



COMPANY ANNOUNCEMENT

ISLAND HOTELS

GROUP HOLDINGS PLC

Date of Announcement:

22 February 2013

Reference:

38/2013

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 22 February 2013, approved the audited financial statements for the financial year ended 31 October 2012. 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 22 May 2013. 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 ended 31 October 2012.

Shareholders on the Company's share register at the Central Securities Depository of the Malta Stock Exchange as at close of business on Monday 22 April 2013 (this will include trades undertaken up to and including Wednesday 17 April 2013), will receive notice of the Annual General Meeting, together with the Financial Statements for the financial year ended 31 October 2012.

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 2012

	Group		Holding	
	2012	2011	2012	2011
	€	€	€	€
Revenue	32,939,071	30,254,333	-	-
Staff costs	(13,190,090)	(11,860,954)	-	-
Food and beverage costs	(4,168,836)	(3,461,992)	-	-
Other operating costs	(10,300,039)	(9,427,289)	(251,920)	(170,981)
Other operating income	-	-	220,745	113,451
Earnings/(Loss) before interest, taxation, depreciation and amortisation	5,280,106	5,504,098	(31,175)	(57,530)
Depreciation and amortisation	(3,330,507)	(3,211,916)	-	-
Operating profit/(loss)	1,949,599	2,292,182	(31,175)	(57,530)
Share of losses of associates	(1,393)	-	-	-
Investment income	165,166	151,446	1,235,593	1,615,583
Finance costs	(2,947,528)	(3,041,345)	(1,491,145)	(1,477,365)
(Loss)/profit before tax	(834,156)	(597,717)	(286,727)	80,688
Income tax credit/(expense)	(155,116)	355,355	(29,853)	(47,025)
(Loss)/profit for the year	(989,272)	(242,362)	(316,580)	33,663
Other comprehensive income				
Exchange differences on translating foreign operations	1,278,859	134,887	-	-
Total comprehensive income/(expense) for the year	289,587	(107,475)	(316,580)	33,663
(Loss)/profit for the year attributable to the owners of the holding company	(989,272)	(242,362)	(316,580)	33,663
Total comprehensive income/(expense) for the year attributable to the owners of the holding company	289,587	(107,475)	(316,580)	33,663
Basic/diluted earnings/(loss) per share	(0.027)	(0.007)		

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COMPANY ANNOUNCEMENT

ISLAND HOTELS

GROUP HOLDINGS PLC

Statements of financial position

31 October 2012

	Group		Holding	
	2012	2011	2012	2011
	€	€	€	€
ASSETS AND LIABILITIES				
Non-current assets				
Goodwill	33,949,830	32,683,204	-	-
Other intangible assets	748,819	596,561	-	-
Property, plant and equipment	85,024,765	87,038,218	-	-
Investments in subsidiaries	-	-	52,801,199	52,801,199
Investment in associates	150	1,543	-	-
Investments in jointly controlled entities	-	-	17,070,960	17,070,960
Loans and receivables	8,169,141	8,146,142	193,695	403,435
	<u>127,892,705</u>	<u>128,465,668</u>	<u>70,065,854</u>	<u>70,275,594</u>
Current assets				
Inventories	1,211,641	1,138,519	-	-
Trade and other receivables	8,673,516	8,093,723	2,786,190	1,788,091
Current taxation	25,914	32,428	14,175	32,428
Cash and cash equivalents	1,013,711	903,617	-	-
	<u>10,924,782</u>	<u>10,168,287</u>	<u>2,800,365</u>	<u>1,820,519</u>
Total assets	<u>138,817,487</u>	<u>138,633,955</u>	<u>72,866,219</u>	<u>72,096,113</u>
EQUITY AND LIABILITIES				
Equity attributable to the owners of the holding company				
Share capital	36,340,160	36,340,160	36,340,160	36,340,160
Currency translation reserve	905,637	(204,152)	-	-
(Accumulated losses)/ retained earnings	(776,860)	43,342	67,492	384,072
Total equity	<u>36,468,937</u>	<u>36,179,350</u>	<u>36,407,652</u>	<u>36,724,232</u>
Non-current liabilities				
Bank loans	26,822,688	23,471,805	8,303,823	7,111,710
Other financial liabilities	23,554,758	23,913,197	26,240,899	25,405,544
Trade and other payables	4,210,634	1,358,176	-	-
Deferred tax liabilities	11,918,175	11,849,802	-	-
	<u>66,506,255</u>	<u>60,592,980</u>	<u>34,544,722</u>	<u>32,517,254</u>

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COMPANY ANNOUNCEMENT

ISLAND HOTELS

GROUP HOLDINGS PLC

Statements of financial position (continued)

31 October 2012

	Group		Holding	
	2012	2011	2012	2011
	€	€	€	€
Current liabilities				
Trade and other payables	17,601,801	18,327,741	447,713	537,582
Bank overdrafts and loans	15,472,437	21,348,218	939,114	1,861,020
Current taxation	2,871	58,460	-	-
Other financial liabilities	2,765,186	2,127,206	527,018	456,025
	<u>35,842,295</u>	<u>41,861,625</u>	<u>1,913,845</u>	<u>2,854,627</u>
Total liabilities	102,348,550	102,454,605	36,458,567	35,371,881
Total equity and liabilities	138,817,487	138,633,955	72,866,219	72,096,113

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COMPANY ANNOUNCEMENT

ISLAND HOTELS

GROUP HOLDINGS PLC

Statement of changes in equity - Group

Year ended 31 October 2012

Group

	Equity attributable to the owners of the holding company			
	Share capital €	Currency translation reserve €	Retained earnings €	Total €
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)
Balance at 31 October 2011	36,340,160	(204,152)	43,342	36,179,350
Reclassification of exchange difference	-	(169,070)	169,070	-
Loss for the year	-	-	(989,272)	(989,272)
Other comprehensive income for the year	-	1,278,859	-	1,278,859
Total comprehensive income/ (expense) for the year	-	1,278,859	(989,272)	289,587
Balance at 31 October 2012	36,340,160	905,637	(776,860)	36,468,937

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COMPANY ANNOUNCEMENT

ISLAND HOTELS

GROUP HOLDINGS PLC

Statement of changes in equity – Holding company

Year ended 31 October 2012

Holding company

	Share capital €	Retained earnings €	Total €
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
Balance at 31 October 2011	36,340,160	384,072	36,724,232
Profit/total comprehensive income for the year	-	(316,580)	(316,580)
Balance at 31 October 2012	36,340,160	67,492	36,407,652

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COMPANY ANNOUNCEMENT

ISLAND HOTELS

GROUP HOLDINGS PLC

Statements of cash flows

Year ended 31 October 2012

	Group		Holding	
	2012 €	2011 €	2012 €	2011 €
Cash flows from operating activities				
(Loss)/profit before tax	(834,156)	(597,717)	(286,727)	80,688
<i>Adjustments for:</i>				
Depreciation and amortisation	3,330,507	3,211,916	-	-
Movement in provision for bad debts	(30,972)	(65,755)	-	-
Bad debts written off	54,037	148	-	-
Loss on disposal of pp&e	23,981	51,219	-	-
Share of losses of associates	1,393	-	-	-
Interest income	(165,166)	(151,446)	(134,564)	(185,579)
Dividend income	-	-	(1,101,029)	(1,430,004)
Interest expense	2,947,528	3,041,345	1,491,145	1,477,365
Operating profit/(loss) before working capital movements	5,327,152	5,489,710	(31,175)	(57,530)
Movement in inventory	(73,122)	(135,813)	-	-
Movement in trade and other receivables	(602,523)	(1,469,759)	(998,099)	(1,583,112)
Movement in trade and other payables	2,059,162	2,122,095	(89,869)	36,568
Cash flows from operations	6,710,669	6,006,233	(1,119,143)	(1,604,074)
Interest paid	(2,880,172)	(2,955,425)	(1,491,145)	(1,477,365)
Taxation paid	(138,612)	(401,818)	(11,600)	(146,040)
<i>Net cash flows from operating activities</i>	3,691,885	2,648,990	(2,621,888)	(3,227,479)
Cash flows from investing activities				
Purchase of pp&e	(1,418,052)	(1,529,088)	-	-
Purchase of intangible assets	(295,378)	-	-	-
Proceeds from sale of pp&e	129,444	320,366	-	-
Grants received - capital expenditure	93,153	-	-	-
Net cash outflow on acquisition of jointly controlled entities	-	(350,352)	-	-
Movement in loans and other receivables	-	(4,482,934)	232,740	1,037,217
Dividends received	-	-	1,101,029	1,430,004
Interest received	165,166	151,446	134,564	185,579
<i>Net cash flows from investing activities</i>	(1,325,667)	(5,890,562)	1,468,333	2,652,800
Cash flows from financing activities				
Movement in bank loans	(3,224,887)	(3,409,966)	830,052	(611,060)
Transfer to sinking fund reserve	(23,000)	-	(23,000)	-
Movement in related party balances	279,541	4,574,910	906,348	617,556
<i>Net cash flows from financing activities</i>	(2,968,346)	1,164,944	1,713,400	6,496
Net movement in cash and cash equivalents	(602,128)	(2,076,628)	559,845	(568,183)
Opening Cash and cash equivalents	(9,677,495)	(7,521,317)	(559,845)	8,338
Effect of foreign exchange rate changes	12,233	(79,550)	-	-
Closing Cash and cash equivalents	(10,267,390)	(9,677,495)	-	(559,845)

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COMPANY ANNOUNCEMENT

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GROUP HOLDINGS PLC

Commentary on Financial Statements for period ended 31 October 2012

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 ended 31 October 2012.

The economic environment in which the company operated during the year ended 31 October 2012 was similar to that of the previous year, with better than expected tourist arrivals but flat hotel occupancy levels and a tighter demand for vacation ownership. Although this is largely down to problems in the major market for our timeshare product, it has led the company to examine the way it sells timeshare and the costs associated with these sales. Once again, in the year under review, there were considerable vacation ownership sales on a trade-in basis, so much so that the number of unsold weeks held by the company at the year-end is the same as it was 24 months ago despite the considerable value of sales written. This is indicative of a high level of satisfaction of current owners who chose to trade in their existing weeks with more expensive ones, and it is relevant to reflect on the fact that only the increased value of the upgraded sale is taken to profit. The directors do not see that there will be an immediate increase in the demand for timeshare, but expect that the changes in the selling structure of this product will lead to improved results.

The company's investment in the event, retail and contract catering business continued during the year through the signing of the COSTA Coffee Franchise, the extension of the existing contracts at the airport and the hospital as well as a new venture at Montekristo Estates. These are expected to further improve performance in the forthcoming years once the initial investments made in these ventures take effect.

A challenge facing the group is that of raising fresh equity to finance new investment, particularly for the Oasis project at Golden Sands, and also to reduce some of the Group's debt and its resultant interest cost. The hotel operations performed reasonably satisfactorily. Two of the group's properties, the Coastline Hotel as well as the Radisson BLU St. Julian's will benefit from a series of upgrades which are expected to start in the forthcoming financial year. The extent and timing of these upgrades are, to a degree, also dependent on the group's ability to attract fresh equity.

Once again, the business conditions the group faces remain difficult and will continue to present challenges. Apart from the ability to raise fresh equity, the most critical objective in the forthcoming year will be that of maintaining a healthy level of timeshare sales at a more efficient profit ratio. Other actions taken to reduce the cost base include the overhaul of certain mechanical and engineering equipment, which is expected to reduce the cost of energy to the group significantly.

In terms of Listing Rule 5.54.6, the financial information of the company and the group for the year ended 31 October 2012 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 22 February 2013.

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