



ISLAND HOTELS

GROUP HOLDINGS PLC

FINANCIAL ANALYSIS SUMMARY

24th April 2015

CURMI
& PARTNERS

Table of Contents

1. FINANCIAL ANALYSIS SUMMARY UPDATE	1
2. MAJOR DEVELOPMENTS POST FINANCIAL ANALYSIS SUMMARY MAY 2014	2
2.1 Sale of Coastline Hotel	2
2.2 Change of Plans for Refurbishment and Expansion Project	2
2.3 Change in Use of Proceeds.....	3
2.4 Delay in Acquisition of Remaining 50% of Buttigieg Holdings Limited	5
2.5 Termination of Joint Venture with Montekristo Estates Limited	5
2.6 Announcement of Potential Acquisition by IHI.....	5
3. PERFORMANCE OF MAJOR ASSETS OF THE GROUP	6
3.1 Radisson Blu Resort, St. Julian’s.....	6
3.2 Radisson Blu Resort & Spa, Golden Sands	7
3.3 Island Caterers Ltd.	9
3.4 Buttigieg Holdings Ltd. including Costa Coffee	9
4. PERFORMANCE AND FINANCIAL POSITION OF THE GROUP	11
4.1 Statements of Profit and Loss and Other Comprehensive Income.....	11
4.2 Statements of Cash Flows	13
4.3 Statements of Financial Position.....	15
4.4 Borrowings and Securities in Issue	17
4.5 Evaluation of Performance and Financial Position	18
5. COMPARABLES.....	22
6. GLOSSARY.....	24

1. FINANCIAL ANALYSIS SUMMARY UPDATE

In accordance with requirements of the Listing Authority Policies, an update is hereby provided to the Financial Analysis Summary May 2014 (“Report May 2014”), which can be accessed through the following link: <http://www.islandhotels.com/investor-information/island-hotels-group-holdings-plc-bond-issue-2014/>. The purpose of this Financial

Analysis Summary Update April 2015 (“Update Report April 2015”) is to provide an update on the performance and on the financial position of Island Hotels Group Holdings p.l.c. (“the Issuer” or “the Company” or “IHGH”) and, more generally of the Island Hotels Group (“the Group”).

Please refer to the Report May 2014 sections 1 and 2 for information relating to the following: overview of the Group, of its business, and of its key activities, in addition to information on the issue of the €35 million 6.0% Bonds due 2024 (“Bond 2024”) in section 3.

It is noted that relevant changes or developments relating to the content of these sections that occurred during the period since publication of Report May 2014, are referred to below. Additionally, for a detailed review of the performance and financial position of the Issuer for the periods prior to 2014, please refer to the Report May 2014 Section 4 Performance and Financial Position of the Group.

2. MAJOR DEVELOPMENTS POST FINANCIAL ANALYSIS SUMMARY MAY 2014

2.1 Sale of Coastline Hotel

The Coastline Hotel (“Coastline”) is no longer an asset of the Group. As noted in the Report May 2014, in February 2014 the Group announced that it entered into a promise of sale agreement for the sale of the Coastline for €14 million. The final sale agreement was signed on the 2nd May 2014. The company announced that the conditions on which the Promise of Sale Agreement was dependent were met, and that the shares in Coastline Hotel Limited (“CHL”) were transferred in favour of Claret Holdings Limited, a language school operator.

2.2 Change of Plans for Refurbishment and Expansion Project

The Report May 2014 referred to plans for a complete refurbishment (“the Project”), commencing in late 2014, of The Radisson Blu Resort, St Julian’s. Total project cost was expected to amount to €16 million. The plans were expected to involve the addition of another 2 floors and the enhancement of conference facilities, with the major objective of expanding the events segment and generating higher margins. The project was earmarked to start in November 2014 and to be concluded by summer 2015.

On the 25th September 2014, IHGH announced that it was postponing the Project. Management noted that through reports in the local media, it became aware that there are several major developments, both hotels and other real estate projects, planned in the St. George's Bay and surrounding area. These would have a material impact on the area. In the announcement, the directors of the Group had mentioned that at that point in time, it was in the best commercial interests of the Issuer to postpone the major refurbishment project until more information becomes available.

Management continues to review developments and continually evaluate the situation. To date, a degree of uncertainty about the proposed developments in the area still remains. Management is of the view that if the Issuer were to commence a complete renovation as proposed in the prospectus of the Bond 2024 ("Prospectus"), it is likely that on completion of this Project the hotel would be more difficult to market to prospective clients at the original rates it had forecast due to the surrounding construction sites. Thus it will be more challenging to achieve the higher level of performance required to pay back the investment. However, certain works required to maintain, upgrade and modernise the Radisson Blu Resort, St. Julian's were still carried out. It is relevant to note that this resort was closed between November 2014 and March 2015 for these required upgrade and modernisation works. A much more modest amount of €2 million was invested in the upgrade of the property, including a revamp of the lobby area, main restaurant and public areas, all corridor carpeting, upgrade of the hotel suites, new elevators, new boilers and calorifiers, new hot water pipe work throughout the building, a new electrical generator, landscaping works, road works on the entrance of the property and the painting of the external façade of the building. Management is of the view that after these works the Radisson Blu Resort, St. Julian's will be able to provide a better product than its previous offering, even though the positive impact will be more moderate compared to that of the previously planned large scale project.

Management expects that the upgrade and modernisation undertaken at the resort will result in an overall improved Average Achieved Room Rate ("AARR") over previous rates, which will bring the rate closer to the average of the 5 star average competitive set.

The Group expects to continue on this business model for the immediate years ahead. These considerations form the basis of management projections in the Update Report April 2015.

2.3 Change in Use of Proceeds

The Report May 2014 indicated the following uses for the proceeds ("Use of Proceeds") from the issue of the Bond 2024 ("Bond Issue"):

- (i) Approximately €20 million were expected to be used as follows:

- a. Refurbishment of the Radisson Blu Resort, St. Julian's (including the construction of a conference centre and two additional floors), with expected total project costs amounting to €16 million
 - b. Roll-out of the Costa Coffee franchise in Spain, amounting to €4 million
- (ii) The remaining balance was expected to be used for general corporate funding purposes, including the early repayment of bank debt

As noted in the sections above, IHGH will now not proceed with the Radisson Blu Resort, St. Julian's Project, and only €2 million of the Bond 2024 proceeds was allocated for upgrade works, compared to the previously planned €16 million.

Following the decision of the directors not to implement the Project, a meeting will be held with bondholders of the Bond 2024 ("Bondholders' Meeting") on the 20th May 2015. Bondholders will be requested to consider a resolution for the approval of a change in the Use of Proceeds.

Assuming the request for a change in the Use of Proceeds is approved, the Group will be expecting to increase the amount of bank debt it will repay out of the bond proceeds. On the other hand, the amount of proceeds expected to be used for the development of the Costa Coffee franchise in Spain remains unchanged.

The proposed revised use of proceeds from the Bond Issue, relating to €14 million of the amount previously allocated to the Bay Point project, is illustrated below:

- (i) Approximately €10 million to pay down additional bank debt
- (ii) The remaining balance of €4 million for general corporate funding purposes

Management estimates that paying down additional bank debt of €10 million would result in savings in terms of debt servicing costs. Additionally, management notes that the funds used for corporate funding purposes will temporarily be deposited into overdraft accounts, thus resulting in further savings of debt servicing costs.

It is relevant to note that the projected financial statements and expected performance of the Issuer referred to in this Report Update April 2015 are based on the assumption that bondholders will approve the resolution at the Bondholders' Meeting and that the Use of Proceeds will be revised as indicated above.

2.4 Delay in Acquisition of Remaining 50% of Buttigieg Holdings Limited

Projections included in the Report May 2014 were based on the expectation that the Issuer would exercise the option to acquire the outstanding 50% of Buttigieg Holdings Limited (“Buttigieg Holdings”) it does not own, thereby obtaining full ownership of this company. Projections for the year ended 31st October included 50% of Buttigieg Holdings’ results (excluding Costa Spain) for the first 6 months, and 100% of the results for the second 6 months of the year.

Buttigieg Holdings is now expected to become a fully owned subsidiary of the Issuer during the financial year ending 31st October 2016. Projected financial statements for the year ending 31st October 2015 reflect a 50% share of profits from the joint venture, whilst the full year projected results for the year ending 31st October 2016 reflect 100% of Buttigieg Holding’s results.

2.5 Termination of Joint Venture with Montekristo Estates Limited

On 31st October 2014 MKIC Limited (“MKIC”) ceased operations and the Group started the process of transferring its 50% equity shareholding in the company. MKIC was the company that operated the Montekristo Estates in Luqa. Since take over in 2012, Montekristo Estates sustained losses as a result of a low level of activity and management deemed the amount of time required to manage this estate was not commensurate to the returns.

2.6 Announcement of Potential Acquisition by IHI

On 16th January 2015 the Issuer announced that its board of directors was notified by a majority of its shareholders that they have been conducting negotiations with International Hotel Investments plc (“IHI”) with a view to merging the assets of the 2 groups through an acquisition of the Issuer by IHI and that a conditional agreement has been reached regulating how this objective could be achieved.

Management is of the view that the consolidation of the operations of the Issuer and IHI will result in significant operational synergies and additional development opportunities. According to management this is particularly related to the combination of IHGH’s hotel operation in St George’s Bay with that of IHI’s hotels in the same area.

However it is relevant to note that management did not factor in any of the expected benefits in the projected financial statements and expected performance of the Issuer referred to in this

Report Update April 2015. The Report Update April 2015 is based on the assumption that the Issuer will continue to operate under its current business model and within its current structure.

3. PERFORMANCE OF MAJOR ASSETS OF THE GROUP

3.1 Radisson Blu Resort, St. Julian's

Radisson Blu Resort, St. Julian's	2012	2013	2014	2014	2015	2016
<i>Financial highlights (€000) - 31st October</i>	Actual	Actual	Forecast - Report May 2014	Actual	Forecast	Projection
Revenue	9,157	10,026	10,859	10,554	8,400	11,217
EBITDA	1,782	2,162	2,264	2,214	1,678	2,811

Source: Management Information System

The performance of the Radisson Blu Resort, St. Julian's during the year ended 31st October 2014 was generally in line with previous years. Total revenue increased by 5% to €10.6 million, with EBITDA basically unchanged at €2.2 million. Growth was driven by hotel accommodation revenues. The resort benefited from improved rates in its core hotel operations, mainly driven by general industry trends. Food and beverage ("F&B") sales were almost unchanged. Staff costs increased by around €0.3 million to €3.9 million, whilst other operating expenses including marketing costs and utilities decreased by 9% to €3 million.

The previously planned complete refurbishment of this asset will not go ahead, with management of the view that several major projects targeted for St. George's Bay would have a material impact on the particular area and on the feasibility of the Issuer's own project. The project was expected to result in the closure of this resort for 8 months between November 2014 and summer 2015, with previous projections illustrated in Report May 2014 prepared on this basis. Following the change in plans, the property was closed only for upgrade and modernisation works between 1st November 2014 and 30th March 2015. Management also notes that going forward the Issuer is not expected to sell additional vacation ownership weeks. As a result of the closing of the resort for the first 5 months of the financial year ending 31st October 2015, revenue is expected to decrease to €8.4 million, with EBITDA decreasing to €1.7 million. Both sales and profitability are expected to rise again in 2016 once the hotel is in operation for the full 12-month period.

In terms of the Key Performance Indicators ("KPIs") of the Radisson Blu Resort, St. Julian's, both occupancy and average rates have historically been below its most direct peers – the 5 star sector hotels in the Sliema and St Julian's area. Occupancy levels decreased slightly during 2014, but a strong flow of tourist arrivals allowed the resort to raise rates closer to what could be considered its peers. During 2015, both occupancy and the AARR are expected to improve, mainly due to the fact that the hotel will close during the winter months and will

be operating throughout the peak months of the year.

Management is of the view that the scaled down upgrade and modernisation of the Radisson Blu Resort, St. Julian's is expected to allow for an improved offering and better rates when compared to previous years, although these are below the rates projected had the full project been undertaken.

These considerations are reflected in the projected AARR and Revenue per Available Room ("RevPAR"). The upgrade and modernisation is expected to result in an overall improved AARR to €118 in 2016, a 9% improvement over current rates. This will bring the rate closer to the average reported by the overall 5 star benchmark of €119.40 for 2014.

Radisson Blu Resort, St. Julian's	2012	2013	2014	2014	2015	2016
KPIs	Actual	Actual	Forecast - Report May 2014	Actual	Forecast	Projection
Benchmark Performance						
Occupancy level	72%	72%		74%		
Average Achieved Room Rate (AARR) (€)	105	111		119.4		
Revenue per available room (RevPAR) (€)	123	130		139.6		
Bay Point Performance						
Available rooms	252	252	245	252	252	252
Occupancy	69%	69%	72%	67%	84%	69%
AARR - Hotel (€)	86.4	90.4	90.7	108.3	127.6	118
AARR - Vacation ownership (€)	n/a	n/a	43.9	n/a	n/a	n/a
AARR - Fly Buys (€)	n/a	n/a	n/a	n/a	n/a	n/a
Overall AARR (€)	86.4	90.4	89.6	108.3	127.6	118.0
Non-accomm Revenue per occupied room (RevPOR) (€)	57.9	60.5	59.1	62.8	57.5	58.9
Total REVPOR (€)	144.2	150.9	148.8	171.1	185.1	176.9
RevPAR (including Vacation ownership sales) (€)	100	109	121	115	156	122

Source: Management Information System; Due Diligence Report April 2014; The BOV MHRA Survey - Q4 2014 and Year to Date, March 2015

It should be noted that the benchmark KPIs for 2012 and 2013 are not derived from the same source as KPIs for 2014.

Additionally, benchmark KPIs for 2012 and 2013 refer to 5-star sector Sliema and St Julian's, whilst benchmark KPIs for 2014 refer to the overall 5-star sector.

3.2 Radisson Blu Resort & Spa, Golden Sands

The very strong performance of the Radisson Blu Resort & Spa, Golden Sands during 2014 was mostly driven by vacation ownership sales. A proportion of occupied rooms of this asset is allocated on the basis of the vacation club model. The vacation ownership business, including both sales and maintenance fees, accounted for 74% of total revenues in 2014.

Radisson Blu Resort & Spa, Golden Sands	2012	2013	2014	2014	2015	2016
<i>Financial highlights (€000) - 31st October</i>	Actual	Actual	Forecast - Report May 2014	Actual	Forecast	Projection
Revenue	25,301	27,079	27,226	33,616	29,493	30,177
EBITDA	5,440	7,177	7,413	11,954	9,928	10,094

Source: Management Information System

The Radisson Blu Resort & Spa, Golden Sands continued to achieve growth in both revenues and EBITDA during 2014. Similarly to the previous year, the vacation ownership business drove the increases in sales and improvements in margins and profitability. Total revenues increased by 24% to €33.6 million, with EBITDA rising by 67% to €12 million. The robust increase in the number of vacation ownership weeks sold, led to considerably higher than expected revenues. Management notes that the strengthening of the UK Pound against the Euro currency had a positive impact, with the UK market representing the core component of vacation ownership. Additionally, enhanced margins in 2014 also continue to reflect the full year impact of cost control initiatives implemented in 2013. Vacation ownership sales are expected to decrease by €3.9 million in 2015 to €17.2 million. This is expected to result in total revenues of €29.5 million, with EBITDA of €9.9 million.

In the overview of the Radisson Blu Resort & Spa, Golden Sands, a distinction is made between “pure” hotel accommodation business and vacation ownership business. This is due to the fact that benchmark performance relates to hotel operations and does not reflect a similar hotel and vacation ownership business mix as that of the Radisson Blu Resort & Spa, Golden Sands.

Radisson Blu Resort & Spa, Golden Sands	2012	2013	2014	2014	2015	2016
<i>KPIs</i>	Actual	Actual	Forecast - Report May 2014	Actual	Forecast	Projection
Benchmark Performance						
Occupancy level	68%	69%		74%		
Average Achieved Room Rate (AARR) (€)	104	110		119.4		
Revenue per available room (RevPAR) (€)	117	124		139.6		
Radisson Blu Resort & Spa, Golden Sands Performance						
Available rooms	329	329	329	329	329	329
Overall occupancy	66%	68%	68%	70%	67%	67%
AARR- Hotel (€)	109.4	110.4	111.7	122.7	126.1	129.0
AARR - Vacation ownership (€)	80.0	74.2	78.9	68.5	77.2	77.9
AARR - Fly Buys (€)	87.5	51.8	67.1	65.4	68.9	68.7
Overall AARR (€)	84.7	84.9	88.1	82.6	87.4	89
Non-accomm Revenue per occupied room (RevPOR) (€)	65.6	63.8	70.4	65.6	65.6	67
Total REVPOR (€)	150.3	148.7	158.5	148.3	153.1	156
RevPAR (excluding Vacation ownership sales) (€)	100	101	107	104.1	102.4	104.1
RevPAR (including Vacation ownership sales) (€)	210	226	227	279.9	245.6	250.6

Source: Management Information System; Due Diligence Report April 2014; The BOV MHRA Survey - Q4 2014 and Year to Date, March 2015
It should be noted that the benchmark KPIs for 2012 and 2013 are not derived from the same source as KPIs for 2014.

During recent years, overall occupancy has kept up with industry average. The hotel AARR

continued to increase and remained generally slightly above the average of the five-star market. The overall RevPAR, including the contribution from vacation ownership, was considerably higher than industry average. Vacation ownership sales are expected to decrease in 2015, before settling at a growth rate of around 2.5% p.a thereafter. In fact, management notes that the year ending 31st October 2014 could be considered a better-than-average year in terms of performance of this business. Going forward, occupancy levels are projected to decrease slightly, with rates increasing.

3.3 Island Caterers Ltd.

The year ending 31st October 2014 was positive for Island Caterers Ltd. (“Island Caterers”). Revenues increased by 25% to €5.2 million, with EBITDA increasing by more than 100% to €0.3 million. A large event in September compensated for the relatively weak performance of the weddings business. During 2015, revenues are expected to increase marginally to €5.3 million, with EBITDA amounting to €0.4 million. Weddings are expected to do well during the year, and management will maintain a focus on both price and cost strategies to ensure the sustainability of margins. With the sale of the Coastline, Island Caterers entered into a contract with Claret Holdings Limited to provide food and beverage at the 4 star property for a period of five years as from May 2014.

Island Caterers	2012	2013	2014	2014	2015	2016
<i>Financial Highlights (€000) - 31st October</i>	Actual	Actual	Forecast - Report May 2014	Actual	Forecast	Projection
Revenue	4,012	4,162	4,176	5,241	5,313	5,420
EBITDA	156	149	367	309	427	435

Source: Management Information System

3.4 Buttigieg Holdings Ltd. including Costa Coffee

The performance by Buttigieg Holdings Limited during the year ending 31st December 2014 was positive. Total revenues increased by more than 16% to €7.5 million, with EBITDA increasing to €0.6 million. Growth was driven by the opening of the new Costa Coffee outlets, with the number of outlets increasing from 4 to 8. Total revenue for 2015 is expected to amount to €11.2 million, with expected EBITDA of €1.3 million.

The Issuer’s previous projections for 2014 were based on the assumption that the option to obtain full ownership of 50% of Buttigieg Holdings Limited would be exercised in May 2014. The acquisition of full ownership of Buttigieg Holdings was postponed as management is currently focusing on the development of the Costa Spain business. The option to acquire this company at a pre-established formula expires in May 2017. In this Update Report April

2015 it is being assumed that Buttigieg Holdings will become a fully owned subsidiary during the financial year ending 31st October 2016. The Issuer's forecast financial statements for the year ending 31st October 2015 reflect a 50% share of profits from the joint venture, whilst the projected full year results for the year ending 31st October 2016 reflect 100% of Buttigieg Holdings' results.

Buttigieg Holdings Limited (including Costa Malta and Spain)	2012	2013	2014	2014	2015	2016
	Actual	Actual	Forecast - Report May 2014	Actual	Forecast	Projection
<i>Financial Highlights (€000) - 31st October</i>						
Revenue - Costa (Malta and Spain)	599	2,108	2,750	3,518	7,595	14,647
Revenue - other	5,624	4,335	3,547	3,935	3,635	3,725
Revenue	6,223	6,442	6,297	7,453	11,230	18,373
EBITDA	243	328	742	564	1,269	2,189

Source: Management Information System

Buttigieg Holdings entered into a franchise agreement with Costa International Limited in 2012, granting exclusive development and operating rights for the Costa Coffee brand in Malta. By December 2014, the Group opened a total of 8 outlets. Total revenue generated by the local Costa Coffee business amounted to €3.5 million during the year ended 31st October 2014. All outlets are performing ahead of last year as the brand becomes better known and builds a following locally. Projections assume the introduction of 2 additional outlets by the end of 2016.

Following an international tender issued by Costa International Limited, the development of the Costa Coffee brand in Eastern Spain, the Balearic Islands and the Canary Islands ("Costa Spain"), was entrusted to The Coffee Company Malta Ltd. The agreement allows the company to open and develop 75 Costa Coffee shops in Spain over the next five years.

Throughout the first half of this financial year 2 outlets were opened in Barcelona. The first outlet was opened in November 2014 and a second outlet was opened in February 2015. The Issuer is expecting to open another 4 outlets by June 2015, with the lease agreements for these outlets already signed. Apart from these, the Group also concluded lease agreements for another 4 outlets and is thus expecting to open the budgeted 10 outlets by the end of this year, in line with the original plan. Management remains confident of achieving its objectives, even with projections that are more conservative than the original business plan. Going forward, growth in Costa Spain is expected to be driven by the increase in the number of stores opened each year. Average margins are expected to be in line with those achieved by the Costa Coffee business in Malta.

4. PERFORMANCE AND FINANCIAL POSITION OF THE GROUP

This document makes reference to the financial statements of the Issuer for the financial years ending 31st October 2012, 31st October 2013, 31st October 2014. The financial statements referred to have been audited by Deloitte Audit Limited. This section also includes references to forecast financial statements for 2015 and 2016. These forecasts and projections are based on certain assumptions. Events and circumstances may differ from expectations, and therefore actual results may vary considerably from the projections.

4.1 Statements of Profit and Loss and Other Comprehensive Income

Island Hotels Group Holdings p.l.c.	2012	2013	2014	2014	Variance	2015	2016
	Actual	Actual	Forecast - Report May 2014	Actual	Act vs Forecast	Forecast	Projection
<i>Statements of profit and loss and other comprehensive income (€000) - 31st October</i>							
Revenue	33,086	30,669	34,872	36,559	5%	34,226	50,254
Staff costs	(13,190)	(11,283)	(12,815)	(12,142)	-5%	(12,563)	(16,483)
Food and beverage costs	(4,169)	(3,689)	(4,486)	(3,980)	-11%	(4,175)	(8,112)
Other operating costs	(10,300)	(9,678)	(10,570)	(11,644)	10%	(9,785)	(15,177)
EBITDA	5,427	6,020	7,000	8,794	26%	7,703	10,482
Depreciation and Amortisation	(3,331)	(2,829)	(3,352)	(3,007)	-10%	(2,356)	(2,994)
Operating profit / (loss)	2,097	3,191	3,648	5,786	59%	5,347	7,488
Share of losses of associates	(1)	(25)	-	-		-	-
Investment income	18	61	20	67	236%	-	-
Finance costs	(2,948)	(2,541)	(2,564)	(3,387)	32%	(3,789)	(3,561)
Profit / (Loss) before tax	(834)	686	1,104	2,467	123%	1,558	3,927
Income tax (expense) / credit	(155)	10	(293)	(937)	220%	(460)	(1,031)
Profit / (Loss) for year from continuing operations	(989)	696	812	1,530	88%	1,098	2,896
Discontinued operations							
Profit / (Loss) for the year from discontinued operations	-	(141)	(421)	1,202	-386%	-	-
Profit for the year attributable to the owners of the holding company	(989)	555	391	2,732	599%	1,098	2,896
Profit for the year attributable to the owners of the holding company	(989)	555	391	2,732	599%	1,098	2,896
Other comprehensive income							
Exchange differences on translating foreign operations	1,279	(820)	-	1,437		-	-
Total comprehensive income/(expense) for year attributable to the owners of the holding co.	290	(266)	391	4,169	966%	1,098	2,896

Source: Island Hotels Group Holdings p.l.c. annual reports; Management Information System
 Some items may not sum to total due to rounding variances

During the year ended 31st October 2014, the Issuer's performance was positive. This was driven by improved results across most of the operations of the company, with the most

significant improvement coming from an increase in sold weeks within the vacation ownership business. The Group also reported growth in hotel accommodation revenues driven by higher AARRs and a 14% increase in total catering revenues over the previous year. Overall Group revenues increased by 19% to €36.6 million.

In addition to top line growth, the Group's ongoing effort in terms of cost control and efficiency gains contributed to a 46% increase in EBITDA to €8.8 million. In this respect, it is relevant to note that the disposal of Coastline had a positive impact on the overall results of the company due to the low contribution by the property in recent years before disposal. Following the turnaround profit generated in 2013, the Issuer's strong performance in 2014 was reflected in an increase in profit before tax of €1.4 million to €2.5 million. The profit from discontinued operations amounted to €1.2 million, mainly driven by a gain on the disposal of Coastline net of operating losses from this property and MKIC Limited.

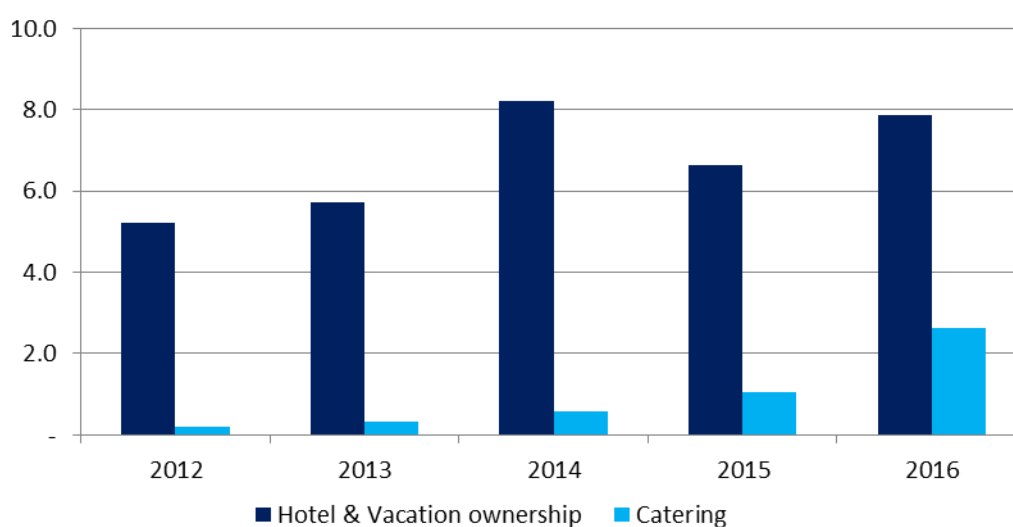
When comparing actual results to the forecasts presented in the Report May 2014, a stronger-than-expected performance is noted. Major positive variances compared to what was expected in the Report May 2014 include higher revenues and EBITDA.

Group revenues for the current year ending 31st October 2015 are projected at €34.2 million, €2.3 million lower than 2014. EBITDA for 2015 is projected at €7.7 million. The decrease in revenue and EBITDA over the previous year is partly due to Radisson Blu Resort, St. Julian's being closed for upgrade and modernisation between 1st November 2014 and 30th March 2015, resulting in a shorter operating period for this property when compared to the previous year. Additionally, management is expecting lower vacation ownership sales in 2015 when compared to the previous year. On the other hand, the retail catering sector is expected to grow primarily through the expansion of Costa Spain, with revenues from this business expected to total €1.3 million in 2015. The Issuer is expected to open 10 outlets in Spain during 2015.

As explained in Section 2.3 Change in Use of Proceeds, the forecasts reflect the early repayment of €10 million of the company's existing debt, resulting in interest cost savings of approximately €0.5 million per annum. Additionally, management notes that the funds used for corporate funding purposes will temporarily be deposited into overdraft accounts, thus resulting in further savings.

Improvements across all business units are expected to result in increases in both revenues and EBITDA during 2016. The strong growth is expected to be driven primarily by the combined impact of the first full year of the modernised Radisson Blu Resort, St. Julian's, the increase in the Issuer's holding in Buttigieg Holdings from 50% to 100%, and the opening of new Costa outlets in Spain and Malta.

Island Hotels Group Holdings p.l.c. - EBITDA Breakdown (€mn)



Source: Island Hotels Group Holdings annual reports; Management Information System

4.2 Statements of Cash Flows

Island Hotels Group Holdings p.l.c.	2012	2013	2014	2014	Variance	2015	2016
	Actual	Actual	Forecast - Report May 2014	Actual	Act vs Forecast	Forecast	Projection
<i>Statements of cash flows (€000) - 31st October</i>							
Net cash flows from operating activities	3,839	4,235	(2,585)	(59)	-98%	1,302	5,917
Net cash flows from investing activities	(1,473)	(5,088)	6,127	2,223	-64%	(5,487)	(6,505)
Net cash flows from financing activities	(2,968)	737	19,249	25,941	35%	(16,865)	(5,502)
Net movement in cash and cash equivalents	(602)	(116)	22,791	28,104	23%	(21,050)	(6,090)
Cash and cash equivalents at beginning of year	(9,677)	(10,267)	(10,403)	(10,403)	0%	17,935	(3,115)
Effect of foreign exchange rate changes	12	(20)	-	234		-	-
Cash and cash equivalents at end of year	(10,267)	(10,403)	12,388	17,935	45%	(3,115)	(9,205)

Source: Island Hotels Group Holdings p.l.c. annual reports; Management Information System; Due Diligence Report
Some items may not sum to total due to rounding variances

Net cash flows used in operating activities during 2014 amounted to €59,423. This net amount reflects the considerable impact of outflows relating to working capital movements, in addition to the increase in operating profits. During 2014, the Group's repayment of trade payables amounted to €7 million.

Net cash inflows from investing activities amounted to €2.2 million in 2014, driven by the inflow from the sale of Coastline net of capital expenditure for the year. The net cash proceeds (net of the entity's debt assumed by the buyer) from the disposal of Coastline amounted to €5.7 million.

Financing activities resulted in a net inflow of €25.9 million. This primarily reflects the €34.3 million net proceeds of the Bond Issue, in addition to the repayment of €5.2 million in bank debt and the repayment of related party balances (consisting of the settlement of operating costs). Prior to the Bond Issue, amounts owed to shareholders for €1.7 million were also repaid out of the proceeds from the disposal of the Coastline.

When comparing actual cash flow results with projections included in the Report May 2014, variances are mainly due to lower capital expenditure as a result of the scaled down Radisson Blu Resort, St. Julian's Project. Moreover, given that a portion of Coastline's sale price was settled through debt assumed by the buyer, cash inflows from investing activities are reflected net of bank debt assumed by the buyer whereas the Report May 14 included the gross consideration from the disposal in cash flows from investing activities and total bank debt repayments in the cash flows from financing activities.

For the year ending 31st October 2015, net cash flows from operating activities are expected to amount to €1.3 million, reflecting also outflows for further repayments of trade and other payables. Investment outflows for 2015 are expected to amount to €5.5 million. Following the decision not to go ahead with the Project, these expenditures relate to an upgrade and modernisation of Radisson Blu Resort, St. Julian's, capital expenditures on additional Costa Coffee outlets and repayments of capital creditors.

The outflow from financing activities during 2015 is projected at €16.9 million. This includes €10 million in early repayment of bank debt as described in Section 2.3 Change in Use of Bond Proceeds. The balance of €6.9 million relates to the scheduled repayment of bank loans and other financial liabilities.

The other financial liabilities mainly include advances to Costa Spain amounting to €2 million, in addition to repayment of finance lease obligations and the repayment of certain related party and shareholder balances.

4.3 Statements of Financial Position

Island Hotels Group Holdings p.l.c.	2012	2013	2014	2014	Variance	2015	2016
	Actual	Actual	Forecast - Report May 2014	Actual	Act vs Forecast	Forecast	Projection
<i>Statements of financial position (€000) - 31st October</i>							
ASSETS							
Non-current assets							
Goodwill	33,950	33,147	30,470	34,391	13%	34,391	36,355
Other intangible assets	749	726	2,930	588	-80%	451	502
Property, plant and equipment	85,025	86,010	74,635	71,131	-5%	72,903	78,157
Investments in associates	-	0.2	-	0.2	-	-	-
Loans and receivables	8,169	8,970	9,447	8,941	-5%	11,441	11,441
Other cash at bank	-	-	-	137	-	74	31
	127,893	128,854	117,482	115,189	-2%	119,260	126,486
Current assets							
Inventories	1,212	1,225	1,404	756	-46%	1,111	1,733
Trade and other receivables	8,674	10,085	10,646	10,710	1%	10,662	11,095
Loans and receivables	-	94	-	26	-	-	-
Current tax asset	26	218	-	321	-	36	-
Cash and cash equivalents	1,014	665	12,388	21,898	77%	-	-
Other cash at bank	-	-	-	211	-	63	43
	10,925	12,287	24,438	33,923	39%	11,872	12,870
Assets classified as held for sale	-	-	-	652	-	-	-
Total assets	138,817	141,141	141,920	149,764	0	131,132	139,356
EQUITY AND LIABILITIES							
Equity attributable to the owners of the holding company							
Share capital	36,340	36,584	36,584	36,584	0%	36,584	36,584
Currency translation reserve	906	85	85	1,522	1691%	1,522	1,522
(Accumulated losses) / Retained earnings	(777)	(466)	(75)	2,267	-3122%	3,365	6,261
Total equity	36,469	36,203	36,594	40,373	10%	41,471	44,367
Non-current liabilities							
Bank loans	26,823	25,222	11,980	15,668	31%	2,973	1,447
Other financial liabilities	23,555	25,725	60,091	57,193	-5%	56,600	56,674
Trade and other payables	4,211	4,738	3,296	2,648	-20%	504	-
Deferred tax liabilities	11,918	11,815	8,632	9,732	13%	9,926	10,757
	66,506	67,500	83,999	85,241	1%	70,003	68,878
Current liabilities							
Trade and other payables	17,602	19,200	16,502	14,819	-10%	13,111	14,558
Bank overdrafts and loans	15,472	15,772	3,369	7,175	113%	6,293	11,360
Current tax liabilities	3	45	(61)	29	-147%	-	194
Other financial liabilities	2,765	2,420	1,517	1,207	-20%	255	(0)
	35,842	37,437	21,327	23,229	9%	19,658	26,111
Liabilities directly associated with assets classified as held for sale	-	-	-	921	-	-	-
Total liabilities	102,349	104,938	105,326	109,391	4%	89,661	94,990
Total equity and liabilities	138,817	141,141	141,920	149,764	6%	131,133	139,357

Source: Island Hotels Group Holdings p.l.c. annual reports; Management Information System; Due Diligence Report
 Some items may not sum to total due to rounding variances

Total assets as at 31st October 2014 amounted to €149.8 million. The disposal of the Coastline resulted in a decrease of €13.7 million in total non-current assets to €115.2 million. On the other hand, with the Issuer not pursuing the Radisson Blu Resort, St. Julians project, the Bond Issue resulted in a balance of cash and cash equivalents of €21.9 million as at 31st October 2014.

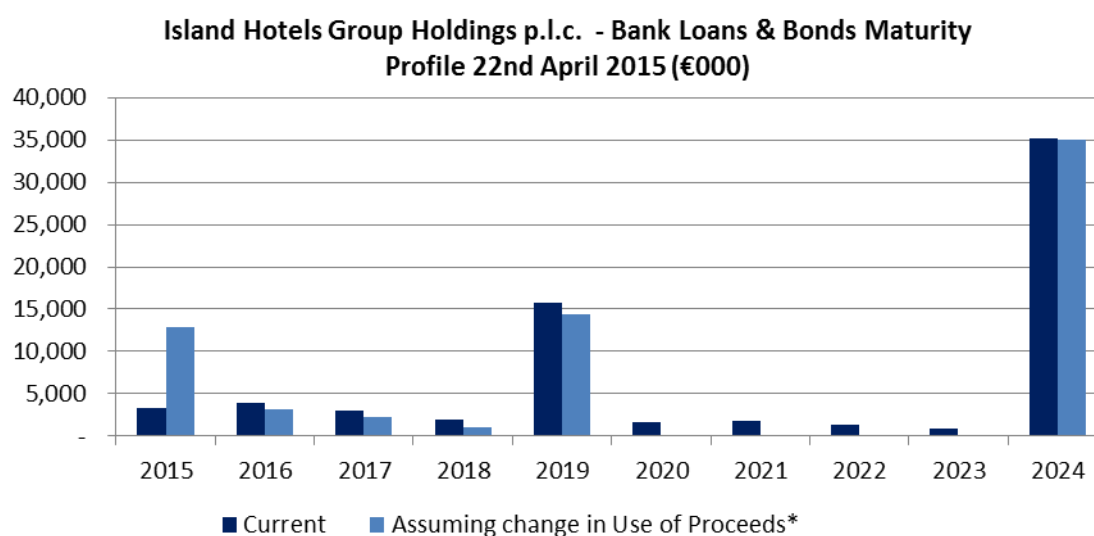
Loans and receivables amounted to €8.9 million, primarily consisting of loans to joint ventures. This amount also includes the funds transferred to the sinking fund reserves, which total €0.5 million as at 31st October 2014. The Group is depositing such amounts with a trustee for the benefit of holders of the outstanding 6.5% Island Hotels Group Holdings plc € 2017-2019 securities. By redemption date, the value of the sinking fund is expected to amount to €7 million which is equal to 50% of the value of this bond. During the year ended 31st October 2014, the Issuer utilised a portion of its available cash resources to repay bank borrowings and other debt. Bank borrowings (including loans and overdrafts) decreased by €18.2 million to €22.8 million. Other financial liabilities due within 12 months decreased to €1.2 million, reflecting mainly decreases in amounts owed to related undertakings and shareholders. The reduction in amounts owed to shareholders related to a bank loan taken out by shareholders and passed on to the holding company in 2013, with this amount being repaid prior to the bond issue. Long term other financial liabilities increased to €57.2 million, driven by the increase in debt securities outstanding following the Bond Issue in May 2014.

There was a decrease in total trade and other payables of €6.5 million, reflecting the repayment of trade creditors. The improvement in profitability resulted in an increase in retained earnings of over €2.7 million to €2.3 million. Total equity as at 31st October 2014 amounted to €40.4 million.

The main variance in the Statement of Financial Position as at 31st October 2014 when compared to the forecasts in Report May 2014 relates to the larger cash balance held. This reflects the decision by the Group to scale down the Radisson Blu Resort, St. Julian's Project. As referred to in Section 2.3 Change in Use of Proceeds, management will be holding a bondholders' meeting on 20th May 2015 for bond holders to consider a resolution for the approval of a change in use of proceeds and to utilise the excess cash to pay down further bank debt and for general corporate funding purposes.

During 2015, total assets are expected to decrease to €131.1 million, mainly as a result of a decrease in the cash balance related to the reduction in indebtedness. Management expects the excess cash balance to be primarily utilised in the repayment of bank debt, in addition to funding general corporate funding purposes and the Group's targeted investments over the coming periods.

4.4 Borrowings and Securities in Issue



*Assuming change in Use of Proceeds is implemented and Issuer repays additional bank debt
Source: Management Information System; Curmi & Partners Ltd.

Debt securities in issue

Security ISIN	Security Name	Amount €
MT0000481219	6.5% Island Hotels Group Holdings plc € 2017-2019	14,000,000
MT0000481227	6% Island Hotels Group Holdings plc € 2024	35,000,000

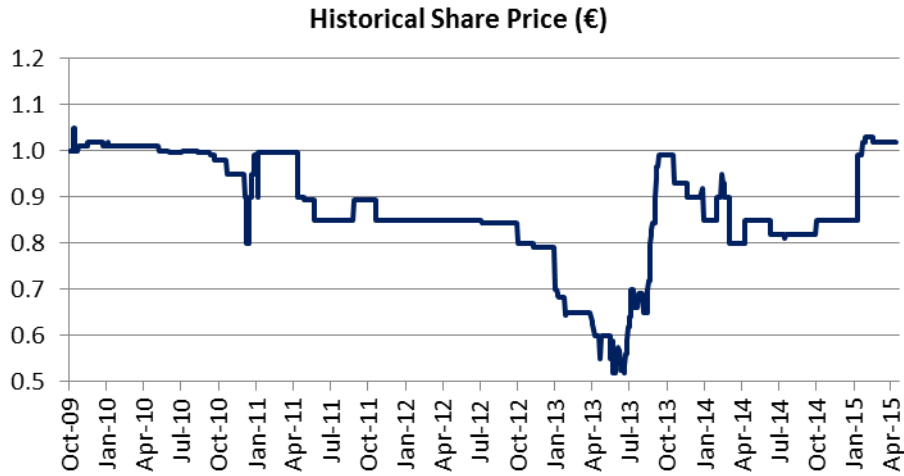
Other listed securities - Equity

Security ISIN	Security Name	Number of shares
MT0000480104	Island Hotels Group Holdings p.l.c. Ord €1.00	36,583,660

P/E ratio (22nd April 2015) 24

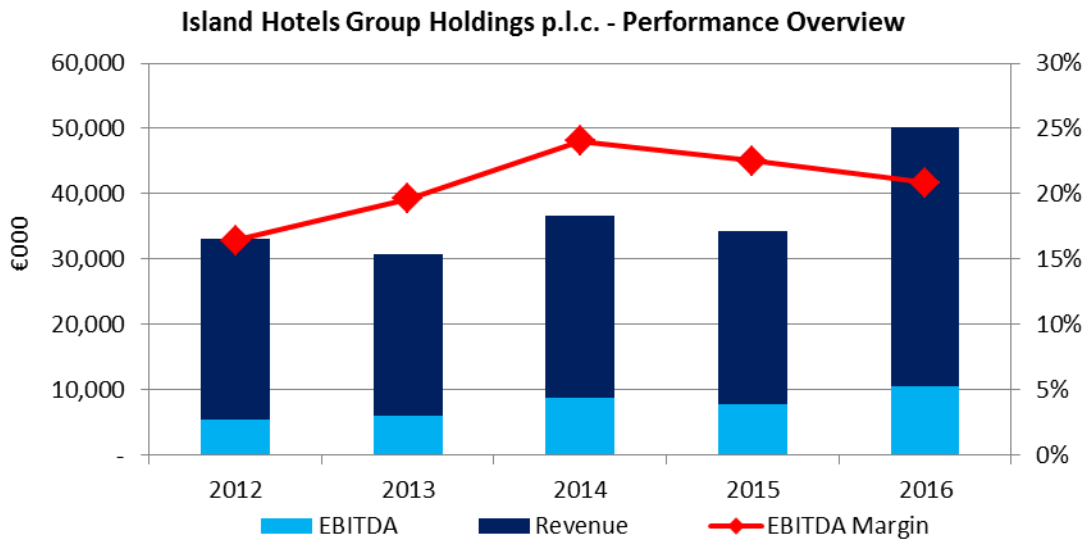
Source: Island Hotels Group Holdings p.l.c. annual reports; Malta Stock Exchange; Curmi & Partners Ltd.

Profit/(loss) for the year from continuing operations (€)	1,530,071
Earnings per share (€)	0.04
Date	22-Apr-15
Share Price (€)	1.02



Source: Malta Stock Exchange; Curmi & Partners Ltd.

4.5 Evaluation of Performance and Financial Position



Source: Island Hotels Group Limited annual reports; Management Information System; Due Diligence Report; Curmi & Partners Ltd.

The operating performance of the Issuer was particularly robust during the year ending 31st October 2014. Revenues continued to grow and similarly to the previous year, the Group was also able to further improve operating margins compared to the period 2011-2012.

The strong contribution from the vacation ownership business was the prime driver of the positive results, in addition to improved AARR achieved by the hotels and improved catering revenues. The Group continued to benefit from its efforts in terms of reduction in its cost base. Additionally, the disposal of Coastline also contributed to improve overall margins. These trends resulted in a higher EBITDA margin of 24%, and an improved operating profit margin of 16%.

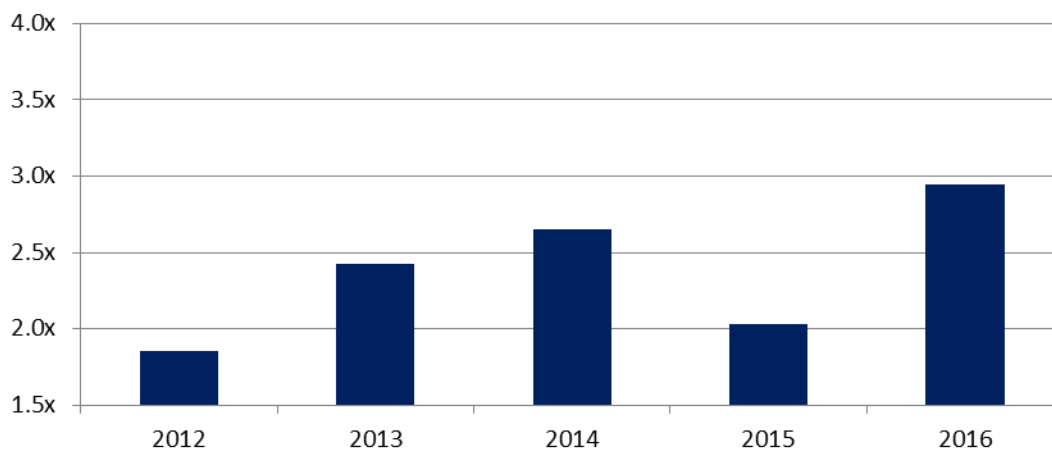
Return on Capital Employed (“ROCE”) and Return on Assets (“ROA”), hereby estimated on the basis of operating profit, continued to improve considerably in 2014. Interest coverage, expressed in terms of EBITDA, rose to 2.6x in 2014. The improved profitability at the bottom line is reflected in relatively large increases in the net profit margin and Return on Equity (“ROE”), which were also positively impacted by the profit from the discontinued operations. With last year being considered exceptionally positive in terms of vacation ownership sales, a slight deterioration in profitability ratios is expected in 2015 compared to 2014. An expected decline in interest coverage during 2015 reflects the first full year with interest accruing on the Bond 2024. Additionally, a portion of the bond proceeds was used to pay down bank debt with lower interest rates.

One of the primary objectives of the Radisson Blu Resort, St. Julian’s Project was to allow the company to improve its margins by enhancing its market standing at the high end of the market. With this major investment not expected to go ahead, it is noted that this particular asset is expected to be in less of a position to enhance profitability compared to what was estimated at the time of the Bond Issue. On the other hand, as reflected in the Issuer’s profitability ratios, management expects the performance of the Group to remain healthy, particularly when compared to recent years. Performance is expected to be driven by growth in catering, strong vacation ownership sales, and continued benefits from progress in terms of cost efficiencies.

Island Hotels Group Holdings p.l.c.	2012	2013	2014	2015	2016
<i>Profitability Ratios - 31st October</i>	Actual	Actual	Actual	Forecast	Projection
Operating Profit margin <i>(Operating Profit / Revenue)</i>	6.3%	10.4%	15.8%	15.6%	14.9%
EBITDA margin <i>(EBITDA / Revenue)</i>	16.4%	19.6%	24.1%	22.5%	20.9%
Interest coverage <i>(EBITDA / Net Finance Costs)</i>	1.9x	2.4x	2.6x	2.0x	2.9x
Return on assets <i>(Operating Profit / Average Total Assets)</i>	1.5%	2.3%	4.0%	3.8%	5.5%
Return on capital employed <i>(Operating Profit / Average Capital Employed)</i>	1.8%	2.7%	5.1%	4.7%	6.2%
Net Profit margin <i>(Profit for the year / Revenue)</i>	-3.0%	1.8%	7.5%	3.2%	5.8%
Return on equity <i>(Profit attributable to owners / Average equity attributable to owners)</i>	-2.7%	1.5%	7.1%	2.7%	6.7%

Source: Island Hotels Group Holdings p.l.c. annual reports; Management Information System; Curmi & Partners Ltd.

Island Hotels Group Holdings p.l.c. - Interest Coverage Ratio



Source: Island Hotels Group Limited annual reports; Management Information System; Curmi & Partners Ltd.

IHGH has traditionally maintained liquidity ratios below 1x, with current liabilities exceeding current assets. This is typical for the industry, with cash inflows from sales mainly received in advance, compared to delayed outflows related to suppliers and expenses. However, for the year ended 31st October 2014 the liquidity ratio increased to 1.5x. This reflects the high cash balance currently held by the Group following the Bond Issue and the decision not to proceed with the Project. Going forward, it is expected that working capital balances will be closer to

previous periods, even though management still expects a general decrease in negative working capital balances. This will be driven by a significant reduction in net trade creditors.

Island Hotels Group Holdings p.l.c.	2012	2013	2014	2015	2016
<i>Statements of Financial Position Ratios - 31st October</i>	Actual	Actual	Actual	Forecast	Projection
Current Ratio <i>(Current Assets / Current Liabilities)</i>	0.3x	0.3x	1.5x	0.6x	0.5x
Quick Ratio <i>(Current Assets less Inventories / Current Liabilities)</i>	0.3x	0.3x	1.4x	0.5x	0.4x
Gearing Ratio ^(a) <i>(Net Borrowings / {Total Equity + Net Borrowings})</i>	62.0%	62.2%	55.8%	56.9%	56.7%
Gearing Ratio ^(b) <i>(Net Borrowings / Total Equity)</i>	1.6x	1.6x	1.3x	1.3x	1.3x
Net Leverage Ratio <i>(Net Borrowings / Ebitda)</i>	11.0x	9.9x	5.8x	7.1x	5.5x
Free Cash Flow to Debt <i>(Free cash flow / Borrowings)</i>	3.5%	2.6%	7.5%	0.4%	6.1%

Source: Island Hotels Group Holdings p.l.c. annual reports; Management Information System; Curmi & Partners Ltd.

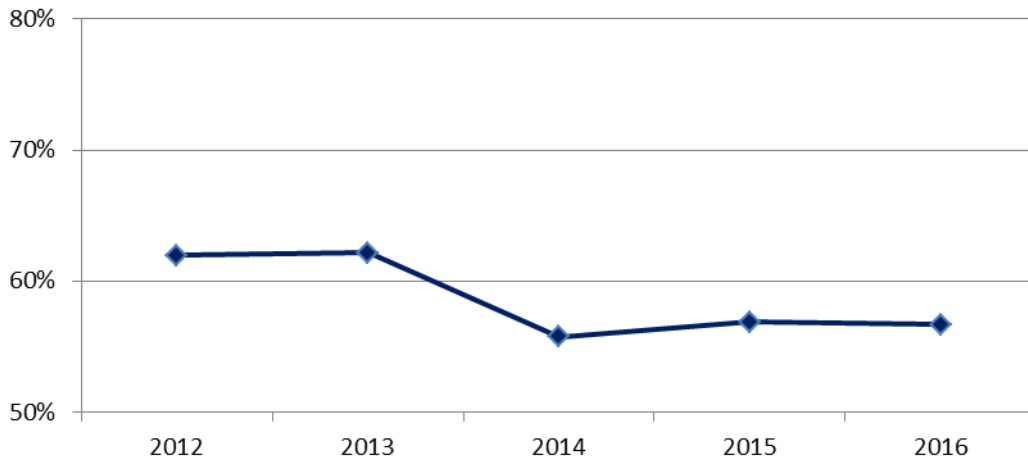
The Group's level of net borrowings to total capital, or gearing ratio, decreased to below 60% during the year ended 31st October 2014. With the repayment of bank debt being financed from the proceeds of the bond issue and a higher level of overall borrowings, the decrease in gearing reflects the substantial cash balance held on balance sheet. This level of borrowings could still be considered relatively high even within the context of the local hotel industry, in which elevated capital expenditure requirements typically result in higher debt levels. However, it is noted that the gearing level in 2015 under the revised Use of Proceeds is expected to decrease to 57% compared to 64% had the project been undertaken. Additionally, whilst assessing the feasibility of major investments in the current environment, the Issuer expects to remain focused on reducing the level of bank indebtedness, taking into consideration the health of the Group's balance sheet.

Net leverage in terms of debt levels relative to EBITDA continued to decrease substantially in 2014. It is noted that the development reflects the stronger performance of the Issuer in its core operations, and this trend is expected to persist in the period 2015-2016. For 2014, this measure also reflects the high cash balance currently held by the Group.

It is also relevant to note that, with respect to the Oasis project, the strategy of the Group remains to undertake this project only with a solid equity base. The proceeds obtained through the sale of Coastline and the new financing raised through the bond issue are not

intended to be used for the development of the Oasis. This project will be financed separately and development will commence only when the directors deem that the time is appropriate.

Island Hotels Group Holdings p.l.c - Gearing Ratio



Source: Island Hotels Group Holdings p.l.c. annual reports; Management Information System; Due Diligence Report; Curmi & Partners Ltd.

5. COMPARABLES

The table below compares a selection of ratios of the Issuer to those of other issuers operating in the local hotel and entertainment industry. It is relevant to note that there could be variances in the mix of operations undertaken by these groups. Additionally, other differences could include characteristics of the specific debt instrument.

However, the below comparison of basic credit metrics could be considered a useful indication of the relative financial performance and debt servicing capability of the Issuer.

On this basis, IHGH's gearing ratio would be considered weak compared to its peers. However, management is committed to improving the financial position of the Group in the years ahead, and the Group's current investments and strategic focus are expected to contribute towards the achievement of this objective. Additionally, it is relevant to consider that the Group maintains a prudent policy in terms of reflecting property revaluations. A less conservative policy, with the balance sheet fully reflecting revalued amounts (particularly of the land at Hal-Ferh) could result in a lower gearing ratio. Also, assessing net leverage in terms of debt to EBITDA, reflects a relatively better position of the Issuer following the strong performance in core operations. The interest cover ratio is relatively healthy.

Issuer / Group	Gearing	Interest Coverage	Net Debt / EBITDA
Island Hotels Group Holdings p.l.c *	56%	2.6x	5.8x
AX Holdings Limited	38%	2.8x	8.7x
International Hotel Investments p.l.c.	32%	2.2x	9.7x
Tumas Group Company Limited	49%	3.1x	5.0x

** It is relevant to consider that the Group maintains a prudent policy in terms of the reflecting property revaluations. A less conservative policy, with the balance sheet fully reflecting revalued amounts (particularly of the land at Hal-Ferh) could result in a lower gearing ratio.*

Source: Island Hotels Group Holdings p.l.c FY 2014; AX Holdings Limited FY 2014;

Tumas Group Company Limited FY 2013; International Hotel Investments p.l.c. FY 2014; Curmi & Partners Ltd.

The table below illustrates ratios for international hotel groups. It is relevant to consider that most major international operators tend to operate with a relatively large focus on the management, rather than the ownership, of hotel properties, or are shifting towards more of an “asset-light” business model. This is likely to be reflected in improved financial ratios.

Issuer	Gearing	Interest Coverage	Net Debt / EBITDA
NH Hoteles	44%	2.5x	4.8x
Melia Hotels International	51%	2.1x	4.3x
Starwood Hotels & Resorts Worldwide	66%	13.2x	1.6x
Accor	44%	17.8x	0.2x
InterContinental Hotels Group	175%	9.3x	2.0x

Source: Q4 2014 and FY 2014 Group financial statements; Bloomberg; Curmi & Partners Ltd.

6. GLOSSARY

Non-current assets	Non-current assets are long-term investments, the full value of which will not be realised within the accounting year.
Current assets	Current assets are all assets that are realisable within one year from the statement of financial position date. Such amounts include trade receivables, inventory, cash and bank balances.
Current liabilities	Current liabilities are liabilities payable within a period of one year from the statement of financial position date, and include trade payables and short-term borrowings.
Non-current liabilities	Long-term financial obligations or borrowings that are not due within the present accounting year. Non-current liabilities include long-term borrowings, bonds and long-term lease obligations.
Total Equity	Total equity includes share capital, reserves, retained earnings and minority interests. It relates to the capital and reserves that are attributable to owners of the company.
Cash flow from operating activities	Cash flow from operating activities illustrates the cash-generating abilities of a company's core activities, and includes cash inflows and outflows that are related to operating activities.
Cash flow from investing activities	Cash flows from investing activities reflect the change in cash position resulting from investments and divestments.
Cash flow from financing activities	Cash flows from financing activities shows the cash inflows and outflows related to financing transactions with providers of funding, owners and the creditors.
Free Cash Flow	A measure of the ability to generate the cash flow necessary to maintain operations. It is the balance after all cash flows for operating activities, fixed asset net investments, working-capital expenditures. The definition of free cash flow may vary; for this purpose it was based on Ebitda adjusting for net investments, working capital and tax.
EBITDA	Earnings before interest, tax, depreciation and amortisation (EBITDA) is a measure of operating profitability. It excludes

	depreciation and amortisation, and is viewed as measure of a company's core profitability and cash generating ability.
Operating and Financial Ratios	
AAARR	Average Achieved Room Rate (AARR) is the average price of each room sold during a particular period of time. It is calculated by dividing accommodation revenue by the number of rooms sold.
RevPAR	Revenue per available room (RevPAR). It is calculated by dividing the hotel's total revenue by the number of rooms available and the number of days in the period under consideration.
RevPOR	Revenue per occupied room (RevPOR) is calculated by dividing total revenue generated (including accommodation, F&B) by the number of occupied rooms.
Current ratio	The current ratio measures the ability to pay short term debts over the next 12 months. It compares a company's current assets to its current liabilities.
Quick ratio	Similarly to current ratio the quick ratio measures a company's ability to meet its short-term obligations with its most liquid assets. It excludes inventories from current assets.
Gearing or leverage ratio	The gearing or leverage ratio indicates the relative proportion of borrowings and equity used to finance a company's assets. It is estimated by dividing total borrowings by total borrowings plus total equity, or as the ratio of total borrowings to total equity.
Interest Coverage ratio	Interest coverage ratio is generally calculated by dividing a company's EBITDA, or EBIT (operating profit) of one period by the company's interest expense of the same period. It measures the ability of the borrower to service the finance costs related to borrowings.
Net Debt to EBITDA	This ratio compares financial borrowings and EBITDA as a metric for estimating debt sustainability, financial health and liquidity position of an entity. It compares the financial obligations to the actual cash profits.

Gross Profit Margin	Gross profit margin is the ratio of gross profit to revenue. It is the percentage by which gross profits exceed cost of sales, and is a measure of profitability at the most fundamental level.
Operating Profit Margin	Operating margin is a measure of profitability that measures the proportion of revenue that is left over after paying for all costs of production incurred in ordinary operations.
EBITDA Margin	Similarly to operating margin, EBITDA margin is a measure of profitability that measures the proportion of revenue that is left over after paying for all costs of production incurred in ordinary operations.
Net Profit Margin	Net profit margin is the ratio of profit for the period to revenues, and is a measure of how much of revenues is converted into bottom line profits.
Return on Assets (ROA)	Return on assets is the ratio of profit for the period or operating profit to average total assets for the period. It measures efficiency in using its assets to generate income.
Return on Capital Employed (ROCE)	Similarly to ROA, this ratio measures efficiency in generating income but takes into consideration the sources of financing. Profit for the period or operating profit is divided by the capital employed (fixed assets plus working capital or total assets less current liabilities)
Return on Equity	Measures the profitability in terms of how much profit is generated in relation to owners' investment.