INTERNATIONAL HOTEL INVESTMENTS p.l.c.

COMPANY ANNOUNCEMENT

Approval of Financial Statements for 2011

The Board of Directors of International Hotel Investments p.l.c. has approved the Financial Statements for the year ended 31st December 2011.

A copy of the Preliminary Statement of Annual Results is attached and is available on the Company's website www.ihiplc.com.

Alfred Fabri
Company Secretary

4th April 2012

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INTERNATIONAL HOTEL INVESTMENTS p.l.c.

PRELIMINARY STATEMENT OF THE GROUP'S ANNUAL RESULTS

For the Year Ended 31 December 2011

Condensed Income Statement

	2011 €'000	2010 €'000
Revenue	**104,223**	101,843
Direct costs	**(53,863)**	(52,509)
	50,360	49,334
Other operating costs	**(27,982)**	(26,473)
EBITDA	**22,378**	22,861
Depreciation and amortisation	**(24,429)**	(24,730)
Increase in fair value of investment property	**5,448**	2,746
Net impairment (losses) reversals on hotel properties	**(2,497)**	2,400
Results from operating activities	**900**	3,277
Share of profit (loss) from equity accounted investments	**1,155**	(546)
Finance income	**1,826**	607
Finance costs	**(15,725)**	(14,634)
Net fair value gain on interest rate swaps	**432**	216
Movement in reimbursement asset	**(399)**	(340)
Loss before tax	**(11,811)**	(11,420)
Tax income (expense)	1,079	(1,651)
Loss for the year	**(10,732)**	(13,071)
Attributable to:		
Owners	**(10,398)**	(12,531)
Non-controlling interest	**(334)**	(540)
	(10,732)	(13,071)
Loss per share	**(0.02)**	(0.02)

Condensed Statement of Comprehensive Income

	2011 €'000	2010 €'000
Loss for the year	**(10,732)**	(13,071)
Other comprehensive income:		
Revaluation of hotel properties	**(12,703)**	(20,300)
Translation difference	**1,236**	432
Share of other comprehensive income of equity accounted investments	**(5,218)**	38,427
Income tax relating to components of other comprehensive income	**3,287**	(137)
Other comprehensive (expense) income for the year	**(13,398)**	18,422
Total comprehensive (expense) income for the year	**(24,130)**	5,351
Attributable to:		
Owners	**(23,796)**	5,891
Non-controlling interest	**(334)**	(540)
	(24,130)	5,351

Condensed Balance Sheet

	2011 €'000	2010 €'000
ASSETS		
Non-current	**984,971**	994,930
Current	**81,858**	58,332
Total assets	**1,066,829**	1,053,262
EQUITY		
Total equity	**602,615**	626,745
LIABILITIES		
Non-current	**399,119**	369,129
Current	**65,095**	57,388
Total liabilities	**464,214**	426,517
Total equity and liabilities	**1,066,829**	**1,053,262**

Statement of Changes in Equity

	Share capital	Revaluation reserve	Translation reserve	Other reserve	Reporting currency conversion difference	Retained currency (accumulated losses)	Other total equity components	Total attributable to owner	Non-controlling interest	Total equity
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance at 1 January 2010	553,225	57,506	(994)	-	443	2,157	3,014	615,351	7,394	622,745
Loss for the year	-	-	-	-	-	(12,531)	-	(12,531)	(540)	(13,071)
Other comprehensive income	-	20,124	337	-	-	-	(2,039)	18,422	-	18,422
Total comprehensive income	-	20,124	337	-	-	(12,531)	(2,039)	5,891	(540)	5,351
Issue of bonus shares	1,764	(1,764)	-	-	-	-	-	-	-	-
Treasury shares	(751)	-	-	-	-	-	-	(751)	-	(751)
Dividend	-	-	-	-	-	-	-	-	(600)	(600)
Transfer to accumulated losses	-	-	-	-	-	347	(347)	-	-	-
Balance at 31 December 2010	**554,238**	**75,866**	**(657)**	**-**	**443**	**(10,027)**	**628**	**620,491**	**6,254**	**626,745**
Balance at 1 January 2011	554,238	75,866	(657)	-	443	(10,027)	628	620,491	6,254	626,745
Loss for the year	-	(10,162)	-	-	-	(10,398)	-	(20,560)	(334)	(20,894)
Other comprehensive expense	-	(4,353)	1,004	-	-	-	113	(3,236)	-	(3,236)
Total comprehensive expense	-	(14,515)	1,004	-	-	(10,398)	113	(23,796)	(334)	(24,130)
Transfer to accumulated losses	-	(6,254)	-	-	-	6,254	-	-	-	-
Balance at 31 December 2011	554,238	55,097	347	-	443	(14,171)	741	596,695	5,920	602,615

INTERNATIONAL HOTEL INVESTMENTS p.l.c.

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INTERNATIONAL HOTEL INVESTMENTS p.l.c.

PRELIMINARY STATEMENT OF THE GROUP'S ANNUAL RESULTS

For the Year Ended 31 December 2011

Condensed Cash Flow Statement

	2011 €'000	2010 €'000
Net cash from operating activities	**10,251**	19,020
Net cash from (used) in investing activities	**403**	(23,787)
Net cash used in financing activities	**(9,662)**	(18,237)
Net increase (decrease) in cash and cash equivalents	**992**	(23,004)
Cash and cash equivalents at beginning of year	25,250	48,254
Cash and cash equivalents at end of year	**26,242**	**25,250**

Selected Explanatory Notes

Basis of Preparation

This preliminary statement of annual results is being published in terms of the MFSA Listing Rule 5.54 issued by the Malta Financial Services Authority – Listing Authority.

Accounting Policies

The accounting policies have been consistently applied by all the companies within the Group and are consistent with those used in previous years

Principal Activities

International Hotel Investments p.l.c. (IHI) carries on the business of an investment company in connection with the ownership, development and operation of hotels, leisure facilities, and other activities related to the tourism industry and commercial centres. The company has a number of wholly-owned subsidiary companies and investments in associate companies through which it promotes the business of the Group.

Review of Performance

The highlight of this year's performance review was the conflict in Libya, as one of the Group's main providers of income and profitability. Ordinarily, one would have expected to see reduced consolidated revenues and profitability year on year, but fortunately this was not the case. Despite the downturn in business at Corinthia Hotel Tripoli, the Group registered consolidated revenues that were 2% higher than those registered in 2010. The hotel in Libya registered a drop in revenues of 35% equivalent to €10.6 million. All the other Group hotel properties achieved increases in revenues over last year equivalent to €13.1 million. The revenues achieved are indeed encouraging not only for the Tripoli hotel but also for those located in the other European cities as the economic downturn was still being felt in 2011. The Group's internally developed global distribution system has also continued to yield positive results, generating improved revenues since its launch last year. The percentage increases in revenue over last year were as follows: Corinthia Hotel St Petersburg 24%, Corinthia Hotel Lisbon and Corinthia Hotel Prague 18%, Corinthia Hotel Budapest 13% and Corinthia Hotel St George's Bay 8%.

Whilst consolidated direct costs increased on account of the improved hotel occupancy levels, other operating costs decreased slightly principally as a result of measures taken at Corinthia Hotel Tripoli to reduce overhead costs. These costs were however impacted by the write-off of €1.8 million in non-recurring costs incurred in prior years.

The Group registered a profit before depreciation, amortization, interest, and revaluation and other adjustments of €22.4 million compared to a profit of €22.9 million in 2010.

Whereas the depreciation charge of €24.4 million remained at the same level of the charge recognised in 2010, the valuation of the Group's investment properties resulted in a net uplift of €5.5 million mainly through the increase in value of the commercial centre in St Petersburg. On the other hand, the valuation of the Group's hotel properties resulted in a net impairment of €2.5 million. The valuation of Corinthia Hotel Prague resulted in an uplift in value with a consequent reversal of impairment of €4.5 million. Corinthia Hotel Budapest and Corinthia Hotel St George's Bay registered an impairment of €4.3 million and €2.7 million respectively.

The share of profit of €1.2 million from equity accounted investments primarily relates to IHI's 50% investment in Corinthia Hotel London and the adjoining apartments. The hotel opened in 2011 with room stock being gradually brought into operation. This staged approach together with financial charges and depreciation resulted in a loss situation which was reversed through an uplift in the value of the adjoining apartments. This programmed implementation, which was completed by year end allowed the hotel to become firmly established and its brand recognised in the London market.

The increase in finance income of €1.2 million over last year was mainly due to gains on currency translation. The increase in finance costs of €1.1 million has been due to increases in the euribor base rates, additional bank borrowings to finance the Group's investment in London and the equity stake in Medina Tower in Tripoli. As a result of an expectation of higher future interest base rates, the fair value of the interest rate swaps held by the Group improved by €0.2 million from the position recorded at December 2010.

During the year under review the Group registered a loss after tax of €10.7 million compared to a loss after tax of €13.1 million in 2010.

The total expense of €13.4 million recognised in the statement of comprehensive income mainly reflects an impairment charge, net of tax, of €10.2 million on Corinthia Hotel St Petersburg and the Group's share of impairment incurred on the value of Corinthia Hotel London amounting to €4.4 million. These impairments in value are being clawed back from revaluation reserves.

After adding the net comprehensive expense amounting to €13.4 million to the loss after tax of €10.7 million, the total comprehensive expense for 2011 amounted to €24.1 million against a total comprehensive income of €5.4 million in 2010.

State of Affairs

The conflict in Libya which ended in October 2011 impacted negatively both the operational capacity and the financial performance of Corinthia Hotel Tripoli. During the conflict the Group had taken immediate and appropriate measures to protect its staff and to maintain and safeguard its property. This strategy enabled Corinthia Tripoli Hotel to register an operating profit of €9.8 million while not sustaining any structural damage. The Group is grateful to those executives who kept the hotel operational in trying circumstances.

After its soft opening in April 2011 the management of Corinthia Hotel London took over all the remaining room stock, spa and designer suites, such that by the end of the year this property was fully operational. The adjoining twelve luxury apartments located in Whitehall Place are now in an advanced state of completion and works are expected to be finished by mid year 2012.

Despite the difficult market conditions prevailing in the European financial sector, the Group satisfactorily concluded a new credit facility agreement for €50.0 million secured by its property in St Petersburg and this bank loan was fully drawn down by year end.

Post-reporting date event

In February 2012 the Group acquired the Marina Hotel from its parent company. The proximity of these two hotels - Corinthia Hotel St George's Bay and the Marina Hotel - will result in a better optimisation of the two properties.

Outlook

In 2011 the Group showed its resilience during the turmoil brought about by the conflict in Libya together with the debt crisis in the eurozone but continues to face a number of market uncertainties. These range from a slow economic recovery, a debt crisis in the eurozone and future developments in North Africa.

The Group remains confident that in 2012, through the continued enhancement of its brand and the sustained improvement in the operating performance of its properties within a cost effective set-up, it will continue to improve its profitability.

Statement pursuant to Listing Rule 5.54.6 issued by the Listing Authority

We confirm that this Preliminary Statement of the Group's Annual Results has been agreed with the Group's auditors.

Alfred Pisani
Chairman & CEO

Joseph Fenech
Managing Director

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