



COMPANY ANNOUNCEMENT

ISLAND HOTELS

GROUP HOLDINGS PLC

Date of Announcement:

21 February 2011

Reference:

18/2011

The following is a Company Announcement issued by Island Hotels Group Holdings plc in terms of Listing Rules 5.16.3, 5.16.20 and 5.16.21.

Quote

The Board of Directors of Island Hotels Group Holdings p.l.c. (the Company) has today, the 21 February 2011, approved the audited financial statements for the financial year ended 31 October 2010. 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 Thursday 19 May 2011. The said audited financial statements are available for viewing on the Company's website www.islandhotels.com or at the Company's registered address at "The Coastline Hotel", Salina Bay, Salina. A preliminary statement of annual results is being attached herewith in terms of the Listing Rules.

The Board of Directors do not recommend the payment of a dividend for the year ending 31 October 2010.

Shareholders on the Company's share register, at the Central Securities Depository of the Malta Stock Exchange, as at close of business on Tuesday 19 April 2011 (this will include trades undertaken up to and including Thursday 14 April 2011) will receive notice of the Annual General Meeting, together with the Financial Statements for the financial year ended 31 October 2010.

Unquote

Signed:

Kenneth Abela

Company Secretary

Island Hotels Group Holdings p.l.c.

Registered Address: The Coastline Hotel, Salina Bay, Salina, NXR 9030, Malta. Telephone: +356 2157 3781/4

Company Registration No.: C44855

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)



COMPANY ANNOUNCEMENT

ISLAND HOTELS

GROUP HOLDINGS PLC

Statements of comprehensive income

Year ended 31 October 2010

	Group		Holding	
	2010	2009	2010	2009
	€	€	€	€
Continuing operations				
Revenue	28,761,730	10,595,633	-	-
Staff costs	(10,942,832)	(2,233,717)	-	-
Food and beverage costs	(2,981,288)	(594,684)	-	-
Other operating costs	(9,271,048)	(4,838,418)	(168,130)	(59,441)
Other operating income	-	-	130,706	-
Depreciation and amortisation	(3,237,101)	(715,118)	-	-
Operating profit / (loss)	2,329,461	2,213,696	(37,424)	(59,441)
Investment income	52,625	326,174	1,565,397	1,479,785
Finance costs	(2,999,873)	(913,407)	(1,421,677)	(513,821)
(Loss) / profit before tax	(617,787)	1,626,463	106,296	906,523
Income tax credit / (expense)	419,787	(249,941)	(49,288)	(189,891)
(Loss) / profit for the year / period from continuing operations	(198,000)	1,376,522	57,008	716,632
Discontinued operation				
Loss of the year / period from discontinued operation	(451,693)	(17,894)	-	-
(Loss) / profit for the year / period	(649,693)	1,358,628	57,008	716,632
Other comprehensive income / (expense)				
Exchange differences on translation of foreign operations, net of tax	148,380	(487,419)	-	-
Total comprehensive (expense) / income for the year / period	(501,313)	871,209	57,008	716,632
(Loss) / profit attributable to the owners of the company	(649,693)	1,358,628	57,008	716,632
Total comprehensive (expense) / income attributable to the owners of the company	(501,313)	871,209	57,008	716,632
Earnings per share				
<i>From continuing operations</i>				
Basic / diluted (per share)	(0.006)	0.190		
<i>From continuing and discontinued operations</i>				
Basic / diluted (per share)	(0.019)	0.190		

The comparative results of the holding company relate to the results since its incorporation to 31 October 2009 whilst those of the group reflect the results of group undertakings from the date the company acquired control at the end of July 2009 to 31 October 2009.

Island Hotels Group Holdings p.l.c.

Registered Address: The Coastline Hotel, Salina Bay, Salina, NXR 9030, Malta. Telephone: +356 2157 3781/4

Company Registration No.: C44855

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)



COMPANY ANNOUNCEMENT

ISLAND HOTELS

GROUP HOLDINGS PLC

Statements of financial position

31 October 2010

	Group		Holding	
	2010 €	2009 €	2010 €	2009 €
ASSETS				
Non-current assets				
Goodwill	31,782,672	31,782,672	-	-
Property, plant and equipment	88,016,808	83,111,825	-	-
Investments in subsidiaries	-	-	52,801,199	52,801,199
Investments in jointly controlled entities	-	-	16,000,000	16,000,000
Loans and receivables	3,663,208	3,663,208	1,440,652	2,991,469
Deferred tax assets	605,755	574,510	-	-
	124,068,443	119,132,215	70,241,851	71,792,668
Current assets				
Inventories	902,706	910,442	-	-
Trade and other receivables	6,463,050	7,787,912	204,979	38,010
Current taxation	-	8,558	-	-
Cash and cash equivalents	334,590	655,456	8,338	4,079
	7,700,346	9,362,368	213,317	42,089
Total assets	131,768,789	128,494,583	70,455,168	71,834,757
EQUITY AND LIABILITIES				
Share capital	35,269,200	35,269,200	35,269,200	35,269,200
Currency translation reserve	(339,039)	(487,419)	-	-
Retained earnings	285,704	1,358,628	350,409	716,632
Total equity	35,215,865	36,140,409	35,619,609	35,985,832
Non-current liabilities				
Bank loans	31,516,166	31,369,060	7,036,425	7,996,826
Other financial liabilities	19,229,303	21,858,069	24,805,234	26,399,050
Deferred tax liabilities	12,889,210	13,353,374	-	-
	63,634,679	66,580,503	31,841,659	34,395,876

Island Hotels Group Holdings p.l.c.

Registered Address: The Coastline Hotel, Salina Bay, Salina, NXR 9030, Malta. Telephone: +356 2157 3781/4

Company Registration No.: C44855

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)



COMPANY ANNOUNCEMENT

ISLAND HOTELS

GROUP HOLDINGS PLC

Statements of financial position (continued)

31 October 2010

	Group		Holding	
	2010 €	2009 €	2010 €	2009 €
Current liabilities				
Trade and other payables	16,634,298	13,277,114	501,014	110,849
Bank overdrafts and loans	13,775,970	9,364,352	1,987,520	443,825
Current taxation	271,787	274,042	66,587	189,891
Other financial liabilities	2,236,190	2,858,163	438,779	708,484
	<u>32,918,245</u>	<u>25,773,671</u>	<u>2,993,900</u>	<u>1,453,049</u>
Total liabilities	<u>96,552,924</u>	<u>92,354,174</u>	<u>34,835,559</u>	<u>35,848,925</u>
Total equity and liabilities	<u><u>131,768,789</u></u>	<u><u>128,494,583</u></u>	<u><u>70,455,168</u></u>	<u><u>71,834,757</u></u>

Island Hotels Group Holdings p.l.c.

Registered Address: The Coastline Hotel, Salina Bay, Salina, NXR 9030, Malta. Telephone: +356 2157 3781/4

Company Registration No.: C44855

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)



COMPANY ANNOUNCEMENT

ISLAND HOTELS

GROUP HOLDINGS PLC

Statements of changes in equity

Year ended 31 October 2010

Group

	Share capital €	Currency translation reserve €	Retained earnings €	Total €
Issue of shares on 5 August 2008 (date of incorporation)	1,200	-	-	1,200
Profit for the period	-	-	1,358,628	1,358,628
Other comprehensive expense for the period	-	(487,419)	-	(487,419)
Total comprehensive income / (expense) for the period	-	(487,419)	1,358,628	871,209
Issue of share capital pursuant to the acquisition of subsidiaries and jointly controlled entities	35,268,000	-	-	35,268,000
Balance at 31 October 2009	35,269,200	(487,419)	1,358,628	36,140,409
Dividends	-	-	(423,231)	(423,231)
Loss for the year	-	-	(649,693)	(649,693)
Other comprehensive income for the year	-	148,380	-	148,380
Total comprehensive income / (expense) for the year	-	148,380	(649,693)	(501,313)
Balance at 31 October 2010	35,269,200	(339,039)	285,704	35,215,865

Island Hotels Group Holdings p.l.c.

Registered Address: The Coastline Hotel, Salina Bay, Salina, NXR 9030, Malta. Telephone: +356 2157 3781/4

Company Registration No.: C44855

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)



COMPANY ANNOUNCEMENT

ISLAND HOTELS

GROUP HOLDINGS PLC

Statements of changes in equity (continued)

Year ended 31 October 2010

Holding company

	Share capital €	Retained earnings €	Total €
Issue of shares on 5 August 2008 (date of incorporation)	1,200	-	1,200
Profit and total comprehensive income/ for the period	-	716,632	716,632
Issue of share capital pursuant to the acquisition of subsidiaries and jointly controlled entities	35,268,000	-	35,268,000
Balance at 31 October 2009	35,269,200	716,632	35,985,832
Dividends	-	(423,231)	(423,231)
Profit and total comprehensive income for the year	-	57,008	57,008
Balance at 31 October 2010	35,269,200	350,409	35,619,609

Island Hotels Group Holdings p.l.c.

Registered Address: The Coastline Hotel, Salina Bay, Salina, NXR 9030, Malta. Telephone: +356 2157 3781/4

Company Registration No.: C44855

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)



COMPANY ANNOUNCEMENT

ISLAND HOTELS

GROUP HOLDINGS PLC

Statements of cash flows

Year ended 31 October 2010

	Group		Holding	
	2010	2009	2010	2009
	€	€	€	€
Cash flows from operating activities				
(Loss) / profit before tax from				
Continuing operations	(617,787)	1,626,463	106,296	906,523
<i>Adjustments for:</i>				
Depreciation	3,237,101	715,118	-	-
Movement in provision for bad debts	(22,045)	240,929	-	-
Loss on disposal of property, plant and equipment	68,921	6,533	-	-
Loss on discontinued operations	(451,693)	(27,530)	-	-
Interest income	(52,625)	(326,174)	(215,164)	(123,189)
Dividend income	-	-	(1,350,233)	(1,356,596)
Interest expense	2,999,873	913,407	1,421,677	513,821
Operating profit/(loss) before working capital movements	5,161,745	3,148,746	(37,424)	(59,441)
Movement in inventory	7,736	10,110	-	-
Movement in trade and other receivables	1,346,907	(214,323)	(166,969)	(1,470,440)
Movement in trade and other payables	563,816	(1,619,096)	390,165	110,849
Cash flows from operations	7,080,204	1,325,437	185,772	(1,419,032)
Interest paid	(2,478,043)	(913,407)	(1,421,677)	(513,821)
Taxation paid	(127,629)	(23,752)	(172,592)	-
<i>Net cash flows from operating activities</i>	4,474,532	388,278	(1,408,497)	(1,932,853)
Cash flows from investing activities				
Purchase of property, plant and equipment	(4,849,966)	(166,636)	-	-
Proceeds from sale of property, plant and equipment	86,549	-	-	-
Net cash outflow on acquisition of subsidiaries	-	(13,248,045)	-	(7,133,199)
New cash (outflow)/inflow on acquisition of jointly controlled entities	(3,434,026)	613,127	-	-
Movement in loans and other receivables	-	(491,848)	1,550,817	(4,512,357)
Dividends received	-	-	1,350,233	1,356,596
Interest received	52,625	186	215,164	123,189
<i>Net cash flows from investing activities</i>	(8,144,818)	(13,293,216)	3,116,214	(10,165,771)

Island Hotels Group Holdings p.l.c.

Registered Address: The Coastline Hotel, Salina Bay, Salina, NXR 9030, Malta. Telephone: +356 2157 3781/4

Company Registration No.: C44855

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)



COMPANY ANNOUNCEMENT

ISLAND HOTELS

GROUP HOLDINGS PLC

Statements of cash flows (continued)

Year ended 31 October 2010

	Group		Holding	
	2010	2009	2010	2009
	€	€	€	€
Cash flows from financing activities				
Proceeds from the issue of share capital	-	1,200	-	1,200
Movement in bank loans	1,789,192	9,051,055	583,294	8,440,651
Repayment of debt securities	(93,000)	-	-	-
Movement in related party balances	(841,453)	4,617	(1,863,521)	3,660,852
Dividends paid	(423,231)	-	(423,231)	-
<i>Net cash flows from financing activities</i>	431,508	9,056,872	(1,703,458)	12,102,703
Net movement in cash and cash equivalents	(3,238,778)	(3,848,066)	4,259	4,079
Cash and cash equivalents at the beginning of the year / period	(4,430,919)	-	4,079	-
Effect of foreign exchange rate changes	148,380	(582,853)	-	-
Cash and cash equivalents at the end of the year / period	(7,521,317)	(4,430,919)	8,338	4,079

Commentary on Financial Statements for period ended 31 October 2010

Background

The group's business 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 ending 31 October 2010. The comparative figures cover the period from the date control was established to 31 October 2009, which represents approximately a three month operating period.

The recovery of the tourist market in the second half of 2010 resulted in both the accommodation and event catering sides of the business faring better than projected both in terms of the

Island Hotels Group Holdings p.l.c.

Registered Address: The Coastline Hotel, Salina Bay, Salina, NXR 9030, Malta. Telephone: +356 2157 3781/4

Company Registration No.: C44855

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)



COMPANY ANNOUNCEMENT

ISLAND HOTELS

GROUP HOLDINGS PLC

increased volumes, 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.

The main challenge faced by the group during the past financial year was a reduction in vacation ownership sales brought about by the economic conditions within the core market that this area of business operates in. This was compounded by the significant tightening of consumer credit provisions. In the current year the group also focused its attention on the sale of higher end products in vacation ownership primarily involving a trade-in system with existing clients. As a result, although volumes of turnover are considered to be satisfactory, the group could only take to revenue and profit the incremental value of concluded sales. The benefit of this process is that it has allowed the group to substantially increase its availability of unsold weeks which should translate into higher profit levels in future years when these weeks are eventually sold.

Additionally, as expected, the finance costs of the group have increased as a result of the higher leveraged position of the group following its restructuring in the latter part of 2009.

The prospects and business conditions for the forthcoming year remain volatile and dependent on the continued recovery and improvement of the tourism industry. The group will continue with its drive towards operational efficiency as well as pursue opportunities for growth even in these challenging times. A strong focus on vacation ownership sales as well as on the plans to develop Hal Ferh into an exclusive resort of the highest quality will be at the forefront of the group's business strategies. After a successful year, the event catering business also offers the group very good growth prospects through 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. Efforts to further improve the encouraging hotel results and to manage costs will continue.

In terms of Listing Rule 5.54.6, the financial information of the company and the group for the year ended 31 October 2010 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 21 February 2011.

Island Hotels Group Holdings p.l.c.

Registered Address: The Coastline Hotel, Salina Bay, Salina, NXR 9030, Malta. Telephone: +356 2157 3781/4

Company Registration No.: C44855

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)