2014 Half Year Financial Results

Dalata Hotel Group plc (ESM:DHG AIM:DAL), the largest hotel operator in Ireland today (9 September, 2014) announces its half year results for the six months ended 30 June 2014.

Highlights

- Successful completion of IPO in March raising €256m net of costs
- Strong operating performance with revenue up 31% on H1 2013
- EBITDA up from €0.9m in H1 2013 to €2.4m in H1 2014
- Completed acquisitions of Maldron Hotel Parnell Square and Pearse Hotel post period end
- Announcing today the acquisition of the Tower Hotel in Derry for £4.375m

Key Figures

	30 June 2014	30 June 2013	Change
Revenue	€35.0m	€26.8m	+ 31%
EBITDA	€2.4m	€0.9m	+171%

Pat McCann, CEO, said:

"*The business has enjoyed a positive first half of 2014 with a strong operational performance availing of the opportunities presented by improving market conditions. There is continued strong growth in Dublin and encouraging signs of recovery in regional Ireland. Maldron Hotel Cardiff continues to grow its market share and the business has also benefitted from the addition of Maldron Hotel Dublin Airport and Maldron Hotel Tallaght.*

Following our successful IPO in March this year, we have completed the acquisition of Maldron Hotel Parnell Square and the Pearse Hotel, both in Dublin City centre. We have also agreed to acquire a 25% interest in the Ballsbridge and Clyde Court Hotels in Dublin 4 and today announce the acquisition of Tower Hotel, Derry. We are actively pursuing further acquisitions as activity in the market continues to accelerate through the second half of the year.

The outlook is encouraging and we are confident for the remainder of 2014 with strong momentum maintained. The sustained commitment of Government to the development and support of the tourist industry through a combination of investment, promotional and fiscal measures has revived confidence in the hotel sector. The solid growth in recorded visitor numbers in the first half is continuing into the second half. We expect EBITDA in the full year to be in the range €7.5 million to €8.0 million (2013: €5.3 million) excluding the effect of acquisitions."

Dalata Group H1 2014 performance overview
The first half of 2014, traditionally the slower part of the year for revenue and profitability, saw continued recovery in Ireland's hotel sector, with encouraging signs of sustainable growth in regional centres to complement the continued improving performance of recent years in Dublin. This growth has been driven by a number of factors.

- CSO figures for total trips to Ireland show an increase of 9.9% year on year for the period from January 2014 to July 2014.
- In Dublin, event activity – corporate and leisure - continues to be strong
- An improvement in domestic consumer sentiment is also in evidence this year.

Dalata's revenue comes from the operation of a mix of 13 owned and leased hotels and from fees for hotel management services provided to third party owners under management agreements.

Top line revenue increases in the period were driven by the addition of Maldron Hotels at Dublin Airport and Tallaght and growth in the existing business. Profit growth was derived from a combination of additional management contracts and favourable market conditions in the leased and owned business across all hotels.

The result is unaffected by the Maldron Hotel Parnell Square and Pearse Hotel acquisitions.

Leased and Owned Hotels
EBITDA at leased and owned hotels increased from €0.4m in H1 2013 to €1.1m in H1 2014. The increase in profitability reflects a strong operating performance driven by a recovering market, improving room rates and active management of operating costs.

Like for like revenue increased by 7.6% (excluding the effect of Maldron Hotels Tallaght and Dublin Airport which commenced in December 2013 and January 2014 respectively).

Like for like Revenue per Available Room (RevPAR) in Dalata's Irish hotels grew by 11.4%; occupancy was down 0.5% (a consequence of refurbishment works at two hotels) and average daily room rates (ADR) were up €8 (12.0%).

Strengthening ADR has had a positive effect on profitability; this reflects management of the business mix towards higher yielding rooms business and away from inclusive package offers. The margin before rent grew from 27.6% in 2013 to 29.5% in 2014 on a like for like basis.

The Dublin market is continuing its strong recovery with growth in occupancy and RevPAR for the fourth consecutive year. The regional Irish properties are also seeing growth in revenues and Maldron Hotel Cardiff continues to win market share with H1 revenues up 21% on 2013.

Hotel Management services
Management Fee revenue is up 75% from €1.7m to €2.9m. This growth reflects a very active period of contract additions between Q2 2013 and the early part of 2014. This trend is being reversed in H2; several hotels operated under management contract are currently for sale including three with sale contracts agreed.

The company continues to actively seek new management contract opportunities and in August entered into an agreement to manage Aghadoe Heights Hotel and Spa in Killarney, Co Kerry.

Central Costs
Central costs increased by €0.4m year on year following the recruitment of key staff in Acquisitions and Development, Finance, Operations and Marketing in H1 2014.

Acquisitions
The acquisition of quality hotel assets as they come to market either through portfolio acquisitions or single asset purchases remains as a core platform for growth by the Group.

Since our March 2014 equity fundraising which raised €256m (net of costs), we have completed the acquisition of Maldron Hotel Parnell Square, Dublin (€15.3m) and the Pearse Hotel, Dublin (€14.4m).

We have also entered into binding contracts with Blackstone to purchase their share and loan capital in the companies that own the Ballsbridge and Clyde Court Hotels for €21.8m. These contracts are subject to pre-emption rights of the other shareholders of the target companies.

Today we announce the acquisition of the 93 bedroom Tower Hotel, Derry for £4.375m, which will be rebranded as a Maldron Hotel.

We are currently reviewing a variety of potential acquisition targets including assets on the market and potential off-market opportunities. We will continue to focus in the first instance on well-located assets with untapped earning potential or that offer opportunities for performance improvement and which will complement the existing portfolio. We remain open also to considering development opportunities where there is evidence of a shortage of supply.

Outlook
Performance at the leased and owned properties continues to show good growth on 2013 supported by strong incoming visitor numbers and improving domestic consumer confidence.

We expect EBITDA in the full year to be in the range €7.5 million to €8.0 million excluding the effect of acquisition activity (2013: €5.3m)

ENDS

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Unaudited condensed consolidated interim financial statements

for the six months ended 30 June 2014

Registered number: 534888

Dalata Hotel Group plc

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Unaudited condensed consolidated statement of comprehensive income
for the six months ended 30 June 2014

	Note	**6 months ended 30 June 2014 €'000**	6 months ended 30 June 2013 €'000
Continuing operations			
Revenue	*4*	**34,950**	26,762
Cost of sales		**(13,591)**	(9,862)
Gross profit		**21,359**	16,900
Administration expenses		**(19,310)**	(16,228)
Operating profit		**2,049**	672
Finance income		**85**	-
Finance costs			
Interest on bank loans and borrowings		**(152)**	(127)
Interest on unsecured shareholder loan notes		**(1,039)**	(2,241)
Profit/(loss) before tax		**943**	(1,696)
Tax charge	*7*	**(239)**	(94)
Profit/(loss) for the period attributable to owners of the company		**704**	(1,790)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translating foreign operations		**57**	6
Total comprehensive income/(loss) for the period attributable to owners of the company		**761**	(1,784)
Earnings per share			
Basic earnings/(loss) per share	*17*	**0.993 cent**	(€188.42)
Diluted earnings/(loss) per share	*17*	**0.992 cent**	(€188.42)

Dalata Hotel Group plc

Unaudited condensed consolidated statement of financial position

at 30 June 2014

	Note	**30 June 2014**	31 December 2013
Assets		**€'000**	€'000
Non-current assets			
Goodwill	*6*	**6,867**	6,867
Intangible assets	*6*	**77**	-
Property, plant and equipment	*10*	**23,890**	4,990
Deferred tax	*7*	**139**	170
Trade and other receivables	*8*	**900**	900
Total non-current assets		**31,873**	12,927
Current assets			
Trade and other receivables	*8*	**10,074**	6,045
Inventories		**490**	535
Current tax asset		**24**	-
Cash and cash equivalents	*12*	**234,623**	4,940
Total current assets		**245,211**	11,520
Total assets		**277,084**	24,447
Equity			
Share capital	*16*	**1,220**	-
Share premium	*16*	**295,145**	-
Capital contribution	*15*	**25,724**	-
Merger reserve	*15*	**(10,337)**	-
Share-based payment reserve	*5*	**99**	-
Reverse acquisition reserve		**-**	4
Translation reserve		**9**	(48)
Retained earnings		**(49,500)**	(50,204)
Total equity		**262,360**	(50,248)
Liabilities			
Unsecured shareholder loan notes	*13*	**-**	31,497
Accrued interest on unsecured shareholder loan notes	*13*	**-**	23,228
Loans and borrowings	*13*	**-**	7,000
Total non-current liabilities		**-**	61,725
Loans and borrowings	*13*	**-**	2,000
Trade and other payables	*9*	**14,724**	10,958
Current taxation payable		**-**	12
Total current liabilities		**14,724**	12,970
Total liabilities		**14,724**	74,695
Total equity and liabilities		**277,084**	24,447

Dalata Hotel Group plc

Unaudited condensed consolidated statement of changes in equity

for the six months ended 30 June 2014

	Attributable to owners of the company								
	Share capital €'000	**Share premium €'000**	**Capital contribution €'000**	**Merger reserve €'000**	**Share-based payment reserve €'000**	**Reverse acquisition Reserve €'000**	**Translation reserve €'000**	**Retained earnings €'000**	**Total €'000**
At 1 January 2014	**-**	**-**	**-**	**-**	**-**	**4**	**(48)**	**(50,204)**	**(50,248)**
Comprehensive income:									
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**704**	**704**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**57**	**-**	**57**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**57**	**704**	**761**
Transactions with owners of the company:									
Issue of shares by Dalata Hotel Group plc prior to the reorganisation (Note 16)	**40**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**40**
Reorganisation – issue of shares by Dalata Hotel Group plc in share exchange for DHGL Limited and release of shareholder loan note obligations (Note 15)	**-**	**10,337**	**25,724**	**(10,337)**	**-**	**(4)**	**-**	**-**	**25,720**
Issue of shares in public listing, net of issue costs (Note 16)	**1,060**	**254,928**	**-**	**-**	**-**	**-**	**-**	**-**	**255,988**
Issue of shares on conversion of shareholder loan notes (Note 16)	**120**	**29,880**	**-**	**-**	**-**	**-**	**-**	**-**	**30,000**
Equity-settled share-based payments	**-**	**-**	**-**	**-**	**99**	**-**	**-**	**-**	**99**
Total transactions with shareholders	**1,220**	**295,145**	**25,724**	**(10,337)**	**99**	**(4)**	**-**	**-**	**311,847**
At 30 June 2014	**1,220**	**295,145**	**25,724**	**(10,337)**	**99**	**-**	**9**	**(49,500)**	**262,360**

for the six months ended 30 June 2013

	Share capital €'000	Share premium €'000	Capital contribution €'000	Merger reserve €'000	Share-based payment reserve €'000	Reverse acquisition Reserve €'000	Translation reserve €'000	Retained earnings €'000	Total €'000
At 1 January 2013	-	-	-	-	-	4	(72)	(49,627)	(49,695)
Comprehensive income:									
Loss for the financial period	-	-	-	-	-	-	-	(1,790)	(1,790)
Other comprehensive income	-	-	-	-	-	-	6	-	6
At 30 June 2013	**-**	**-**	**-**	**-**	**-**	**4**	**(66)**	**(51,417)**	**(51,479)**

Dalata Hotel Group plc

Unaudited condensed consolidated statement of cash flows

for the six months ended 30 June 2014

	6 months ended 30 June 2014 €'000	6 months ended 30 June 2013 €'000
Cash flows from operating activities		
Profit/(loss) for the period	**704**	(1,790)
Adjustments for:		
Amortisation of intangible assets	**51**	-
Depreciation of property, plant and equipment	**315**	219
Net finance costs	**1,106**	2,368
Tax charge	**239**	94
	2,415	891
Increase/(decrease) in trade and other payables	**3,766**	(625)
Increase in trade and other receivables	**(4,029)**	(1,552)
Decrease in inventories	**45**	54
Tax paid	**(220)**	(318)
Net cash from/(used in) operating activities	**1,977**	(1,550)
Cash flows from investment activities		
Purchase of property, plant and equipment	**(19,215)**	(950)
Interest received	**85**	-
Net cash used in investing activities	**(19,130)**	(950)
Cash flows from financing activities		
Interest on bank loans	**(152)**	(124)
Repayment of bank loans	**(9,000)**	-
Issuance of shares in public listing, net of expenses	**255,988**	-
Net cash from/(used in) financing activities	**246,836**	(124)
Net increase/(decrease) in cash and cash equivalents	**229,683**	(2,624)
Cash and cash equivalents at beginning of period	**4,940**	5,306
Cash and cash equivalents at end of period	**234,623**	2,682

Notes to the condensed consolidated interim financial statements
for the six months ended 30 June 2014

1 General information and basis of preparation

Dalata Hotel Group plc ('the Company') is a company incorporated in the Republic of Ireland. The unaudited condensed consolidated interim financial statements of the Company for six months ended 30 June 2014 (the 'Interim Financial Statements') include the Company and its subsidiaries (together referred to as the 'Group'). The Interim Financial Statements were authorised for issue by the Directors on 8 September 2014.

These unaudited interim financial statements have been prepared by Dalata Hotel Group plc in accordance with the recognition and measurement requirements of IAS 34, "*Interim Financial Reporting*" (IAS 34) as adopted by the European Union. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of DHGL Limited (see below) as at and for the year ended 31 December 2013.

These interim financial statements are presented in Euro, rounded to the nearest thousand, which is the functional currency of the parent company and also the presentation currency for the Group's financial reporting.

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results could differ materially from these estimates. In preparing these interim financial statements, the critical judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2013.

Dalata Hotel Group plc was incorporated on 4 November 2013 as Rockmellon plc under the laws of the Republic of Ireland. (Rockmellon plc changed its name to Dalata Hotel Group plc on 16 January 2014.)

In the period 1 January 2014 to 20 February 2014, the business of the Dalata group was conducted through DHGL Limited and its subsidiaries. On 20 February 2014, pursuant to a reorganisation, Dalata Hotel Group plc acquired 100% of the issued share capital of DHGL Limited and indirectly acquired the 100% shareholdings previously held by DHGL Limited in each of its subsidiaries.

Following that reorganisation the Group comprises Dalata Hotel Group plc and its subsidiaries. The consolidated financial statements of Dalata Hotel Group plc are prepared on the basis that the Company is a continuation of DHGL Limited, reflecting the substance of the arrangement. Dalata Hotel Group plc presents its consolidated financial statements as if its acquisition of DHGL Limited had occurred before the start of the earliest period presented. Further details on the reorganisation of the Group are provided in note 15.

On 19 March 2014, Dalata Hotel Group PLC was admitted to trading on Enterprise Securities Market (ESM) of the Irish Stock Exchange and the Alternative Investment Market (AIM) of the London Stock Exchange.

Notes *(continued)*

1 General information and basis of preparation *(continued)*

The interim financial statements do not constitute statutory financial statements. The statutory financial statements (of DHGL Limited) for the year ended 31 December 2013, extracts of which are included in these interim financial statements, were prepared under IFRS as adopted by the EU and have been filed with the Companies Registration Office. The auditor's report on those financial statements was unqualified and did not contain an emphasis of matter paragraph.

2 Significant accounting policies

The accounting policies applied in these interim financial statements are consistent with those applied in the consolidated financial statements as at and for the year ended 31 December 2013, except for the application for the first time of IAS 33: *Earnings per share* and IFRS 2: *Share-based payments*, as described below.

None of the other new IFRSs or interpretations that are effective for the financial year ending 31 December 2014, as outlined on page 19 of the 2013 statutory financial statements of DHGL Limited, had an impact on the Group's reported profit or net assets.

Earnings per share

Basic earnings per share are calculated based on the profit for the year attributable to owners of the Company and the basic weighted average number of shares outstanding. Diluted earnings per share are calculated based on the profit for the year attributable to owners of the Company and the diluted weighted average of shares outstanding.

Dilutive effects arise from share-based payments that are settled in shares. Conditional share awards to employees have a dilutive effect when the average share price during the period exceeds the exercise price of the awards and the market conditions of the awards are met, as if the current period end were the end of the vesting period. When calculating the dilutive effect, the exercise price is adjusted by the value of future services related to the awards.

Share-based payments

The grant-date fair value of equity-settled share-based payment awards granted to employees is recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

Dalata Hotel Group plc

Notes *(continued)*

3 Seasonality

Hotel revenue and operating profit are driven by seasonal factors with July and August being the busiest months. The table below shows the analysis of revenue, operating profit and profit before tax for the first half and second half of the year ended 31 December 2013.

	6 months ended 30 June 2013 €'000	**6 months ended 31 December 2013 €'000**	**Total year ended 31 December 2013 €'000**
Revenue	26,762	33,855	60,617
Operating profit	672	4,261	4,933
(Loss)/profit before tax	(1,696)	1,769	73

Dalata Hotel Group plc

Notes *(continued)*

4 Operating segments

The segments are reported in accordance with IFRS 8 *Operating Segments*. The segment information is reported in the same way as it is reviewed and analysed internally by the chief operating decision makers, primarily the CEO, and Board of Directors.

The group operates in two segments – "Leased & Owned" hotels and "Managed" hotels:

Leased & Owned hotels:
The Group leases hotel buildings from property owners and is entitled to the benefits and carries the risks associated with operating those hotels. The Group also has effective ownership of two of the hotels which it operates. The Group drives revenue for leased and owned hotels primarily from room sales and food and beverage sales in restaurants, bars and banqueting. The main costs arising relate to rent paid to lessors and other operating costs.

Managed hotels:
Under management agreements, the group provides management services for third party hotel proprietors.

Revenue	**30 June 2014 €'000**	30 June 2013 €'000
Leased & Owned	**32,034**	25,093
Managed	**2,916**	1,669
Total revenue	**34,950**	26,762

The line item 'Leased & Owned' represents the operating revenue (Room revenue, Food and Beverage Revenue and other hotel revenue) from leased and owned hotels.

The line item 'Managed' represents the fees and other income earned from services provided in relation to managed hotels.

Dalata Hotel Group plc

Notes *(continued)*

4 Operating segments *(continued)*

	30 June 2014 €'000	30 June 2013 €'000
Segmental results - EBITDA		
Leased & Owned - EBITDA	**1,114**	414
Managed - EBITDA	**2,916**	1,669
EBITDA for reportable segments	**4,030**	2,083
Reconciliation to results for the year		
Segments EBITDA	**4,030**	2,083
Central costs	**(1,615)**	(1,192)
Group EBITDA	**2,415**	891
Depreciation of property, plant and equipment	**(315)**	(219)
Amortisation of intangible assets	**(51)**	-
Net finance costs	**(1,106)**	(2,368)
Profit/(loss) before tax	**943**	(1,696)
Tax	**(239)**	(94)
Profit/(loss) for the period	**704**	(1,790)

EBITDA represents earnings before interest, tax, depreciation and amortisation.

The line item 'Leased & Owned - EBITDA' represents the net operational contribution of leased and owned hotels less related costs.

The line item 'Managed - EBITDA' represents the fees and other income earned from services provided in relation to managed hotels. All of this activity is managed corporately and specific individual costs are not allocated to this segment.

The line item 'Central costs' reconciles the EBITDA for the two segments to total group EBITDA and includes costs of the group's central functions including operations support, technology, sales and marketing, human resources, finance, corporate services and business development.

Dalata Hotel Group plc

Notes *(continued)*

4 Operating segments *(continued)*

Geographical information	**30 June 2014 €'000**	30 June 2013 €'000
Revenue		
Republic of Ireland	**32,243**	24,650
United Kingdom	**2,707**	2,112
Total revenue	**34,950**	26,762

Non-current assets (excluding deferred tax)

	30 June 2014 €'000	31 December 2013 €'000
Republic of Ireland	**31,210**	12,247
United Kingdom	**524**	510
Total non-current assets	**31,734**	12,757

5 Long term incentive plan

Equity-settled share-based payment arrangements

During the six months ended 30 June 2014, the Remuneration Committee of the Board of Directors made the first grant of conditional share awards of 754,154 ordinary shares pursuant to the terms and conditions of the Group's Long Term Incentive Plan. The award was for eligible service employees across the Group (42 in total) and vests based on the employees staying in service for 3 years from the grant date (18 March 2014). The number of awards which will ultimately vest will depend on the Group achieving targets relating to Total Shareholder Return ("TSR") as measured against a comparator peer group of companies over a 3 year performance period.

In relation to TSR performance, 25% of an award will vest for TSR performance equal to the median TSR return of the comparator peer group of companies over the performance period. 100% of an award shall vest for TSR performance equal to the 75th percentile or greater TSR return of the comparator group. For TSR performance between those thresholds, awards shall vest on a pro-rated basis.

The total expected cost of this award was estimated at €1.04 million of which €0.10 million has been charged against profit for the period to 30 June 2014. The remaining €0.94 million will be charged to profit or loss in equal instalments over the remainder of the 3 year vesting period.

5 Long term incentive plan *(continued)*

Measurement of fair values

The fair value of the conditional share awards was measured using Monte Carlo simulation. Service conditions attached to the awards were not taken into account in measuring fair value. The valuation and key assumptions used in the measurement of the fair values at grant date were as follows:

Fair value at grant date	€1.49
Share price at grant date	€2.50
Exercise price	€0.01
Expected volatility	35.29% p.a.
Performance period	3 years

Expected volatility has been based on the historical volatility of the share prices of the comparator group of companies.

6 Intangible assets and goodwill

Intangible assets	**Hotel management contracts €'000**
Cost	
At 1 January 2014	-
Acquisitions during the period	128
At 30 June 2014	**128**
Accumulated amortisation	
At 1 January 2014	-
Charge for the period	51
At 30 June 2014	**51**
Net book value	
At 30 June 2014	**77**
At 31 December 2013	-

Acquisition of Pillo Hotels Limited

On 27 February 2014 the Group acquired a 100% interest in Pillo Hotels Limited, a company registered in Ireland. The consideration paid was €1 and the carrying value of net liabilities assumed was €128,000. As part of this transaction the Group received six management contracts operated by Pillo Hotels Limited. The value of this intangible asset was €128,000. No goodwill arose on this acquisition. The management contracts are being amortised over 10 months up to 31 December 2014.

Notes *(continued)*

6 Intangible assets and goodwill *(continued)*

Acquisition of Pillo Hotels Limited (continued)

From the acquisition date to 30 June 2014, this acquisition contributed revenue of €211,000 and profit of €76,000 to the interim consolidated financial statements.

Goodwill

Goodwill of €6,867,000 is unchanged since 31 December 2013, and represents the carrying value of goodwill which originally arose from acquisitions of certain group subsidiaries in 2007. There were no indicators of impairment in the period ended 30 June 2014.

7 Tax charge

	30 June 2014 €'000	30 June 2013 €'000
Current tax		
Irish income tax	**253**	36
(Over)/under provision in respect of prior periods	**(45)**	18
Deferred tax charge	**31**	40
	239	94

The tax charge for the period reflects the impact of permanent differences relating to shareholder loan note interest which is not deductible for tax purposes.

Deferred tax arises from temporary differences between the carrying values and tax written down values of property, plant and equipment and tax losses. Deferred tax has been recognised for losses that are expected to be used in the foreseeable future. Accordingly, a deferred tax asset of €139,000 *(31 December 2013: €170,000)* has been recognised in these financial statements.

8 Trade and other receivables

	30 June 2014 €'000	31 December 2013 €'000
Non-current		
Other receivables	**900**	900
	900	900
Current		
Trade receivables	**4,980**	3,328
Prepayments	**2,601**	1,672
Accrued income	**2,493**	1,045
	10,074	6,045

Notes *(continued)*

9 Trade and other payables

	30 June 2014 €'000	31 December 2013 €'000
Trade payables	**6,636**	4,316
Accruals	**6,783**	5,262
Deferred income	**240**	225
Value added tax	**554**	702
Payroll taxes	**511**	453
	14,724	10,958

10 Property, plant and equipment

	Buildings €'000	Fixtures, fittings & equipment €'000	Total €'000
Cost			
At 1 January 2014	2,216	5,595	7,811
Additions	18,255	960	19,215
At 30 June 2014	**20,471**	**6,555**	**27,026**
Accumulated depreciation			
At 1 January 2014	-	2,821	2,821
Charge for the period	22	293	315
At 30 June 2014	**22**	**3,114**	**3,136**
Net Book Value			
At 30 June 2014	**20,449**	**3,441**	**23,890**
At 31 December 2013	2,216	2,774	4,990

Additions to buildings of €18,255,000 in the period to 30 June 2014 principally reflects the inclusion of:

- the Maldron Hotel Parnell, Dublin
- 14 rooms in Maldron Hotel Cardiff Lane, Dublin
- deposit paid on the Holiday Inn Pearse Street, Dublin (see Notes 11 and 18).

11 Commitments

Operating leases

Non-cancellable operating lease rentals are payable by the Group as follows:

	30 June 2014 €'000	31 December 2013 €'000
Less than one year	**15,034**	14,923
Between one and five years	**59,932**	61,866
Thereafter	**179,695**	197,598
	254,661	274,387

The company has undertaken to guarantee the obligations of its subsidiary Dalata Cardiff Limited in relation to the lease of the Maldron Hotel Cardiff for a period of 35 years of which there are 33 years remaining.

Capital expenditure commitments

The group has the following commitments for future capital expenditure under its contractual arrangements.

	30 June 2014 €'000	31 December 2013 €'000
Contracted but not provided	**13,427**	602

Capital commitments at 30 June 2014 primarily includes the contractual commitment to complete the purchase of the Holiday Inn Pearse Street, Dublin and adjoining investment properties (see Note 18), for which a deposit was paid in the period (see Note 10).

12 Financial risk management

The Group is exposed to various financial risks arising in the normal course of business. Its financial risk exposures are predominantly related to the creditworthiness of counterparties. The exposures to risks relating to changes in interest rates and foreign currency are not significant.

Credit risk

Exposure to credit risk
Credit risk arises from granting credit to customers and from investing cash and cash equivalents with banks and financial institutions.

Notes *(continued)*

12 Financial risk management *(continued)*

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. There is no concentration of credit risk or dependence on individual customers. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

Cash and cash equivalents

The Group is exposed to credit risk from the counterparties with whom it places its cash and cash equivalents. It is satisfied that the credit risk associated with these is not significant because of the credit ratings of the counterparties.

Cash and cash equivalents comprise:

	30 June 2014 €'000	31 December 2013 €'000
Cash at bank and in hand	**5,963**	4,940
Money-market funds	**228,660**	-
	234,623	4,940

Liquidity risk

The Group's approach to managing liquidity is to ensure as far as possible that it will always have sufficient liquidity to:

- fund its ongoing operations;
- allow it to invest in hotels that may create value for shareholders; and
- maintain sufficient financial resources to mitigate against risks and unforeseen events.

Market risk

Market risk is the risk that changes in market prices and indices, such as interest rates and foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments.

The Group is currently only exposed to interest rate risk on its cash held on deposit. The Group monitors the available interest rates and manages this in conjunction with the objective to have funds available to invest in hotels.

The Group has no material transaction foreign exchange risk exposure. It is exposed to translation foreign exchange rate risk on its hotel operation in Cardiff, Wales. The Group believes that its foreign exchange rate exposures will not have a material effect on the Group's income or the value of its holdings of financial instruments.

12 Financial risk management *(continued)*

Fair values

The following tables show the carrying amount of Group financial assets and liabilities including their values in the fair value hierarchy. The tables do not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Financial assets measured at fair value	**Financial assets measured at amortised cost**	**Financial liabilities measured at amortised cost**	**Total carrying amount**	**Fair value**			
					Level 1	**Level 2**	**Level 3**	**Total**
	30 June 2014 €'000	**30 June 2014 €'000**	**30 June 2014 €'000**	**30 June 2014 €'000**	**30 June 2014 €'000**	**30 June 2014 €'000**	**30 June 2014 €'000**	**30 June 2014 €'000**
Trade and other receivables (Note 8)	**-**	**10,974**	**-**	**10,974**				
Cash at bank and in hand	**-**	**5,963**	**-**	**5,963**				
Money-market funds	**228,660**	**-**	**-**	**228,660**	**228,660**	**-**	**-**	**-**
Trade and other payables (Note 9)	**-**	**-**	**(14,724)**	**(14,724)**				
	228,660	**16,937**	**(14,724)**	**230,873**				
		31 Dec 2013 €'000	31 Dec 2013 €'000	31 Dec 2013 €'000	31 Dec 2013 €'000	31 Dec 2013 €'000	31 Dec 2013 €'000	31 Dec 2013 €'000
Trade and other receivables (Note 8)		6,945	-	6,945				
Cash and cash equivalents		4,940	-	4,940				
Trade and other payables (Note 9)		-	(10,958)	(10,958)				
Unsecured shareholder loan notes including accrued interest (Note 13)		-	(54,725)	(54,725)	-	-	(40,000)	(40,000)
Bank loans – variable (Note 13)		-	(9,000)	(9,000)				
		11,885	(74,683)	(62,798)				

Dalata Hotel Group plc

Notes *(continued)*

13 Interest bearing loans and borrowings

	30 June 2014 €'000	31 December 2013 €'000
Repayable within one year		
Bank borrowings	-	2,000
Repayable after one year		
Unsecured shareholder loan notes	-	31,497
Accrued interest on unsecured loan notes	-	23,228
Bank borrowings	-	7,000
	-	61,725
Total interest-bearing loans and borrowings	-	63,725

On 21 February 2014 all shareholder loan note obligations of DHGL Limited were novated to the Company. All obligations in relation to the shareholder loan notes were settled in exchange for the issue of 12 million ordinary shares of the Company at a value of €30 million on 19 March 2014 (see Note 16).

At 30 June 2014, the total amount due in respect of bank borrowings amounted to €Nil *(31 December 2013: €9 million)*. All bank loans were repaid in full on 2 April 2014.

Dalata Hotel Group plc

Notes *(continued)*

14 Related party transactions

Under IAS 24, *Related Party Disclosures*, the company has a related party relationship with its fellow group undertakings, shareholders and directors of the company. All transactions with subsidiaries eliminate on consolidation and are not disclosed.

Other than the transactions with shareholders disclosed in Notes 15 and 16, there were no changes in related party transactions in the six months ended 30 June 2014 that materially affected the financial position or the performance of the Group during that period.

15 Group reorganisation and impact on reserves

As part of the Group reorganisation which is described in Note 1, the Company became the ultimate parent entity of the Group on 20 February 2014, when it acquired 100% of the issued share capital of DHGL Limited in exchange for the issue of 9,500 ordinary shares of €0.01 each. By doing so, it also indirectly acquired the 100% shareholdings previously held by DHGL Limited in each of its subsidiaries. As part of that reorganisation, the shareholder loan note obligations (including accrued interest) of DHGL Limited were assumed by the Company as part of the consideration paid for the equity shares in DHGL Limited.

The fair value of the Group (as then headed by DHGL Limited) at that date was estimated at €40 million. The fair value of the shareholder loan note obligations assumed by the Company as part of the acquisition was €29.7 million and the fair value of the shares issued by the Company in the share exchange was €10.3 million.

The difference between the carrying value of the shareholder loan note obligations (€55.4 million) prior to the reorganisation and their fair value (€29.7 million) at that date represents a contribution from shareholders of €25.7 million which has been credited to a separate capital contribution reserve.

The imposition of Dalata Hotel Group plc as a new holding company of DHGL Limited does not meet the definition of a business combination under IFRS 3 "*Business Combinations*", and, as a consequence, the acquired assets and liabilities of DHGL Limited and its subsidiaries continue to be carried in the consolidated financial statements at their respective carrying values as at the date of the reorganisation. The consolidated financial statements of Dalata Hotel Group plc are prepared on the basis that the Company is a continuation of DHGL Limited, reflecting the substance of the arrangement.

As a consequence, an additional merger reserve of €10.3 million (debit) arises in the consolidated statement of financial position. This represents the difference between the consideration paid for DHGL Limited in the form of shares of the Company, and the issued share capital of DHGL Limited at the date of the reorganisation which was a nominal amount of €95.

16 Share capital and premium

At 30 June 2014 – Dalata Hotel Group plc

Authorised Share Capital	**Number**	**€'000**
Ordinary shares of €0.01 each	10,000,000,000	100,000

Allotted, called-up and fully paid shares	**Number**	**€000**
Ordinary shares of €0.01 each	122,000,000	1,220
Share premium		295,145

At 31 December 2013 – DHGL Limited

Authorised Share Capital	**Number**	**€**
Ordinary shares of €0.00001 each	75,000,000	750
A Ordinary shares of €0.00001 each	25,000,000	250
Ordinary redeemable shares @ €1 each	100	100

Allotted, called-up and fully paid shares	**Number**	**€**
7,499,999 Ordinary Shares of €0.00001 each	75	75
2,000,000 A Ordinary Shares of €0.00001 each	20	20

On incorporation of Dalata Hotel Group plc in November 2013, the issued share capital was 7 ordinary shares of €1 each. On 14 February 2014, the Company issued 39,898 ordinary shares of €1 each in partial settlement of an equivalent amount owed to shareholders.

On 20 February 2014, each of the issued and unissued shares of the Company were sub-divided into 100 ordinary shares of €0.01 each.

On 20 February 2014, as part of the reorganisation of the Group (see Note 15), the Company issued 9,500 ordinary shares of €0.01 each to the shareholders of DHGL Limited in exchange for their shares in DHGL Limited. The share premium on these shares was €10.3 million (see Note 15).

On 19 March 2014, Dalata Hotel Group plc was admitted to trading on the Enterprise Securities Market (ESM) of the Irish Stock Exchange and the Alternative Investment Market (AIM) of the London Stock Exchange. On Admission:

- 106,000,000 ordinary shares of €0.01 each were issued representing the new shares being placed by the Company at the time of admission for cash at an issue price of €2.50 per share, resulting in gross proceeds of €265 million. Share premium of €254.9 million was recorded on these shares after deduction of Initial Public Offering costs of €9.0 million.
- 12,000,000 ordinary shares of €0.01 each were issued at €2.50 per share in settlement of all obligations arising from the shareholder loan notes (see Note 13) at an amount of €30 million. The share premium on these shares was €29.9 million.

Dalata Hotel Group plc

Notes *(continued)*

17 Earnings per share

Basic earnings per share (EPS) is computed by dividing the profit for the period available to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is computed by dividing the profit for the period by the weighted average number of ordinary shares outstanding and, when dilutive, adjusted for the effect of all potentially dilutive shares. The following table sets out the computation for basic and diluted earnings/(loss) per share for the periods ended 30 June 2014 and 30 June 2013:

	30 June 2014	30 June 2013
Profit/(loss) attributable to shareholders of the parent company (€'000) – basic and diluted	**704**	(1,790)
Earnings/(loss) per share – Basic	**0.993 cent**	(€188.42)
Earnings/(loss) per share – Diluted	**0.992 cent**	(€188.42)
Weighted average shares outstanding – Basic	**70,897,507**	9,500
Weighted average shares outstanding – Diluted	**70,970,783**	9,500

The difference between the basic and diluted weighted average shares outstanding for the period ended 30 June 2014 is due to the dilutive impact of the conditional share awards granted in March 2014 (see Note 5). The weighted average number of shares outstanding for 2013 includes the effect of existing shares of DHGL Limited in 2013 being equivalent to 9,500 of the €0.01 ordinary shares of Dalata Hotel Group plc issued in 2014.

18 Events after the reporting date

The Group completed the following two property acquisitions after the reporting date:

Maldron Cardiff Lane, Dublin 2 - (3 Rooms)

On 21 July 2014, three rooms in Maldron Hotel Cardiff Lane, Dublin 2 were acquired for €275,000.

Maldron Hotel Pearse Street, Dublin

On 29 August 2014, Suvanne Management Limited, a 100% subsidiary of the Group acquired the Maldron Hotel Pearse Street (formerly Holiday Inn Pearse Street) and adjoining investment properties. The total cost, including the deposit paid in the period to 30 June 2014, was €14.4 million.

Shareholdings in Qulpic and Zrko

Since the period end, the Group has also entered into conditional agreements to acquire 25% of the share capital in each of Qulpic Limited and Zrko Limited, together with associated loans from Durance Investments Limited, for a consideration of €21.8 million. Qulpic Limited and Zrko Limited own the Clyde Court and Ballsbridge Hotels respectively.

Tower Hotel, Derry

Since the period end, the Group entered an agreement to acquire the Tower Hotel in Derry, Northern Ireland for a consideration of £4.375 million.

20 Approval of financial statements

The Board of Directors approved the interim condensed consolidated financial statements for the six months ended 30 June 2014 on 8 September 2014.

Independent Review Report to Dalata Hotel Group plc

Introduction

We have been engaged by the company to review the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2014 which comprises the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cashflows, and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of consolidated financial statements.

This report is made solely to the company in accordance with the terms of our engagement and guidance contained in International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the EU. The directors are responsible for ensuring that the condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of consolidated financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independent Review Report to Dalata Hotel Group plc *(continued)*

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial statements in the half-yearly report for the six months ended 30 June 2014 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

KPMG
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2

8 September 2014