



INTERNATIONAL HOTEL INVESTMENTS p.l.c.

COMPANY ANNOUNCEMENT

Half-Yearly Report

The Board of Directors of International Hotel Investments p.l.c. has approved the attached Half-Yearly Report for the period ended 30th June 2012.

This Report can also be viewed on the Company's website on www.ihiplc.com.

A handwritten signature in black ink, appearing to read 'Alfred Fabri'.

Alfred Fabri
Company Secretary

24th August 2012

Encl.



INTERNATIONAL HOTEL INVESTMENTS p.l.c.

GROUP HALF-YEARLY FINANCIAL REPORT

For the Period 1 January to 30 June 2012

Condensed Income Statement

	1 January to 30 June 2012 €'000	1 January to 30 June 2011 €'000
Revenue	56,454	48,634
Direct costs	(29,331)	(26,561)
	27,123	22,073
Other operating costs	(13,665)	(12,298)
EBITDA	13,458	9,775
Depreciation and amortisation	(11,906)	(12,040)
Results from operating activities	1,552	(2,265)
Share of loss from equity accounted investments	(7,223)	(5,437)
Finance income	2,121	160
Finance costs	(9,627)	(8,370)
Net fair value gain on interest rate swaps	554	1,231
Loss before tax	(12,623)	(14,681)
Tax income	2,947	3,488
Loss for the period	(9,676)	(11,193)
Attributable to:		
Owners of the parent	(9,506)	(10,822)
Non-controlling interest	(170)	(371)
Loss for the period	(9,676)	(11,193)
Loss per share	(0.017)	(0.020)

Condensed Balance Sheet

	At 30 June 2012 €'000	At 31 December 2011 €'000
ASSETS		
Non-current	1,010,262	984,971
Current	68,506	81,858
Total assets	1,078,768	1,066,829
EQUITY		
Total equity	594,383	602,615
LIABILITIES		
Non-current	379,764	399,119
Current	104,621	65,095
Total liabilities	484,385	464,214
Total equity and liabilities	1,078,768	1,066,829

Condensed Statement of Comprehensive Income

	1 January to 30 June 2012 €'000	1 January to 30 June 2011 €'000
Loss for the period	(9,676)	(11,193)
Other comprehensive income		
Share of other comprehensive income (expense) of equity accounted investments	1,694	(1,876)
Other comprehensive income (expense) for the period	1,694	(1,876)
Total comprehensive expense for the period	(7,982)	(13,069)
Attributable to:		
Owners of the parent	(7,812)	(12,698)
Non-controlling interest	(170)	(371)
Loss for the period	(7,982)	(13,069)

Condensed Cash Flow Statement

	1 January to 30 June 2012 €'000	1 January to 30 June 2011 €'000
Net cash from operating activities	8,572	5,084
Net cash used in investing activities	(15,241)	(2,479)
Net cash used in financing activities	(5,439)	(12,996)
Net decrease in cash and cash equivalents	(12,108)	(10,391)
Cash and cash equivalents at beginning of period	26,242	25,250
Cash and cash equivalents at end of period	14,134	14,859

Statement of Changes in Equity

	Share capital €'000	Revaluation reserve €'000	Translation reserve €'000	Reporting currency conversion difference €'000	Accumulated losses €'000	Other equity components €'000	Total attributable to owners €'000	Non- controlling interest €'000	Total equity €'000
Balance at 1 January 2011	554,238	75,866	(657)	443	(10,027)	628	620,491	6,254	626,745
Loss for the period	-	-	-	-	(10,822)	-	(10,822)	(371)	(11,193)
Other comprehensive expense	-	-	(1,934)	-	-	58	(1,876)	-	(1,876)
Total comprehensive expense for the period	-	-	(1,934)	-	(10,822)	58	(12,689)	(371)	(13,069)
Transfer to accumulated losses	-	-	-	-	-	-	-	-	-
Balance at 30 June 2011	554,238	75,866	(2,591)	443	(20,849)	686	607,793	5,883	613,676
Loss for the period	-	-	-	-	424	-	424	37	461
Other comprehensive expense	-	(14,515)	2,938	-	-	55	(11,522)	-	(11,522)
Total comprehensive expense for the period	-	(14,515)	2,938	-	424	55	(11,098)	37	(11,061)
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
Loss for the period	-	-	-	-	(9,506)	-	(9,506)	(170)	(9,676)
Other comprehensive income	-	-	1,356	-	-	338	1,694	-	1,694
Total comprehensive expense for the period	-	-	1,356	-	(9,506)	338	(7,812)	(170)	(7,982)
Transfer on acquisition of non-controlling interest	-	-	-	-	5,500	-	5,500	(5,750)	(250)
Transfer to accumulated losses	-	(274)	-	-	274	-	-	-	-
Balance at 30 June 2012	554,238	54,823	1,703	443	(17,903)	1,079	594,383	-	594,383

INTERNATIONAL HOTEL INVESTMENTS p.l.c.

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INTERNATIONAL HOTEL INVESTMENTS p.l.c.

GROUP HALF-YEARLY FINANCIAL REPORT

For the Period 1 January to 30 June 2012

Selected Explanatory Notes

Basis of Preparation

The published figures have been extracted from the unaudited management consolidated financial statements of International Hotel Investments p.l.c. ("the Group") for the six months ended 30 June 2012 and the comparative period in 2011. Comparative balance sheet information as at 31 December 2011 has been extracted from the audited financial statements of the Group for the year ended on that date. This report is being published in terms of Listing Rule 5.74 issued by the Malta Financial Services Authority - Listing 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 the Directors are stating that this Half-Yearly Financial Report has not been audited or reviewed by the Group's independent auditors.

Accounting Policies

The accounting policies adopted in the preparation of the Group's Half-Yearly Report are the same as those adopted in the preparation of the audited financial statements for the year ended 31 December 2011.

Principal Activities

International Hotel Investments p.l.c. 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

In the first six months of 2012 the Group registered an increase in consolidated revenues of 16% compared with those of the first six months of 2011. The Marina Hotel, which was acquired in early 2012, accounted for 5.6 percentage points of this increase. The remaining 10.4 percentage points were contributed by Corinthia Hotel St Petersburg, Corinthia Hotel Tripoli and CHI Limited, the operating arm of the Group. The Tripoli property is achieving good results considering recent developments in the country, whilst the hotel in St Petersburg is achieving significant year-on-year improvements as it further consolidates its market position. The Corinthia Hotel London, already recognised amongst the luxury hotels in the city, also had a very encouraging performance in the first six months of the year, but being an associate, the results of this operation are shown with the share of equity accounted investments.

The increase in direct costs reflects the improved hotel occupancy levels achieved by the properties and the costs incurred by the Marina Hotel, which is reported for the first time in 2012. Other operating costs were affected by the return to normal operations at the Corinthia Hotel Tripoli which last year were heavily curtailed in view of the conflict. Furthermore, all costs associated with the acquisition of the Marina Hotel, such as duty on documents amounting to €1.0 million, are reported under this caption.

The Group registered an operating profit before depreciation and amortisation of €13.5 million compared to €9.8 million in the corresponding period last year.

The improvement in finance income is due to interest income earned on the development loans advanced to Corinthia Hotel London and on exchange fluctuations registered on these loans denominated in Sterling. Exchange losses registered last year on these loans were recorded with finance costs. The increase in finance costs reflects the interest costs of new bank facilities concluded and fully utilised in the latter half of last year. On the expectation of higher future interest base rates, the fair value of the interest rate swaps held by the Group improved by €0.6 million from the position recorded at 31 December 2011.

The share of loss from equity accounted investments reflects the six months' operational activity at the Corinthia Hotel London. In 2011 only three months' performance was reflected in the operating results as the first quarter was still considered as a pre-operating period. The property is in the initial stages of its operational lifecycle and despite the operating profit achieved, this turned into a loss after charging depreciation and financing costs. In 2011 financing costs were mainly capitalised.

During the period under review the Group registered a loss after tax of €9.7 million compared to a loss of €11.2 million in the same period last year.

The income of €1.7 million in the Statement of Comprehensive Income reflects the Group's share of unrealised exchange rate gains on its investment in London.

State of Affairs

In February 2012, the Group finalised the acquisition, which became effective on 1 January 2012, of Marina Hotel located at St George's Bay, Malta. It is expected that this transaction will provide greater possibilities of economies of scale and synergies between the Corinthia Hotel St George's Bay and the Marina Hotel.

In May 2012, the Group acquired the 30% share in CHI Limited that it did not previously own. CHI Limited is now a wholly-owned subsidiary of the Group and the board of IHI considers that this will provide total focus to the hotel operating company which is entrusted to manage its Corinthia branded properties and to increase the number of management contracts.

The Group's working capital as at 30 June 2012 shows a deficiency of €36.1 million. This includes the €22.1 million bond maturing in February 2013 which is now being classified under current liabilities in view of the fact that it is repayable within the next 12 months. The Board is considering issuing a new bond prior to the maturity of this bond, subject to the required approvals of the MFSA, and the disposal of non-core assets to address the working capital deficiency.

As announced in April 2012 the Group is in the process of making presentations to a number of global institutional investors inviting them to participate in the subscription of new shares with a view of raising new equity capital through private placements.

Segmental Reporting – Information about reportable segments

	2012	2011	2012	2011	2012	2011	2012	2011
	European countries	European countries	Eastern European countries	Eastern European countries	North Africa	North Africa	Total	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Segment revenue	16,343	14,457	25,204	24,199	8,722	5,438	50,269	44,094
EBITDA	2,443	2,651	6,089	5,090	3,247	1,023	11,779	8,764
Depreciation and amortisation	(2,546)	(2,606)	(4,724)	(4,971)	(4,009)	(3,803)	(11,279)	(11,380)
Segment profit (loss)	(103)	45	1,365	119	(762)	(2,780)	500	(2,616)
Entity wide disclosure							Total	Total
							€'000	€'000
Segment revenue							50,269	44,094
Rental income from investment property							4,235	3,547
Hotel management company revenue							3,569	2,775
Holding company revenue							1,692	1,232
Elimination of intra group revenue							(3,311)	(3,014)
Group revenue							56,454	48,634
Segment profit or loss							500	(2,616)
Net rental income from investment property							3,801	3,134
Unallocated items							(2,122)	(2,123)
Depreciation and amortisation							(627)	(660)
							1,552	(2,265)
Share of loss from equity accounted investments							(7,223)	(5,437)
Finance income							2,121	160
Finance costs							(9,627)	(8,370)
Net fair value gain on interest rate swap							554	1,231
							(12,623)	(14,681)

Outlook

The present economic climate in the countries in which the Group operates is marked by recessionary pressures in some and a debt crisis in a number of Eurozone countries. These developments might impact the value of some of the Group's properties at year end.

Tangible Fixed Assets

Tangible fixed assets acquired during the period amounted to €2.50 million.

Capital Commitments

	€'000
Contracted for	3,200
Authorised but not yet contracted for	34,000
	37,200

Related Party Transactions

The Company has a related party relationship with its parent company, Corinthia Palace Hotel Company Limited, and other entities forming part of the Corinthia Group of Companies, of which IHI is a subsidiary. 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 IHI Group. All transactions with companies forming part of the IHI Group have been eliminated in the preparation of this consolidated Half-Yearly Report.

Summary of Related Party Transactions

	€'000
Parent and Associate company - Management fee income	1,107
Associate companies - Hotel Management fee income	817

Statement pursuant to Listing Rule 5.75.3 issued by the Listing Authority

We confirm that to the best of our knowledge:

- this condensed set of consolidated financial statements, which has been prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position, and profit or loss of IHI; and
- includes a fair review of the information required in terms of Listing Rules 5.81 to 5.84

Alfred Pisani
Chairman & CEO

Joseph Fenech
Managing Director

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