



ISLAND HOTELS

GROUP HOLDINGS PLC

GROUP HALF-YEARLY REPORT

For the Period 1 January to 30 June 2017

Condensed Income Statement

	1 January to 30 June 2017 (6 months) €	1 January to 30 June 2016 (6 months) €
Revenue	17,680,235	14,831,926
Direct costs	(13,098,338)	(10,832,969)
	4,581,897	3,998,957
Marketing costs	(499,441)	(405,327)
Administrative expenses	(2,307,000)	(2,907,840)
Operating net exchange differences	(7,777)	(139,310)
	1,767,679	546,480
Depreciation and amortisation	(1,977,557)	(1,887,948)
Results from operating activities	(209,878)	(1,341,468)
Investment income	34,181	150,532
Finance costs	(1,752,972)	(1,904,807)
Share of profits from joint ventures	957,378	2,038,502
Loss before taxation	(971,291)	(1,057,241)
Taxation	(251,538)	464,742
Loss for the period	(1,222,829)	(592,499)
Loss for the period attributable to the owners of the holding company	(1,222,829)	(592,499)
Basic/diluted earnings per share	(0.032)	(0.015)

Condensed Statement of Comprehensive Income

	1 January to 30 June 2017 (6 months) €	1 January to 30 June 2016 (6 months) €
Loss for the period	(1,222,829)	(592,499)
Other comprehensive expense		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translating foreign investments	(537,281)	(2,574,275)
Total comprehensive expense for the period attributable to the owners of the holding company	(1,760,110)	(3,166,774)

Condensed Statement of Changes in Equity

	Share capital €	Revaluation reserve €	Currency Translation reserve €	Accumulated losses €	Total equity €
Balance at 1 January 2016	38,583,660	6,852,422	2,925,167	5,691,883	54,053,132
Loss for the period	-	-	-	(592,499)	(592,499)
Other comprehensive expense for the period	-	-	(2,574,275)	-	(2,574,275)
Total comprehensive expense for the period	-	-	(2,574,275)	(592,499)	(3,166,774)
Difference between historical depreciation charge and actual depreciation for the period calculated on the revalued amount	-	(65,889)	-	65,889	-
Balance at 30 June 2016	38,583,660	6,786,533	350,892	5,165,273	50,886,358
Balance at 1 January 2017	38,583,660	9,505,167	(360,197)	5,265,660	52,994,290
Loss for the period	-	-	-	(1,222,829)	(1,222,829)
Other comprehensive expense for the period	-	-	(537,281)	-	(537,281)
Total comprehensive expense for the period	-	-	(537,281)	(1,222,829)	(1,760,110)
Difference between historical depreciation charge and actual depreciation for the period calculated on the revalued amount	-	(93,188)	-	93,188	-
Balance at 30 June 2017	38,583,660	9,411,979	(897,478)	4,136,019	51,234,180

Condensed Statement of Financial Position

	At 30 June 2017 €	At 31 December 2016 €
ASSETS		
Non-current	126,239,044	127,815,881
Current	13,571,077	16,187,376
Total assets	139,810,121	144,003,257
EQUITY		
Total equity	51,234,180	52,994,290
LIABILITIES		
Non-current	67,168,970	67,741,668
Current	21,406,971	23,267,299
Total liabilities	88,575,941	91,008,967
Total equity and liabilities	139,810,121	144,003,257

Condensed Cash Flow Statement

	1 January to 30 June 2017 (6 months) €	1 January to 30 June 2016 (6 months) €
Net cash from operating activities	2,223,750	1,664,703
Net cash used in investing activities	(2,042)	(2,219,558)
Net cash used in financing activities	(3,739,970)	(1,567,032)
Net movement in cash and cash equivalents	(1,518,262)	(2,121,887)
Opening cash and cash equivalents	(1,631,612)	(1,469,523)
Closing cash and cash equivalents	(3,149,874)	(3,591,410)

Island Hotels Group Holdings p.l.c.

Registered Address: Radisson Blu Resort St. Julians, Louis V. Farrugia Street, St. George's Bay, St. Julians STJ 3391 Malta

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)



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For the Period 1 January to 30 June 2017

Notes to the Condensed Financial Statements

1) Basis of Preparation

The condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting.

2) Significant Accounting Policies

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the group's annual financial statements for the year ended 31 December 2016.

3) Principal Activities

The group's business comprises the ownership and operation of hotels in Malta, the provision of accommodation, catering and related services locally and the provision of retail catering mainly through the Costa franchise in Malta, the East coast of Spain and the Canary and Balearic Islands. The group is made up of a holding company that acts as an investment company, together with its subsidiaries and jointly controlled entities.

4) Business Review

Revenue for the six months ended 30 June 2017 amounted to €17,680,235, a €2,848,309 increase over the revenue of €14,831,926 reported for the corresponding six-month period of the previous year. Increases in revenue were recorded across all operating segments of the group with the most significant being an increase of €1,829,635 in the catering operations in Malta.

EBITDA for the period before consolidating the results of jointly controlled companies amounted to €1,767,679 (2016 - €546,480). This improvement was the result of higher revenue from the respective operating segments as well as increased EBITDA margins recorded by catering operations in Malta following the implementation of synergies across companies within the group and those of its parent, International Hotel Investments p.l.c. and its ultimate parent company, Corinthia Palace Hotel Company Limited. Despite an improvement in the results from Costa Coffee in Spain, this operation remains challenging.

EBITDA for the group excludes results from joint ventures given that such results are included within share of profits from joint ventures in a separate line in the income statement. The group EBITDA combining the share from joint ventures is analysed in the table below:

	2017 (6 months) €	2016 (6 months) €
EBITDA as per consolidated income statement	1,767,679	546,480
EBITDA relating to joint venture	2,026,747	3,755,305
	<u>3,794,426</u>	<u>4,301,785</u>

The decrease in share of EBITDA from joint ventures is partly due to the diminution in value of sterling.

The net loss before tax for the period amounted to €971,291 (2016 - €1,057,241). The Group is not providing for the deferred tax asset on losses from certain foreign operations which resulted in a tax charge of €251,538 (2016 - tax credit of €464,742). The net loss after tax for the period amounted to €1,222,829 (2016 - €592,499).

Exchange losses arising on translating investments denominated in sterling amounted to €537,281 (2016 - €2,574,275) as the negative effect on sterling value relative to Euros following Brexit in June 2016 continues. Total comprehensive expense for the period attributable to the owners of the company amounted to €1,760,110 (2016 - €3,166,774).

Apart from the results achieved from joint ventures, all operations within the group have shown considerable improvement over the same period last year, and in the absence of any unforeseen circumstances, the directors believe that these results, which are ahead of group forecasts, should be sustained for this financial year.

In December 2016, the group's parent company issued a new bond offering holders of 6.5% Bonds redeemable between 2017 and 2019 the option to roll over their bonds in the company for new bonds issued by the parent company. Holders of 108,664 bonds of €100 each took up this offer in December 2016. The balance of 31,336 bonds of €100 each were redeemed in June 2017.

The financial information being published has been extracted from Island Hotels Group Holdings p.l.c.'s unaudited interim financial statements for the six months ended 30 June 2017 and the comparative period ended 30 June 2016. The Comparative Statement of Financial Position has been extracted from the audited financial statements for the year ended 31 December 2016.

This report is being published in terms of the Listing Rule 5.75 issued by the Malta Financial Services Authority, and has been prepared in accordance with the applicable Listing Rules and International Accounting Standard 34 - Interim Financial Reporting. In terms of Listing Rule 5.75.5, this interim report has not been audited or reviewed by the group's independent auditors.

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5) Segmental Information

	Hotel Malta		Catering Malta		Catering Spain		Total	
	2017 (6 months) €	2016 (6 months) €	2017 (6 months) €	2016 (6 months) €	2017 (6 months) €	2016 (6 months) €	2017 (6 months) €	2016 (6 months) €
Segment revenue	6,155,900	5,570,094	9,011,452	7,181,817	2,512,883	2,080,015	17,680,235	14,831,926
Segment EBITDA	1,721,883	1,582,583	937,745	257,784	(559,861)	(1,086,491)	2,099,767	753,876
Interest expense	(542,725)	(647,624)	(191,535)	(84,501)	(202,525)	(231,411)	(936,785)	(963,535)
Depreciation and amortisation	(772,958)	(742,001)	(233,404)	(203,626)	(389,049)	(340,201)	(1,395,411)	(1,285,828)
Segment profit/(loss) before tax	406,200	202,152	523,700	(26,654)	(1,151,435)	(1,658,103)	(221,535)	(1,482,605)

	2017 (6 months) €	2016 (6 months) €
Segment loss before tax	(221,535)	(1,482,605)
Share of profits from joint ventures	957,378	2,038,502
Investment income	34,181	150,532
Finance costs	(827,081)	(954,154)
Amortisation of intangible assets	(579,637)	(600,152)
Unallocated amounts	(334,597)	(209,364)
Profit before tax	<u>(971,291)</u>	<u>(1,057,241)</u>

6) Property, plant and equipment

During the period, the group invested a total of €651,406 in the acquisition of property, plant and equipment.

7) Summary of related party transactions

Island Hotels Group Holdings p.l.c. has a related party relationship with its immediate parent International Hotel Investments p.l.c. and ultimate parent, Corinthia Palace Hotel Company Limited and other entities forming part of the Corinthia Group of Companies. Transactions with these companies are subject to review by the audit committee which provides comfort to the Board of Directors that such transactions are carried out on an arm's length basis and are for the benefit of the group. All transactions with companies forming part of the group have been eliminated in the preparation of this consolidated half yearly report.

During the period, the group entered into transactions with related parties as set out below:

	2017 (6 months) €	2016 (6 months) €
Direct costs	2,397,633	591,791
Investment income	26,130	147,861
Finance costs	242,407	10,578

Statement pursuant to Listing Rule 5.75.3 issued by the Listing Authority

We confirm that, to the best of our knowledge:

- The condensed interim financial information gives a true and fair view of the assets, liabilities, financial position and loss of the group as at 30 June 2017 and of its financial performance and its cash flows for the period then ended, in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (IAS 34), and
- The interim Directors' report includes a fair review of the information required in terms of Listing Rules 5.81 to 5.84.

Winston V. Zahra
Chairman

Frank Xerri De Caro
Senior Independent Director