



INTERNATIONAL HOTEL INVESTMENTS p.l.c.

## COMPANY ANNOUNCEMENT

*The following is a Company Announcement by International Hotel Investments Plc pursuant to Malta Stock Exchange Bye-Law 6.05.06(i).*

At a Meeting held on 24<sup>th</sup> September 2002, the Board of Directors of International Hotel Investments Plc approved the attached Interim Financial Statements for the six months ended 30<sup>th</sup> June 2002.

Alfred Fabri  
Company Secretary

*25<sup>th</sup> September 2002*



INTERNATIONAL HOTEL INVESTMENTS p.l.c.

**Interim Financial Report**

for the Period 1 January 2002 to 30 June 2002

**Consolidated Profit and Loss Account**

	1 January 2002 to 30 June 2002 Lm	1 January 2001 to 30 June 2001 Lm
Revenue	6,776,122	1,978,136
Direct Costs	(4,767,984)	(1,660,351)
<b>Gross Profit</b>	<b>2,008,138</b>	<b>317,785</b>
Other Operating Income	147,605	38,700
Amortisation of Goodwill	46,168	(51,585)
Other Operating Costs	(2,064,342)	(650,956)
<b>Operating Profit / (Loss) before Exceptional Item</b>	<b>137,569</b>	<b>(346,056)</b>
Exceptional Item	-	(96,426)
<b>Operating Profit / (Loss)</b>	<b>137,569</b>	<b>(442,482)</b>
Interest Receivable and Similar Income	24,396	626,710
Income from Associates	64,430	37,816
Investment Revalued to Fair Value	-	1,041,912
Interest Payable and Similar Charges	(630,848)	(292,522)
Unrealised Exchange Differences on Group Balances	1,007,094	-
Other Unrealised Exchange Differences	820,352	-
<b>Profit before Taxation</b>	<b>1,422,993</b>	<b>971,434</b>
Taxation	(165,838)	(145,106)
<b>Profit for the Period</b>	<b>1,257,155</b>	<b>826,328</b>
<b>Earnings Per Share</b>	<b>0.027</b>	<b>0.021</b>

**Condensed Consolidated Balance Sheet**

	At 30 June 2002 Lm	At 31 December 2001 Lm
<b>Fixed Assets</b>	<b>96,639,658</b>	<b>67,955,524</b>
<b>Current Assets</b>	<b>10,960,298</b>	<b>17,992,934</b>
<b>Creditors: Amounts Falling due within One Year</b>	<b>(17,862,358)</b>	<b>(23,704,199)</b>
<b>Net Current Liabilities</b>	<b>(6,902,060)</b>	<b>(5,711,265)</b>
<b>Total Assets Less Current Liabilities</b>	<b>89,737,598</b>	<b>62,244,259</b>
<b>Creditors: Amounts Falling due after more than One Year</b>	<b>(31,384,042)</b>	<b>(7,037,094)</b>
<b>Deferred Taxation</b>	<b>(7,984,861)</b>	<b>(7,769,560)</b>
	<b>50,368,695</b>	<b>47,437,605</b>
<b>Capital and Reserves</b>	<b>50,368,695</b>	<b>47,437,605</b>

**Consolidated Statement of Changes in Equity**

	Total Lm	Called Up Issued Share Capital Lm	Convertible Bonds Reserve Lm	Equity Issue Costs Lm	Translation Reserve Lm	Other Reserve Lm	Profit and Loss Account Lm
<b>At 1 January 2002</b>	47,437,605	46,582,793	338,895	(348,343)	321,784	-	542,476
Issue of Ordinary Shares	1,417,207	1,417,207	-	-	-	-	-
Foreign Exchange Translation Differences	256,728	-	-	-	256,728	-	-
Profit for the Period	1,257,155	-	-	-	-	-	1,257,155
Transfer to Other Reserve	-	-	-	-	-	1,344,161	(1,344,161)
<b>At 30 June 2002</b>	<b>50,368,695</b>	<b>48,000,000</b>	<b>338,895</b>	<b>(348,343)</b>	<b>578,512</b>	<b>1,344,161</b>	<b>455,470</b>
<b>At 1 January 2001</b>	40,128,086	40,000,000	338,895	(329,874)	26,927	8,358	83,780
Foreign Exchange Translation Differences	93,686	-	-	-	93,686	-	-
Profit for the Period	826,328	-	-	-	-	-	826,328
Transfer from Other Reserve	-	-	-	-	-	(8,358)	8,358
<b>At 30 June 2001</b>	<b>41,048,100</b>	<b>40,000,000</b>	<b>338,895</b>	<b>(329,874)</b>	<b>120,613</b>	<b>-</b>	<b>918,466</b>



INTERNATIONAL HOTEL INVESTMENTS p.l.c.

**Interim Financial Report**

for the Period 1 January 2002 to 30 June 2002

**Condensed Consolidated Cash Flow Statement**

	1 January 2002 to 30 June 2002	1 January 2001 to 30 June 2001
	Lm	Lm
Net Cash from / (used in) Operating Activities	1,986,821	(555,183)
Net Cash used in Investing Activities	(25,621,916)	(1,352,358)
Net Cash from / (used in) Financing Activities	17,807,040	(623,290)
Effect of Exchange Rate Fluctuations on Cash Held	10,779	(51,779)
Effect of Exchange Rate Fluctuations on the Translation of Cash Flows of Foreign Operations	-	8,123
Net Decrease in Cash and Cash Equivalents	(5,817,276)	(2,574,487)
Cash and Cash Equivalents at Beginning of Period	9,105,582	16,853,738
Cash and Cash Equivalents at End of Period	3,288,306	14,279,251

**Selected Explanatory Notes**

**Basis of Preparation**

The published figures, which are in compliance with the requirements of International Accounting Standard 34 'Interim Financial Reporting', have been extracted from the unaudited management consolidated accounts of International Hotel Investments p.l.c. ("the Group") for the six months ended 30 June 2002 and its comparative period 2001. Comparative balance sheet information for the year ended 31 December 2001 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 the Bye-laws of the Malta Stock Exchange section 6.05.06(i).

The accounting policies adopted in the preparation of these interim financial statements are the same as those that had been adopted in the preparation of the audited financial statements for the year ended 31 December 2001.

**Review of Performance**

During the first six months of 2002, the Group registered a Profit before Taxation of Lm1,422,993, compared to Lm971,434 during the corresponding period last year.

On a consolidated basis, turnover during the period under review increased by nearly Lm4.8 million from just under Lm 2.0 million during the corresponding period last year. This substantial increase in turnover reflects the performance of the Corinthia Alfa Hotel in Lisbon, Portugal and that of the Corinthia Nevskij Palace Hotel in St Petersburg, Russian Federation, which were acquired in August 2001 and January 2002 respectively. In consequence, an Operating Profit of Lm137,569 for the period under review was achieved, which represents an improvement of Lm483,625 over the corresponding amount (before an exceptional item) registered last year, this notwithstanding the downturn in business following the 11 September 2001 tragic events.

Income of Lm64,430, net of goodwill amortisation amounting to Lm10,975, was earned from the Group's 20% investment in its associated companies, C.H.I. Limited and Quality Project Management Ltd.

**Seasonality**

These Interim Financial Statements reflect the lower revenues and operating profits associated with the seasonality of the hospitality industry which is characterised by low revenues and returns during the winter months. An improvement in both turnover and operating profits is expected in the second half of 2002 compared to the first six months' results.

**Unrealised Exchange Gains**

The net profit for the period under review includes unrealised gains on exchange differences amounting to Lm1,827,446, resulting from the movement of foreign currencies against the reporting currencies of the Group companies.

**Issue of Shares**

During the period under review the Group issued 1,417,207 Lm1 Ordinary Shares. As a result the Lm8,000,000 Rights Issue of December 2001 was fully subscribed.

**Segmental Information**

	Malta	EU Member States	Other European Countries	Consolidation Adjustments	The Group
	Lm	Lm	Lm	Lm	Lm
Segment Revenue	1,886,846	2,152,835	3,352,345	(615,904)	6,776,122
Segment Result	(340,689)	(383,524)	785,613	76,169	137,569
Operating Profit Before Depreciation	56,438	692,654	803,418	76,169	1,628,679

The Corinthia Grand Hotel Royal, located in Hungary, has not yet commenced operations.

**Tangible Fixed Assets**

Tangible fixed assets acquired during the period amounted to Lm29,055,150.

**Commitments**

**(a) Capital Expenditure Commitments**

Lm

Tangible Fixed Assets Contracted for:

IHI Hungary Rt (Grand Hotel Royal) 14,124,888

**(b) Operating Lease Payments**

Non-cancellable operating lease rentals relating to leasehold land and buildings are payable as follows:

Lm

Less than One Year 42,021

Two to Five Years 175,438

After Five Years 4,929,844

5,147,303

**Related Party Transactions**

1 January 2002

to 30 June 2002

Lm

**Marketing Costs**

Expenses charged by C.H.I. Limited to:

Five Star Hotels Limited 28,754

Alfa Investimentos Turisticos Lda 16,256

IHI St Petersburg LLC 32,761

**Administrative Expenses**

Management Fee charged by Corinthia Palace

Hotel Company Limited to IHI 36,000

Management Fees charged by C.H.I. Limited to:

Five Star Hotels Limited 38,337

Alfa Investimentos Turisticos Lda 32,096

IHI St Petersburg LLC 63,493

Incentive Fees charged by C.H.I. Limited to:

Five Star Hotels Limited 30,290

Alfa Investimentos Turisticos Lda 31,680

IHI St Petersburg LLC 168,267

Sundry Expenses charged by Corinthia Palace Hotel Company Ltd.

and its Subsidiary Companies to the Group 27,512

Sundry Expenses charged by C.H.I. Limited to

Alfa Investimentos Turisticos Lda 45,852

Expensed 551,298

**Tangible Fixed Assets**

Construction and Related Services provided by Quality Project Management Limited to IHI Hungary Rt

Capitalised 261,775

This Interim Financial Report was approved by the Board of Directors on 24 September 2002.

**International Hotel Investments p.l.c.**

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