



COMPANY ANNOUNCEMENT

ISLAND HOTELS

GROUP HOLDINGS PLC

Date of Announcement:

21 February 2014

Reference:

50/2014

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 21 February 2014, approved the audited financial statements for the financial year ended 31 October 2013. 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 21 May 2014. The said audited financial statements will be 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 from the 28 February 2014. 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 2013.

Shareholders on the Company's share register at the Central Securities Depository of the Malta Stock Exchange as at close of business on Monday 21 April 2014 (this will include trades undertaken up to and including Monday 14 April 2014), will receive notice of the Annual General Meeting, together with the Financial Statements for the financial year ended 31 October 2013.

Unquote

Signed:

Kenneth Abela

Company Secretary

Island Hotels Group Holdings p.l.c.

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Company Registration No.: C44855

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COMPANY ANNOUNCEMENT

ISLAND HOTELS

GROUP HOLDINGS PLC

Statements of profit or loss

Year ended 31 October 2013

	Group		Holding	
	2013	2012	2013	2012
	€	€	€	€
Revenue	35,279,603	33,086,418	-	-
Staff costs	(13,489,767)	(13,190,090)	-	-
Food and beverage costs	(4,289,224)	(4,168,836)	-	-
Other operating costs	(10,968,148)	(10,300,039)	(231,618)	(251,920)
Other operating income	-	-	214,355	220,745
Earnings/(loss) before interest, taxation, depreciation and amortisation	6,532,464	5,427,453	(17,263)	(31,175)
Depreciation and amortisation	(3,206,896)	(3,330,507)	-	-
Operating profit/(loss)	3,325,568	2,096,946	(17,263)	(31,175)
Share of losses of associates	(25,000)	(1,393)	-	-
Investment income	60,538	17,819	2,046,204	1,235,593
Finance costs	(2,916,081)	(2,947,528)	(1,526,754)	(1,491,145)
Profit/(loss) before tax	445,025	(834,156)	502,187	(286,727)
Income tax credit/(expense)	109,694	(155,116)	(65,494)	(29,853)
Profit/(loss) for the year	554,719	(989,272)	436,693	(316,580)
Profit/(loss) for the year attributable to the owners of the holding company	554,719	(989,272)	436,693	(316,580)
Basic/diluted earnings/(loss) per share	0.015	(0.027)		

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COMPANY ANNOUNCEMENT

ISLAND HOTELS

GROUP HOLDINGS PLC

Statements of profit or loss and other comprehensive income

Year ended 31 October 2013

	Group		Holding	
	2013	2012	2013	2012
	€	€	€	€
Profit/(loss) for the year	554,719	(989,272)	436,693	(316,580)
Other comprehensive (expense)/income:				
Exchange differences on translating foreign operations	(820,440)	1,278,859	-	-
Total comprehensive (expense)/income for the year	(265,721)	289,587	436,693	(316,580)
Total comprehensive (expense)/income for the year attributable to the owners of the holding company	(265,721)	289,587	436,693	(316,580)

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COMPANY ANNOUNCEMENT

ISLAND HOTELS

GROUP HOLDINGS PLC

Statements of financial position

31 October 2013

	Group		Holding	
	2013	2012	2013	2012
	€	€	€	€
ASSETS AND LIABILITIES				
Non-current assets				
Goodwill	33,147,407	33,949,830	-	-
Other intangible assets	725,684	748,819	-	-
Property, plant and equipment	86,010,457	85,024,765	-	-
Investments in subsidiaries	-	-	52,801,199	52,801,199
Investment in associates	150	150	-	-
Investments in jointly controlled entities	-	-	17,314,460	17,070,960
Loans and receivables	8,970,321	8,169,141	3,432,970	2,429,695
	<u>128,854,019</u>	<u>127,892,705</u>	<u>73,548,629</u>	<u>72,301,854</u>
Current assets				
Inventories	1,224,929	1,211,641	-	-
Trade and other receivables	10,085,145	8,673,516	4,239,464	2,786,190
Loans and receivables	94,264	-	1,060,642	480,042
Current taxation	217,734	25,914	117,102	14,175
Cash and cash equivalents	664,930	1,013,711	22,765	-
	<u>12,287,002</u>	<u>10,924,782</u>	<u>5,439,973</u>	<u>3,280,407</u>
Total assets	<u>141,141,021</u>	<u>138,817,487</u>	<u>78,988,602</u>	<u>75,582,261</u>
EQUITY AND LIABILITIES				
Equity attributable to the owners of the holding company				
Share capital	36,583,660	36,340,160	36,583,660	36,340,160
Currency translation reserve	85,197	905,637	-	-
(Accumulated losses)/ retained earnings	(465,641)	(776,860)	504,185	67,492
Total equity	<u>36,203,216</u>	<u>36,468,937</u>	<u>37,087,845</u>	<u>36,407,652</u>
Non-current liabilities				
Bank loans	25,222,246	26,822,688	9,384,001	8,303,823
Other financial liabilities	25,725,356	23,554,758	30,140,386	28,956,941
Trade and other payables	4,738,226	4,210,634	-	-
Deferred tax liabilities	11,814,605	11,918,175	-	-
	<u>67,500,433</u>	<u>66,506,255</u>	<u>39,524,387</u>	<u>37,260,764</u>

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COMPANY ANNOUNCEMENT

ISLAND HOTELS

GROUP HOLDINGS PLC

Statements of financial position (continued)

31 October 2013

	Group		Holding	
	2013	2012	2013	2012
	€	€	€	€
Current liabilities				
Trade and other payables	19,199,815	17,601,801	428,132	447,713
Bank overdrafts and loans	15,772,138	15,472,437	1,450,651	939,114
Current taxation	45,489	2,871	-	-
Other financial liabilities	2,419,930	2,765,186	497,587	527,018
	<u>37,437,372</u>	<u>35,842,295</u>	<u>2,376,370</u>	<u>1,913,845</u>
Total liabilities	<u>104,937,805</u>	<u>102,348,550</u>	<u>41,900,757</u>	<u>39,174,609</u>
Total equity and liabilities	<u>141,141,021</u>	<u>138,817,487</u>	<u>78,988,602</u>	<u>75,582,261</u>

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COMPANY ANNOUNCEMENT

ISLAND HOTELS

GROUP HOLDINGS PLC

Statement of changes in equity - Group

Year ended 31 October 2013

Group

	Equity attributable to the owners of the holding company			
	Share capital €	Currency translation reserve €	(Accumulated losses)/ retained earnings €	Total €
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
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)
Balance at 31 October 2013	36,583,660	85,197	(465,641)	36,203,216

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COMPANY ANNOUNCEMENT

ISLAND HOTELS

GROUP HOLDINGS PLC

Statement of changes in equity – Holding company

Year ended 31 October 2013

Holding company

	Share capital €	Retained earnings €	Total €
Balance at 31 October 2011	36,340,160	384,072	36,724,232
Loss/total comprehensive expense for the year	-	(316,580)	(316,580)
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
Balance at 31 October 2013	36,583,660	504,185	37,087,845

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COMPANY ANNOUNCEMENT

ISLAND HOTELS

GROUP HOLDINGS PLC

Statements of cash flows

Year ended 31 October 2013

	Group		Holding	
	2013	2012	2013	2012
	€	€	€	€
Cash flows from operating activities				
Profit/(loss) before tax	445,025	(834,156)	502,187	(286,727)
<i>Adjustments for:</i>				
Depreciation and amortisation	3,206,896	3,330,507	-	-
Movement in provision for bad debts	2,266	(30,972)	-	-
Bad debts written off	31,045	54,037	-	-
Loss on disposal of property, plant and equipment	56,492	23,981	-	-
Share of losses of associates	25,000	1,393	-	-
Interest income	(60,538)	(17,819)	(123,127)	(134,564)
Dividend income	-	-	(1,923,077)	(1,101,029)
Interest expense	2,916,081	2,947,528	1,526,754	1,491,145
Operating profit/(loss) before working capital movements	6,622,267	5,474,499	(17,263)	(31,175)
Movement in inventory	(13,288)	(73,122)	-	-
Movement in trade and other receivables	(1,444,940)	(602,523)	(1,453,274)	(998,099)
Movement in trade and other payables	1,860,712	2,059,162	(19,581)	(89,869)
Cash flows from operations	7,024,751	6,858,016	(1,490,118)	(1,119,143)
Interest paid	(2,651,187)	(2,880,172)	(1,526,754)	(1,491,145)
Taxation paid	(138,937)	(138,612)	(168,421)	(11,600)
<i>Net cash flows from operating activities</i>	4,234,627	3,839,232	(3,185,293)	(2,621,888)
Cash flows from investing activities				
Purchase of property, plant and equipment	(4,242,418)	(1,418,052)	-	-
Purchase of intangible assets	(105,079)	(295,378)	-	-
Proceeds from sale of property, plant and equipment	119,752	129,444	-	-
Grants receivable in respect of capital expenditure	-	93,153	-	-
Movement in loans and other receivables	(895,444)	-	(1,583,875)	946,767
Dividends received	-	-	1,923,077	1,101,029
Payment for the issued share capital of an associate	(25,000)	-	-	-
Interest received	60,538	17,819	123,127	134,564
<i>Net cash flows from investing activities</i>	(5,087,651)	(1,473,014)	462,329	2,182,360
Cash flows from financing activities				
Movement in bank loans	(1,087,854)	(3,224,887)	1,591,715	830,052
Transfer to sinking fund reserve	-	(23,000)	-	(23,000)
Movement in related party balances	1,609,978	279,541	1,154,014	192,321
Movement in obligations under finance lease	215,364	-	-	-
<i>Net cash flows from financing activities</i>	737,488	(2,968,346)	2,745,729	999,373

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COMPANY ANNOUNCEMENT

ISLAND HOTELS

GROUP HOLDINGS PLC

Statements of cash flows (continued)

Year ended 31 October 2013

	Group		Holding	
	2013 €	2012 €	2013 €	2012 €
Net movement in cash and cash equivalents	(115,536)	(602,128)	22,765	559,845
Cash and cash equivalents at the beginning of the year	(10,267,390)	(9,677,495)	-	(559,845)
Effect of foreign exchange rate changes	(20,358)	12,233	-	-
Cash and cash equivalents at the end of the year	<u>(10,403,284)</u>	<u>(10,267,390)</u>	<u>22,765</u>	<u>-</u>

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COMPANY ANNOUNCEMENT

ISLAND HOTELS

GROUP HOLDINGS PLC

Commentary on Financial Statements for year ended 31 October 2013

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 2013.

The group's net profit before tax of €445,025 was achieved in international market conditions which remain challenging. Tourist arrivals in Malta were better than expected in 2013 and these led to marginal increases in hotel occupancy levels. Increases in hotel occupancy however did not mirror the increase in arrivals due to higher percentages of tourists using non-hotel accommodation. Hotel income improved and this, together with an internal drive on cost efficiencies, translated to better operating margins. Sales of vacation ownership were at similar levels to the previous year. The focus in relation to vacation ownership during the year was on margins and cost efficiencies which did not have a negative effect on sales volumes. These enhanced operating results in both the hotel side of the business and in vacation ownership, were the main contributors to a €1.2 million turnaround in the pre-tax result from last year's negative €834,156. The group maintained its market leading position in event catering and investment in this side of the business continued with further openings of COSTA Coffee outlets. The effect of this growth area on group profits is expected to be felt when the initial investments take their full effect.

The drive towards enhanced margins and growth continues. In light of the former objective the group has just announced its intention to dispose of an asset which no longer fits into the tourism segment in which the group feels it is best suited. A promise of sale agreement for the sale of Coastline Hotel Limited has been signed and the sale is due to be completed later in this current financial year at a price of € 14 million which reflects the fair value of the assets disposed of. On the growth front the group, through its investment in Buttigieg Holdings Ltd, was recently successful in an international tender issued by COSTA International Limited, a UK company, for the exclusive rights to open COSTA Coffee outlets in Spain (East Coast), the Balearic Islands and the Canary Islands. This project is expected to commence in this current financial year.

The group's efforts at raising fresh equity have continued. This is not proving easy in the extremely difficult international market conditions but the efforts will continue, driven by the prospects of the high-end Oasis project, the plans to further up-scale existing stock and, now, the COSTA Spain venture. In this regard the group is also planning the issuance of a new bond on the local market. The focus of growth of the Group going forward will be on the five star hotel market locally, vacation ownership, event catering and the development of the Costa Coffee brand in Malta and Internationally.

In terms of Listing Rule 5.54.6, the financial information of the company and the group for the year ended 31 October 2013 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 2014.

- END -

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