



# COMPANY ANNOUNCEMENT

ISLAND HOTELS

GROUP HOLDINGS PLC

**Date of Announcement:**

**23 February 2012**

**Reference:**

**29/2012**

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 23 February 2012, approved the audited financial statements for the financial year ended 31 October 2011. 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 17 May 2012. 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 "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 ended 31 October 2011.

Shareholders on the Company's share register at the Central Securities Depository of the Malta Stock Exchange as at close of business on Tuesday 17 April 2012 (this will include trades undertaken up to and including Thursday 12 April 2012), will receive notice of the Annual General Meeting, together with the Financial Statements for the financial year ended 31 October 2011.

## Unquote

Signed:

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**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

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# COMPANY ANNOUNCEMENT

## ISLAND HOTELS

GROUP HOLDINGS PLC

### Income statements

Year ended 31 October 2011

	Group		Holding	
	2011	2010	2011	2010
	€	€	€	€
<b>Continuing operations</b>				
Revenue	30,254,333	28,761,730	-	-
Staff costs	(11,860,954)	(11,443,193)	-	-
Food and beverage costs	(3,461,992)	(2,981,288)	-	-
Other operating costs	(9,427,289)	(8,770,687)	(170,981)	(168,130)
Other operating income	-	-	113,451	130,706
Depreciation and amortisation	(3,211,916)	(3,237,101)	-	-
Operating profit/(loss)	2,292,182	2,329,461	(57,530)	(37,424)
Investment income	151,446	52,625	1,615,583	1,565,397
Finance costs	(3,041,345)	(2,999,873)	(1,477,365)	(1,421,677)
(Loss)/profit before tax	(597,717)	(617,787)	80,688	106,296
Income tax credit/(expense)	355,355	419,787	(47,025)	(49,288)
(Loss)/profit for the year from continuing operations	(242,362)	(198,000)	33,663	57,008
<b>Discontinued operation</b>				
Loss for the year from discontinued operation	-	(451,693)	-	-
<b>(Loss)/profit for the year</b>	<b>(242,362)</b>	<b>(649,693)</b>	<b>33,663</b>	<b>57,008</b>
(Loss)/profit for the year attributable to the owners of the holding company	(242,362)	(649,693)	33,663	57,008
<b>Earnings/(loss) per share</b>				
From continuing operations				
Basic/diluted (per share)	(0.007)	(0.006)		
From continuing and discontinued operations				
Basic/diluted (per share)	(0.007)	(0.019)		

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ISLAND HOTELS

GROUP HOLDINGS PLC

## Statements of comprehensive income

Year ended 31 October 2011

	Group		Holding	
	2011	2010	2011	2010
	€	€	€	€
<b>(Loss)/profit for the year</b>	<b>(242,362)</b>	<b>(649,693)</b>	<b>33,663</b>	<b>57,008</b>
<b>Other comprehensive income</b>				
Exchange differences on translating foreign operations	134,887	148,380	-	-
<b>Total comprehensive (expense)/income for the year</b>	<b>(107,475)</b>	<b>(501,313)</b>	<b>33,663</b>	<b>57,008</b>
Total comprehensive (expense)/income for the year attributable to the owners of the holding company	<b>(107,475)</b>	<b>(501,313)</b>	<b>33,663</b>	<b>57,008</b>

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# COMPANY ANNOUNCEMENT

## ISLAND HOTELS

GROUP HOLDINGS PLC

### Statements of financial position

31 October 2011

	Group		Holding	
	2011	2010	2011	2010
	€	€	€	€
<b>ASSETS AND LIABILITIES</b>				
<b>Non-current assets</b>				
Goodwill	32,683,204	31,782,672	-	-
Other intangible assets	596,561	-	-	-
Property, plant and equipment	87,038,218	88,016,808	-	-
Investments in subsidiaries	-	-	52,801,199	52,801,199
Investment in associates	1,543	-	-	-
Investments in jointly controlled entities	-	-	17,070,960	16,000,000
Loans and receivables	8,146,142	3,663,208	403,435	1,440,652
Deferred tax assets	-	605,755	-	-
	<b>128,465,668</b>	<b>124,068,443</b>	<b>70,275,594</b>	<b>70,241,851</b>
<b>Current assets</b>				
Inventories	1,138,519	902,706	-	-
Trade and other receivables	8,093,723	6,463,050	1,788,091	204,979
Current taxation	32,428	-	32,428	-
Cash and cash equivalents	903,617	334,590	-	8,338
	<b>10,168,287</b>	<b>7,700,346</b>	<b>1,820,519</b>	<b>213,317</b>
<b>Total assets</b>	<b>138,633,955</b>	<b>131,768,789</b>	<b>72,096,113</b>	<b>70,455,168</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to the owners of the holding company</b>				
Share capital	36,340,160	35,269,200	36,340,160	35,269,200
Currency translation reserve	(204,152)	(339,039)	-	-
Retained earnings	43,342	285,704	384,072	350,409
<b>Total equity</b>	<b>36,179,350</b>	<b>35,215,865</b>	<b>36,724,232</b>	<b>35,619,609</b>
<b>Non-current liabilities</b>				
Bank loans	23,471,805	31,516,166	7,111,710	7,036,425
Other financial liabilities	23,913,197	19,229,303	25,405,544	24,805,234
Trade and other payables	1,358,176	-	-	-
Deferred tax liabilities	11,849,802	12,889,210	-	-
	<b>60,592,980</b>	<b>63,634,679</b>	<b>32,517,254</b>	<b>31,841,659</b>

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ISLAND HOTELS

GROUP HOLDINGS PLC

## Statements of financial position (continued)

31 October 2011

	Group		Holding	
	2011	2010	2011	2010
	€	€	€	€
<b>Current liabilities</b>				
Trade and other payables	18,327,741	16,634,298	537,582	501,014
Bank overdrafts and loans	21,348,218	13,775,970	1,861,020	1,987,520
Current taxation	58,460	271,787	-	66,587
Other financial liabilities	2,127,206	2,236,190	456,025	438,779
	<u>41,861,625</u>	<u>32,918,245</u>	<u>2,854,627</u>	<u>2,993,900</u>
<b>Total liabilities</b>	<u>102,454,605</u>	<u>96,552,924</u>	<u>35,371,881</u>	<u>34,835,559</u>
<b>Total equity and liabilities</b>	<u>138,633,955</u>	<u>131,768,789</u>	<u>72,096,113</u>	<u>70,455,168</u>

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# COMPANY ANNOUNCEMENT

ISLAND HOTELS

GROUP HOLDINGS PLC

## Statement of changes in equity - Group

Year ended 31 October 2011

### Group

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

	Share capital €	Currency translation reserve €	Retained earnings €	Total €
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
Issue of ordinary shares	1,070,960	-	-	1,070,960
Loss for the year	-	-	(242,362)	(242,362)
Other comprehensive income for the year	-	134,887	-	134,887
Total comprehensive income/ (expense) for the year	-	134,887	(242,362)	(107,475)
<b>Balance at 31 October 2011</b>	<b>36,340,160</b>	<b>(204,152)</b>	<b>43,342</b>	<b>36,179,350</b>

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# COMPANY ANNOUNCEMENT

ISLAND HOTELS

GROUP HOLDINGS PLC

## Statement of changes in equity – Holding company

Year ended 31 October 2011

### Holding company

	Share capital €	Retained earnings €	Total €
Balance at 31 October 2009	35,269,200	716,632	35,985,832
Dividends	-	(423,231)	(423,231)
Profit/total comprehensive income for the year	-	57,008	57,008
Balance at 31 October 2010	35,269,200	350,409	35,619,609
Issue of ordinary shares	1,070,960	-	1,070,960
Profit/total comprehensive income for the year	-	33,663	33,663
<b>Balance at 31 October 2011</b>	<b>36,340,160</b>	<b>384,072</b>	<b>36,724,232</b>

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# COMPANY ANNOUNCEMENT

## ISLAND HOTELS

GROUP HOLDINGS PLC

### Statements of cash flows

Year ended 31 October 2011

	Group		Holding	
	2011	2010	2011	2010
	€	€	€	€
<b>Cash flows from operating activities</b>				
(Loss)/profit before tax	(597,717)	(617,787)	80,688	106,296
<i>Adjustments for:</i>				
Depreciation and amortisation	3,211,916	3,237,101	-	-
Movement in provision for bad debts	(65,755)	(22,045)	-	-
Bad debts written off	148	-	-	-
Loss on disposal of property, P & E	51,219	68,921	-	-
Discontinued operations	-	(451,693)	-	-
Interest income	(151,446)	(52,625)	(185,579)	(215,164)
Dividend income	-	-	(1,430,004)	(1,350,233)
Interest expense	3,041,345	2,999,873	1,477,365	1,421,677
Operating profit/(loss) before working capital movements	5,489,710	5,161,745	(57,530)	(37,424)
Movement in inventory	(135,813)	7,736	-	-
Movement in trade and other receivables	(1,469,759)	1,346,907	(1,583,112)	(166,969)
Movement in trade and other payables	2,122,095	563,816	36,568	390,165
Cash flows from operations	6,006,233	7,080,204	(1,604,074)	185,772
Interest paid	(2,955,425)	(2,478,043)	(1,477,365)	(1,421,677)
Taxation paid	(401,818)	(127,629)	(146,040)	(172,592)
<i>Net cash flows from operating activities</i>	<b>2,648,990</b>	4,474,532	<b>(3,227,479)</b>	(1,408,497)
<b>Cash flows from investing activities</b>				
Purchase of property, P & E	(1,529,088)	(4,849,966)	-	-
Proceeds from sale of property, P & E	320,366	86,549	-	-
Net cash outflow on acquisition of jointly controlled entities	(350,352)	(3,434,026)	-	-
Movement in loans and other rec.	(4,482,934)	-	1,037,217	1,550,817
Dividends received	-	-	1,430,004	1,350,233
Interest received	151,446	52,625	185,579	215,164
<i>Net cash flows from investing activities</i>	<b>(5,890,562)</b>	(8,144,818)	<b>2,652,800</b>	3,116,214
<b>Cash flows from financing activities</b>				
Movement in bank loans	(3,409,966)	1,789,192	(611,060)	583,294
Repayment of debt securities	-	(93,000)	-	-
Movement in related party balances	4,574,910	(841,453)	617,556	(1,863,521)
Dividends paid	-	(423,231)	-	(423,231)
<i>Net cash flows from financing activities</i>	<b>1,164,944</b>	431,508	<b>6,496</b>	(1,703,458)
Net movement in cash and cash equivalents	(2,076,628)	(3,238,778)	(568,183)	4,259
Cash and cash equivalents at the beginning of the year	(7,521,317)	(4,430,919)	8,338	4,079
Effect of foreign exchange rate changes	(79,550)	148,380	-	-
<b>Cash and cash equivalents at the end of the year</b>	<b>(9,677,495)</b>	(7,521,317)	<b>(559,845)</b>	8,338

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GROUP HOLDINGS PLC

## Commentary on Financial Statements for period ended 31 October 2011

### 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 2011.

The business patterns and operating results for the year ended 31 October 2011 were very similar to those of the previous year. The performance of the tourist market generally exceeded expectations but the vacation ownership market remained difficult. There were, once again, considerable vacation ownership sales on a trade-in basis, where only the incremental value of an upgraded sale is taken to profit. The value of the ownership rights traded in is not taken to stock but is available for resale in future years, thereby extending the life and profitability of the project.

The acquisition of 50% of Buttigieg Holdings Limited extended considerably the group's production capacity for event catering. The acquisition was made in the latter part of the financial year and its full benefits will be felt in the group's results in future years. This acquisition was financed by the issue of 1,070,960 Ordinary shares of € 1 each.

As a result of increased activity, staff costs, food and beverage costs and other operating costs have increased considerably over the previous year, notwithstanding some significant operational efficiency improvement. Depreciation and finance costs increased marginally.

The business conditions that the group faces remain difficult and do not show immediate signs of improving. The worsening economic conditions in all of the group's major markets, will continue to present challenges. These challenges will again be faced by a strong focus on vacation ownership sales, by a continued drive to improve operational efficiency and by continuing to seek new business opportunities. The plans to develop Hal Ferh into a high quality resort are at the stage of obtaining the various permits and concurrently the group is actively seeking fresh external equity to finance this development. The group will continue to focus on event catering activities to leverage on its clear market leadership position. The group is confident that new exclusive venues will increase its service offering in the coming year.

In terms of Listing Rule 5.54.6, the financial information of the company and the group for the year ended 31 October 2011 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 23 February 2012.

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