



INTERNATIONAL HOTEL INVESTMENTS p.l.c.

COMPANY ANNOUNCEMENT

Approval of Financial Statements for 2012

The Board of Directors of International Hotel Investments p.l.c. has approved the Financial Statements for the year ended 31st December 2012.

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

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

Alfred Fabri
Company Secretary

4th April 2013



INTERNATIONAL HOTEL INVESTMENTS p.l.c.

PRELIMINARY STATEMENT OF THE GROUP'S ANNUAL RESULTS

For the Year Ended 31 December 2012

Condensed Income Statement

	2012 €'000	2011 €'000
Revenue	118,567	104,223
Direct costs	(63,554)	(53,863)
	55,013	50,360
Other operating costs	(27,288)	(27,982)
EBITDA	27,725	22,378
Depreciation and amortisation	(24,208)	(24,429)
Increase in fair value of investment property	4,154	5,448
Net impairment losses on hotel properties	(7,796)	(2,497)
Results from operating activities	(125)	900
Share of profit from equity accounted investments	4,970	1,155
Finance income	1,616	1,826
Finance costs	(18,399)	(15,725)
Net fair value gain on interest rate swaps	1,010	432
Movement in reimbursement assets	(455)	(399)
Loss before tax	(11,383)	(11,811)
Tax income	950	1,079
Loss for the year	(10,433)	(10,732)
Attributable to:		
Owners of the parent	(10,263)	(10,398)
Non-controlling interest	(170)	(334)
	(10,433)	(10,732)
Loss per share	(0.02)	(0.02)

Condensed Statement of Comprehensive Income

	2012 €'000	2011 €'000
Loss for the year	(10,433)	(10,732)
Other comprehensive income:		
Items that will not be reclassified subsequently to profit or loss		
Impairment of hotel property	(10,889)	(12,703)
Share of other comprehensive income (expense) of equity accounted investments		
- Revaluation (impairment) of hotel property	18,456	(5,357)
Items that will be reclassified subsequently to profit or loss		
Translation difference	1,270	1,236
Share of other comprehensive income of equity accounted investments		
- Hedging reserve	1,239	139
Income tax relating to components of other comprehensive income	(1,752)	3,287
Other comprehensive income (expense) for the year, net of tax	8,324	(13,398)
Total comprehensive expense for the year	(2,109)	(24,130)
Attributable to:		
Owners of the parent	(1,939)	(23,796)
Non-controlling interest	(170)	(334)
	(2,109)	(24,130)

Condensed Balance Sheet

	2012 €'000	2011 €'000
ASSETS		
Non-current	1,028,062	984,971
Current	59,150	81,858
Total assets	1,087,212	1,066,829
EQUITY		
Total equity	600,256	602,615
LIABILITIES		
Non-current	409,214	399,119
Current	77,742	65,095
Total liabilities	486,956	464,214
Total equity and liabilities	1,087,212	1,066,829

Statement of Changes in Equity

	Share capital	Revaluation reserve	Translation reserve	Reporting currency conversion difference	Accumulated losses	Other total equity components	Total attributable to owner	Non-controlling interest	Total equity
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance at 1 January 2011	554,238	75,866	(657)	443	(10,027)	628	620,491	6,254	626,745
Loss for the year	-	-	-	-	(10,398)	-	(10,398)	(334)	(10,732)
Other comprehensive expense	-	(14,515)	1,004	-	-	113	(13,398)	-	(13,398)
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
Balance at 1 January 2012	554,238	55,097	347	443	(14,171)	741	596,695	5,920	602,615
Loss for the year	-	-	-	-	(10,263)	-	(10,263)	(170)	(10,433)
Other comprehensive income	-	6,285	1,032	-	-	1,007	8,324	-	8,324
Total comprehensive expense	-	6,285	1,032	-	(10,263)	1,007	(1,939)	(170)	(2,109)
Transfer on acquisition of non-controlling interest	-	-	-	-	5,500	-	5,500	(5,750)	(250)
Transfer to accumulated losses	-	(1,110)	-	-	1,110	-	-	-	-
Balance at 31 December 2012	554,238	60,272	1,379	443	(17,824)	1,748	600,256	-	600,256

INTERNATIONAL HOTEL INVESTMENTS p.l.c.

22 Europa Centre • Floriana FRN 1400 • Malta

Tel: +356 21 233141 • Fax: +356 21 234219 • Email: ihl@corinthia.com • Website: www.ihiplc.com



INTERNATIONAL HOTEL INVESTMENTS p.l.c.

PRELIMINARY STATEMENT OF THE GROUP'S ANNUAL RESULTS

For the Year Ended 31 December 2012

Condensed Cash Flow Statement

	2012 €'000	2011 €'000
Net cash from operating activities	32,538	10,251
Net cash (used in) from investing activities	(23,213)	403
Net cash used in financing activities	(24,400)	(9,662)
Net (decrease) increase in cash and cash equivalents	(15,075)	992
Cash and cash equivalents at beginning of year	26,242	25,250
Acquired cash	195	-
Cash and cash equivalents at end of year	11,362	26,242

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

In 2012 the Group registered an increase in consolidated revenues of 14% compared with those of 2011. The Marina Hotel Malta, which was acquired in early 2012, accounted for 6.5 percentage points of this increase. With the exception of the Corinthia Hotel Lisbon, all the Group's Hotels registered increases in revenues over 2011 with the best performer being the Corinthia Hotel and Commercial Centre in St Petersburg. The Corinthia Hotel Tripoli was affected by the continued state of flux in Libya following the end of the revolution in 2011. The Corinthia Hotel London registered a very encouraging performance, but being an associate, the results of this operation are reported with the share of equity accounted investments.

The moderate increase in direct costs reflects the generally improved hotel occupancy levels achieved by the hotel properties and the costs incurred by the Marina Hotel Malta which is reported for the first time in 2012. The Corinthia Hotel Tripoli returned to a normalised level of service in 2012 in consequence of which there was a corresponding increase in costs. Furthermore, all one-time costs associated with the acquisition of the Marina Hotel Malta, including duty on documents amounting to €1.0 million, are reported under operating costs.

The 2012 Group's EBITDA of €27.7 million represents an improvement of €5.3 million on the amount of €22.4 million reported in 2011.

The valuations of the Group's investment properties resulted in a net uplift of €4.1 million principally on account of the increase in value of the commercial centre adjacent to the Corinthia Hotel St Petersburg. On the other hand, the valuations of the Group's hotel properties resulted in a net impairment of €7.8 million. The valuation of Corinthia Hotel Prague resulted in an uplift of €3.5 million. This was off-set by impairments totalling €11.3 million principally on Corinthia Hotel Lisbon and Corinthia Hotel Budapest arising mainly from an increase in country risk.

The increase in finance costs reflects the interest costs of new bank facilities concluded and fully utilised towards the end of last year, notably the €50 million loan taken from Sberbank of Russia.

The share of profit from equity accounted investments principally reflects the combined results of IHI's 50% share in the Corinthia Hotel and Residences in London. 2012 was the first full year of operation for the hotel and this is reflected in a significant improvement in its EBITDA, i.e. a profit of €5.6 million as against a loss of €14.5 million registered in 2011. This was however negatively impacted by substantial charges for depreciation and finance costs resulting in a loss of €21.3 million. Conversely, this was more than compensated by a substantial uplift of €31.9 million (2011: €37.6 million) in the value of the Residences resulting in a profit of €10.6 million of which IHI's share is €5.3 million (2011: €1.0 million).

During 2012 the Group registered a loss after tax of €10.4 million compared to a loss of €10.7 million in 2011.

The income of €8.3 million recognised in the Statement of Comprehensive Income mainly reflects the Group's share of a revaluation uplift of €15.0 million, net of tax, on Corinthia Hotel London less an impairment charge of €8.7 million, net of tax, on Corinthia Hotel St Petersburg.

As a consequence of the above adjustments the Total Comprehensive Expense for 2012 amounted to €2.1 million compared to €24.1 million registered in 2011.

State of Affairs

During 2012 the Group made the following investments:

- It acquired the 100% shareholding in Marina San Gorg Limited which owns the Marina Hotel in Malta. It is expected that in the long term there will be increased economies of scale and synergies with the neighbouring Corinthia Hotel St George's Bay.
- It acquired from Wyndham the 30% share in CHI Ltd which has now become a wholly-owned subsidiary of the Group. CHI Ltd, which is entrusted to manage IHI's Corinthia branded properties, is being re-organised to enable it to spearhead further expansion in the Group's hotel operations through the management of new Group owned properties and management contracts with third parties.
- It injected a further €8.4 million in its associate company Medina Tower JSC (Libya) by way of additional equity contribution thereby bringing up the total investment to €13 million. Construction works on this project are expected to commence within the next few months with an anticipated forty two month construction period. IHI has a 25% shareholding in this project.
- It contributed a total of €13.5 million to the Corinthia Hotel London and Residences which enabled the whole project to reach a state of practical completion. This project is owned through a 50/50 joint venture with Lafico (Libya).

In December 2012 a new Bond was issued for €20 million at 5.8% interest per annum. These funds were utilised to repay the two Bonds totalling €22 million maturing in February 2013 with the balance of €2 million being met out of the Group's cash flow. The new Bond issue was oversubscribed.

The Group's working capital as at the end of December 2012 shows a deficiency of €18.6 million. This deficiency will be addressed through the projected improvements in operating performance and through the anticipated disposal of the London Residences.

The Board of Directors of IHI remains firmly committed to dispose of the Residences in London. Negotiations are still ongoing with interested bidders with the ultimate objective of maximising shareholder returns.

Additionally, IHI also remains in active discussions with sovereign wealth funds and large institutions with the ultimate purpose of raising fresh capital to enable the Group to move ahead in its overall vision to acquire new properties in Europe, North America and Asia, and thereby expand the Corinthia brand.

Further progress on the sale of the Residences and the capital raising exercise will be reported in due course once there are firm commitments in hand.

Outlook

The overall global economic situation in 2013 remains challenging, but there are signs of recovery which should positively impact the Group's performance. The Group is therefore confident that the results for 2013 will show an improvement over those for 2012.

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

INTERNATIONAL HOTEL INVESTMENTS p.l.c.

22 Europa Centre • Floriana FRN 1400 • Malta

Tel: +356 21 233141 • Fax: +356 21 234219 • Email: ihicorinthia.com • Website: www.ihiplc.com