END -

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