



COMPANY ANNOUNCEMENT

ISLAND HOTELS

GROUP HOLDINGS PLC

Date of Announcement:

21 January 2011

Reference:

16/2011

The following is a Company Announcement issued by Island Hotels Group Holdings plc in terms of the Malta Financial Services Authority Listing Rules 5.13 & 5.16.3.

Quote

The directors announce that the board meeting to approve the financial statements of the group for the year ended 31 October 2010 will be held on 21 February 2011.

It is expected that the results of the group for the year will show an operating profit but an overall net loss before tax, after deductions for depreciation and finance costs. The main challenge faced by the group during the past financial year was a reduction in the vacation ownership side of the business brought about by the economic conditions within the core market that this segment operates in, including the significant tightening of consumer credit provisions. The group's prudent approach of taking to profit only the incremental value of certain vacation ownership accommodation packages being sold on a trade-in system, has also had an impact on the net result of the group. The sales emphasis this year was on the higher value packages. The trade-in value of these accommodation packages will be reflected as a profit in future years once resold.

The hotel side of the business fared better than projected both in terms of the increased number of arrivals, as well as rates generated, however the improvement in revenues was significantly eroded by increasing costs in areas where management could not exercise any immediate control. The most significant of these was the effect of increased energy rates. Additionally, as expected, the finance costs of the group have increased as a result of the higher leveraged position of the group. The event catering business was the star performer of the group consolidating its clear market leadership and turning in strong financial results. The highlight of this year was the exclusive catering for over 4,200 guests at a very successful conference of unprecedented size for Malta. The directors believe that this business offers the group serious growth prospects, this as a result of the successful year, the new exclusive venues signed up during 2010, as well as a new management team that has left a positive impact on this part of the business.

In the meantime, plans to develop Hal Ferh into a fractional ownership resort of the highest quality are now at permit stage and progressing well. The directors are of the view that this development will provide the group with profitable occupancy in the years ahead.

The directors remain confident that the group is on the right path. It will continue with its drive towards efficiency in all segments of its business and to pursue opportunities for growth even in these challenging times.

Unquote

Signed:

Kenneth Abela

Company Secretary

Island Hotels Group Holdings p.l.c.

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Island Hotels Group Holdings p.l.c. is a public limited company registered in terms of the Companies Act (Cap.386 of the Laws of Malta)