



# COMPANY ANNOUNCEMENT

ISLAND HOTELS

GROUP HOLDINGS PLC

**Date of Announcement:**

**24 June 2014**

**Reference:**

**59/2014**

The following is a Company Announcement issued by Island Hotels Group Holdings p.l.c. (the "Company") pursuant to the Malta Financial Services Authority Listing Rules.

## Quote

At a meeting held today 24 June 2014, the Board of Directors of Island Hotels Group Holdings p.l.c. approved the Group's financial statements and half-yearly report for the six-month period ending 30 April 2014.

A copy of the condensed interim financial statements and report for the period 1 November 2013 to 30 April 2014 is attached. These interim financial statements and report are available to the public for viewing at the Company's registered office as well as on the Company's web site on [www.islandhotels.com](http://www.islandhotels.com).

## Unquote

Signed:

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**Kenneth Abela**

Company Secretary

**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

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# COMPANY ANNOUNCEMENT

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GROUP HOLDINGS PLC

## Interim Directors' Report for the six months ended 30 April 2014

The directors hereby present their interim report, together with the unaudited interim condensed financial statements of the group for the six months ended 30 April 2014.

### Business review

The financial results of the group for the first six months of the year, the low period of the Group's trading cycle, show a marked improvement over those for the same period last year. The trading results of all the companies in the Group have shown an improvement and, in the absence of unforeseen circumstances, the directors believe that the improved performance should be sustained for this financial year.

During the six months ending 30 April 2014 the group reported a turnover from continuing operations of €12,058,073 (2013 - €10,751,482) and Earnings before Interest, Taxation, Depreciation and Amortisation from continuing operations of €953,476 (2013 - €164,797). The net loss for the period from continuing operations amounted to €1,125,648 (2013 € 1,791,262). The net loss for the period after the loss from discontinued operations of €540,791 (2013 - €238,914) amounted to €1,666,439 (2013 - €2,030,176).

As announced on 2 May 2014, the Group sold its 100% equity interest in Coastline Hotel Limited. The proceeds of the sale exceeded the carrying amount of the related net assets and as described in detail in Note 4(c) of this Interim Report this transaction resulted in an overall profit on disposal of €2,100,323. The loss for the six month period to 30 April 2014 amounting to €1,666,439 excludes the profit on sale of subsidiary as the transaction occurred after the reporting date.

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 April 2014 and its comparative period in 2013. The Comparative Statement of Financial Position has been extracted from the audited financial statements for the year ended 31 October 2013.

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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.

Approved by the Board of Directors on 24 June 2014 and signed on its behalf by:

**Winston V. Zahra**  
Chairman

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# COMPANY ANNOUNCEMENT

## ISLAND HOTELS

GROUP HOLDINGS PLC

### Condensed consolidated statement of profit or loss

Period ended 30 April 2014

	Notes	30 April 2014 € (unaudited)	30 April 2013 € (unaudited)
<b>Continuing operations</b>			
Revenue		12,058,073	10,751,482
Staff costs		(5,447,881)	(5,252,317)
Food and beverage costs		(1,634,719)	(1,511,382)
Other operating costs		(4,039,997)	(3,822,986)
Earnings before interest, taxation, depreciation and amortisation		935,476	164,797
Depreciation and amortisation		(1,490,246)	(1,388,376)
Operating loss		(554,770)	(1,223,579)
Share of losses of associates		-	(5,923)
Investment income		38,500	8,795
Finance costs		(1,217,978)	(1,248,688)
Loss before tax		(1,734,248)	(2,469,395)
Income tax credit		608,600	678,133
Loss for the period from continuing operations		(1,125,648)	(1,791,262)
<b>Discontinued operation</b>			
Loss for the period from discontinued operation	4	(540,791)	(238,914)
<b>Loss for the period</b>		<b>(1,666,439)</b>	<b>(2,030,176)</b>
<b>Earnings per share</b>			
<i>From continuing operations</i>			
Basic / diluted (per share)	3	(0.031)	(0.049)
<i>From continuing and discontinued operations</i>			
Basic / diluted (per share)	3	(0.046)	(0.056)

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# COMPANY ANNOUNCEMENT

ISLAND HOTELS

GROUP HOLDINGS PLC

## Condensed statement of profit or loss and other comprehensive income

Period ended 30 April 2014

	30 April 2014 € (unaudited)	30 April 2013 € (unaudited)
<b>Loss for the period</b>	<b>(1,666,439)</b>	<b>(2,030,176)</b>
<b>Other comprehensive income/(expense)</b>		
Exchange differences on translating foreign operations	<b>528,963</b>	(709,605)
<b>Total comprehensive expense for the year</b>	<b>(1,137,476)</b>	<b>(2,739,781)</b>
<b>Total comprehensive expense attributable to the owners of the company</b>	<b>(1,137,476)</b>	<b>(2,739,781)</b>

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# COMPANY ANNOUNCEMENT

## ISLAND HOTELS

GROUP HOLDINGS PLC

### Condensed consolidated statement of financial position

As at 30 April 2014

	<i>Notes</i>	<b>30 April 2014</b>	31 October 2013
		€	€
		(unaudited)	(audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	6	<b>33,636,253</b>	33,147,407
Other Intangible Assets		<b>645,852</b>	725,684
Property, plant and equipment	5	<b>71,480,764</b>	86,010,457
Investment in associates		<b>150</b>	150
Loans and receivables		<b>8,903,510</b>	8,970,321
		<b>114,666,529</b>	128,854,019
<b>Current assets</b>			
Inventories		<b>1,054,042</b>	1,224,929
Trade and other receivables		<b>9,612,808</b>	10,085,145
Loans and receivables		<b>103,389</b>	94,264
Current taxation		<b>186,140</b>	217,734
Cash and cash equivalents		<b>751,016</b>	664,930
		<b>11,707,395</b>	12,287,002
Assets classified as held for sale	4	<b>15,028,788</b>	-
Total current assets		<b>26,736,183</b>	12,287,002
<b>Total assets</b>		<b>141,402,712</b>	141,141,021
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to the owners of the company</b>			
Share capital		<b>36,583,660</b>	36,583,660
Currency translation reserve		<b>614,160</b>	85,197
Accumulated losses		<b>(2,132,080)</b>	(465,641)
<b>Total equity</b>		<b>35,065,740</b>	36,203,216

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# COMPANY ANNOUNCEMENT

ISLAND HOTELS

GROUP HOLDINGS PLC

## Condensed consolidated statement of financial position (continued)

As at 30 April 2014

	<i>Notes</i>	<b>30 April 2014</b>	31 October 2013
		€	€
		(unaudited)	(audited)
<b>Non-current liabilities</b>			
Bank loans		<b>19,322,024</b>	25,222,246
Other financial liabilities		<b>26,368,142</b>	25,725,356
Trade and other payables		<b>3,761,886</b>	4,738,226
Deferred tax liabilities		<b>8,058,508</b>	11,814,605
		<hr/> <b>57,510,560</b> <hr/>	<hr/> 67,500,433 <hr/>
<b>Current liabilities</b>			
Trade and other payables		<b>21,189,061</b>	19,199,815
Bank overdrafts and loans		<b>13,762,629</b>	15,772,138
Current taxation		<b>29,540</b>	45,489
Other financial liabilities		<b>1,619,404</b>	2,419,930
		<hr/> <b>36,600,634</b> <hr/>	<hr/> 37,437,372 <hr/>
Liabilities directly associated with assets classified as held for sale	4	<b>12,225,778</b>	-
		<hr/> <b>48,826,412</b> <hr/>	<hr/> 37,437,372 <hr/>
<b>Total current liabilities</b>		<b>48,826,412</b>	37,437,372
<b>Total liabilities</b>		<b>106,336,972</b>	104,937,805
<b>Total equity and liabilities</b>		<b>141,402,712</b>	141,141,021

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# COMPANY ANNOUNCEMENT

ISLAND HOTELS

GROUP HOLDINGS PLC

## Condensed consolidated statement of changes in equity

For the period ended 30 April 2014

	Share capital €	Currency translation reserve €	Accumulated losses €	Total €
<b>Balance at 1 November 2012</b>	<b>36,340,160</b>	<b>905,637</b>	<b>(776,860)</b>	<b>36,468,937</b>
Loss for the period	-	-	(2,030,176)	(2,030,176)
Other comprehensive expense for the period	-	(709,605)	-	(709,605)
Total comprehensive expense for the period	-	(709,605)	(2,030,176)	(2,739,781)
<b>Balance at 30 April 2013</b>	<b>36,340,160</b>	<b>196,032</b>	<b>(2,807,036)</b>	<b>33,729,156</b>
<b>Balance at 1 November 2013</b>	<b>36,583,660</b>	<b>85,197</b>	<b>(465,641)</b>	<b>36,203,216</b>
Loss for the period	-	-	(1,666,439)	(1,666,439)
Other comprehensive income for the period	-	528,963	-	528,963
Total comprehensive income/ (expense) for the period	-	528,963	(1,666,439)	(1,137,476)
<b>Balance at 30 April 2014</b>	<b>36,583,660</b>	<b>614,160</b>	<b>(2,132,080)</b>	<b>35,065,740</b>

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# COMPANY ANNOUNCEMENT

ISLAND HOTELS

GROUP HOLDINGS PLC

## Condensed consolidated cash flow statement

For the period ended 30 April 2014

	<b>30 April 2014</b>	30 April 2013
	€	€
	<b>(unaudited)</b>	(unaudited)
Net cash flows from operating activities	<b>3,097,245</b>	1,743,223
Net cash flows from investing activities	<b>(1,702,353)</b>	(2,149,526)
Net cash flows from financing activities	<b>(1,960,672)</b>	(1,832,463)
Net movement in cash and cash equivalents	<b>(565,780)</b>	(2,238,766)
Cash and cash equivalents at the beginning of the period	<b>(10,403,284)</b>	(10,267,390)
Effect of foreign exchange rate changes	<b>47,599</b>	(10,543)
Cash and cash equivalents at the end of the period	<b>(10,921,465)</b>	(12,516,699)

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### Notes to the Condensed Financial Statements - six months to 30 April 2014

#### 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 October 2013.

#### 3. Earnings per share

##### *From continuing and discontinued operations:*

The total earnings per ordinary share for the period ended 30 April 2014 has been calculated on the loss attributable to shareholders of €1,666,439 (2013 - €2,030,176) divided by the weighted average number of ordinary shares in issue during the period.

##### *From continuing operations*

The total earnings per ordinary share for the period ended 30 April 2014 from continuing operations has been calculated on the loss attributable to shareholders from continuing operations of €1,125,648 (2013 - €1,791,262) divided by the weighted average number of ordinary shares in issue during the period.

#### 4. Discontinued operation

On 19 February 2014 the Group entered into a promise of sale agreement for the disposal of its 100% equity interest in Coastline Hotel Limited, a subsidiary which owns and operates the Coastline Hotel, a four star hotel located at Salina Bay. The sale of this subsidiary from the portfolio of the Group is in line with the Group's strategy to focus on the five star segment of the local hotel industry. The disposal was completed on 2 May 2014 on which date control of Coastline Hotel Limited passed on to the new owners. Details of this disposal are disclosed below.

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# COMPANY ANNOUNCEMENT

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## Notes to the Condensed Financial Statements - six months to 30 April 2014 (continued)

### 4. Discontinued operation (continued)

#### (a) Loss for the period from discontinued operation

The results of the discontinued operation included in the loss for the period to 30 April 2014 are set out below. The comparative loss and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current period.

	30 April 2014 €	30 April 2013 €
Revenue	1,184,421	1,436,375
Expenses	(2,138,038)	(1,777,053)
Loss before tax	(953,617)	(340,678)
Income tax credit	412,826	101,764
Loss for the period	(540,791)	(238,914)
<i>Cash flows from discontinued operations</i>		
Net cash outflows from operating activities	(178,693)	266,206
Net cash outflows from investing activities	(385,352)	(302,833)
Net cash inflows from financing activities	207,130	(388,137)
Net cash outflows	(356,915)	(424,764)

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## Notes to the Condensed Financial Statements - six months to 30 April 2014 (continued)

### *(b) Assets and liabilities classified as held for sale*

The major classes of assets and liabilities of the subsidiary at the end of the reporting period are as follows:

	<b>Apr-14</b>
	<b>€</b>
Property, plant and equipment	14,724,902
Inventories	7,922
Trade and other receivables	263,929
Cash and bank	32,035
	<hr/>
<b>Assets classified as held for sale</b>	<b>15,028,788</b>
	<hr/> <hr/>
Trade and other payables	1,954,647
Other financial liabilities	903,214
Bank overdrafts and loans	6,652,694
	<hr/>
Net liabilities before deferred tax de-recognised on disposal	9,510,555
Deferred tax liabilities	2,715,223
	<hr/>
<b>Liabilities directly associated with assets classified as held for sale</b>	<b>12,225,778</b>
	<hr/> <hr/>

### *(c) Profit on disposal of subsidiary as at 2 May 2014*

The resultant profit arising on the disposal of the subsidiary may be analysed as follows:

	<b>2 May 2014</b>	
	<b>€</b>	<b>€</b>
<b>Net proceeds</b>		<b>4,903,333</b>
Carrying value of assets disposed of	15,028,788	
Carrying value of liabilities disposed of	(9,510,555)	
	<hr/>	
<b>Net assets disposed of</b>		<b>(5,518,233)</b>
		<hr/>
<b>Loss on disposal before reversal of deferred tax provision</b>		<b>(614,900)</b>
Reversal of deferred tax provision		2,715,223
		<hr/>
<b>Profit on disposal of subsidiary</b>		<b>2,100,323</b>
		<hr/> <hr/>

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## Notes to the Condensed Financial Statements - six months to 30 April 2014 (continued)

### 5. Property, plant and equipment

During the period, the group invested a total of €1,950,145 in the acquisition of property, plant and equipment.

### 6. Goodwill

Goodwill increased from €33,147,407 on 31 October 2013 to €33,636,253 as a result of an increase in foreign currency exchange difference for the period of €488,846.

### 7. Related party transactions

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

	2014			2013		
	Related party activity	Total activity	%	Related party activity	Total activity	%
	€	€		€	€	
Staff costs	<u>1,522,334</u>	<u>6,435,193</u>	<u>24</u>	<u>1,453,228</u>	<u>6,150,291</u>	<u>24</u>
Other operating expenses	<u>57,500</u>	<u>4,512,424</u>	<u>1</u>	<u>57,500</u>	<u>4,152,177</u>	<u>1</u>
Investment income	<u>36,943</u>	<u>38,500</u>	<u>96</u>	<u>8,044</u>	<u>108,794</u>	<u>7</u>
Finance costs	<u>68,416</u>	<u>1,396,115</u>	<u>5</u>	<u>52,317</u>	<u>1,427,605</u>	<u>4</u>

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## Notes to the Condensed Financial Statements - six months to 30 April 2014 (continued)

### 8. Events after the reporting period

#### *Disposal of subsidiary*

As described in more detail in note 4, on 2 May 2014 the Group sold its 100% equity interest in Coastline Hotel Limited. The resulting profit from disposal amounting to €2,100,323 is not included in the condensed consolidated statement of profit or loss on page 3 as the transaction occurred after the reporting date.

#### *Bond issue*

On 6 May 2014, the Company obtained regulatory approval for the issue of €35,000,000 6% Bonds redeemable in 2024. The bond which opened for the investing public on 26 May 2014 was substantially oversubscribed and was closed immediately after opening. The net proceeds from the issue of the New Bonds will be used by the Company for the refurbishment and construction works at the Radisson® Blu Resort St. Julians; the development and operation of the COSTA Coffee® brand in the East Coast of Spain, the Balearic Islands and the Canary Islands; and for general corporate funding purposes.

### Statement pursuant to Listing Rule 5.75.3 issued by the Listing Authority

I confirm that, to the best of my 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 April 2014 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

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