



INTERNATIONAL HOTEL INVESTMENTS p.l.c.

COMPANY ANNOUNCEMENT

The following is a Company Announcement by International Hotel Investments Plc pursuant to MFSA Listing Authority Listing Rule 8.6.19

At a Meeting held on 13th October 2004, the Board of Directors of International Hotel Investments Plc approved the attached Group Half-Yearly Report.

A handwritten signature in black ink, appearing to read 'Alfred Fabri'. The signature is fluid and cursive, with the first letters being larger and more prominent.

Alfred Fabri
Company Secretary

13th October 2004



INTERNATIONAL HOTEL INVESTMENTS p.l.c.

GROUP HALF-YEARLY REPORT

For the Period 1 January 2004 to 30 June 2004

Condensed Profit and Loss Account

	1 January to 30 June 2004 EUR	1 January to 30 June 2003 EUR
Revenue	22,341,319	16,296,623
Direct Costs	(13,388,100)	(12,473,083)
Gross Profit	8,953,219	3,823,540
Amortisation of Goodwill	-	(209,348)
Other Operating Costs	(6,494,275)	(6,396,926)
Other Operating Income	91,565	276,261
Operating Profit/(Loss)	2,550,509	(2,506,473)
Staff Indemnities	-	(1,035,884)
Pre-Operating Expenses	(2,269,027)	(1,189,594)
Net Financing Costs	(3,996,573)	(3,512,083)
Realised Exchange Differences	(10,265)	59,963
Unrealised Net Exchange Differences on Intra-Group Balances	139,493	(93,516)
Other Unrealised Net Exchange Differences	(592,209)	704,909
Income/(Loss) from Associates	173,759	(12,265)
Loss before Taxation	(4,004,313)	(7,584,943)
Taxation	2,979,579	(121,575)
Loss for the Period	(1,024,734)	(7,706,518)
Loss Per Share	(1) cent	(6.5) cents

Condensed Balance Sheet

	At 30 June 2004 EUR	At 31 December 2003 EUR
Fixed Assets	335,481,808	323,740,479
Current Assets	20,166,445	16,730,415
Creditors:		
Amounts Falling due within One Year	(67,263,137)	(45,741,804)
Net Current Liabilities	(47,096,692)	(29,011,389)
Total Assets Less Current Liabilities	288,385,116	294,729,090
Creditors:		
Amounts Falling due after more than One Year	(136,514,362)	(138,584,093)
Provisions for Liabilities and Charges		
Deferred Taxation	(20,426,369)	(25,315,578)
Provision for Charges	(345,000)	(345,000)
	(20,771,369)	(25,660,578)
	131,099,385	130,484,419
Capital and Reserves	131,099,385	130,484,419

Statement of Changes in Equity

	Total EUR	Called Up Issued Share Capital EUR	Revaluation Reserve EUR	Translation Reserve EUR	Reporting Currency Conversion Difference EUR	Convertible Bonds Reserve EUR	Other Reserve EUR	Profit and Loss Account EUR
At 1 January 2003: As Previously Reported	127,391,344	119,051,165	8,624,343	(637,916)	443,352	832,200	-	(921,800)
Impact of Adopting IFRS 3	12,902,608	-	-	-	-	-	-	12,902,608
As Restated	140,293,952	119,051,165	8,624,343	(637,916)	443,352	832,200	-	11,980,808
Loss for the Period	(7,706,518)	-	-	-	-	-	-	(7,706,518)
Foreign Exchange Translation Differences	(308,029)	-	-	(308,029)	-	-	-	-
At 30 June 2003	132,279,405	119,051,165	8,624,343	(945,945)	443,352	832,200	-	4,274,290
Issue of Shares	2,324	2,324	-	-	-	-	-	-
Foreign Exchange Translation Differences	(189,548)	-	-	(189,548)	-	-	-	-
Loss for the Period	(1,607,762)	-	-	-	-	-	-	(1,607,762)
Transfer to Other Reserve	-	-	-	-	-	-	627,736	(627,736)
At 31 December 2003	130,484,419	119,053,489	8,624,343	(1,135,493)	443,352	832,200	627,736	2,038,792
Deferred Taxation	1,459,504	-	1,459,504	-	-	-	-	-
Foreign Exchange Translation Differences	180,196	-	-	180,196	-	-	-	-
Loss for the Period	(1,024,734)	-	-	-	-	-	-	(1,024,734)
Transfer from Other Reserve	-	-	-	-	-	-	(627,736)	627,736
At 30 June 2004	131,099,385	119,053,489	10,083,847	(955,297)	443,352	832,200	-	1,641,794



INTERNATIONAL HOTEL INVESTMENTS p.l.c.

GROUP HALF-YEARLY REPORT

For the Period 1 January 2004 to 30 June 2004

Condensed Cash Flow Statement

	1 January to 30 June 2004 EUR	1 January to 30 June 2003 EUR
Net Cash From/(Used in) Operating Activities	3,576,861	(263,493)
Net Cash Used in Investing Activities	(10,972,248)	(12,114,351)
Net Cash From Financing Activities	6,049,838	9,174,941
Effect of Exchange Rate Fluctuations on Cash Held	(17,255)	111,446
Net Decrease in Cash and Cash Equivalents	(1,362,804)	(3,091,457)
Cash and Cash Equivalents at Beginning of Period	3,383,649	12,096,455
Cash and Cash Equivalents at End of Period	2,020,845	9,004,998

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 2004 and its comparative period in 2003. Comparative balance sheet information as at 31 December 2003 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 9.54 issued by the Malta Financial Services Authority – Listing Authority, and has been prepared in accordance with the applicable Listing Rules and the International Accounting Standard 34, 'Interim Financial Reporting'. The financial statements published in this Half-Yearly Report are condensed in accordance with the form and content requirements of this standard.

Accounting Policies

The accounting policies adopted in the preparation of this Group Half-Yearly Report are the same as those adopted in the preparation of the audited financial statements for the year ended 31 December 2003.

Review of Performance

The Group's turnover for the six month period to 30 June 2004 amounted to Euro 22.34 million reflecting an increase of 37% on the turnover for the comparable period last year. The main factors giving rise to this increase were the opening of the Corinthia Alfa Hotel in May 2004, in time for the Euro 2004 football championships, and the gradual maturity of the Corinthia Grand Hotel Royal coupled with the steady recovery of the Hungarian hospitality industry. This increase in turnover resulted in an operating profit of Euro 2.55 million against last year's operating loss of Euro 2.51 million, a turnaround of over Euro 5 million.

The pre-operating expenses of Euro 2.27 million represent one-time start-up costs such as payroll, training and marketing expenses incurred in providing the necessary set-up for the opening of the Corinthia Alfa Hotel.

Net financing costs amounted to Euro 3.99 million as compared to Euro 3.51 million during the comparative period in 2003, an increase of Euro 0.48 million. This was mainly due to interest incurred on new short term banking facilities that were utilised in 2004 and a full six month interest charge on the 2003 Bond issue compared to a 4 1/2 month charge for 2003. The weakening of the Euro during the first six months of 2004 resulted in unrealised net exchange losses of Euro 0.59 million, mainly arising on the translation of liabilities denominated in Maltese Lira.

During the period under review, the Group registered a Loss before Taxation of Euro 4 million compared to a Loss before Taxation for the comparative period last year of Euro 7.56 million.

On the strength of professional tax advice the charge for deferred taxation on the revaluation of immovable properties located in the Russian Federation has been revised downwards by applying the tax rate applicable in the jurisdiction where these properties are situated instead of the higher tax rate applicable in the jurisdiction where the owning company is located. The effect of such a reduction in so far as it relates to investment property has been recognised in the profit and loss account, whereas that relating to the hotel property has been recognised in equity.

Segmental Information

	Malta		Other	Other	Consolidation Adjustments	The Group
	Hotel Properties	Corporate Business	European Union Countries	European Countries		
	EUR	EUR	EUR	EUR	EUR	EUR
Segment Revenue	3,608,047	592,784	10,316,009	8,417,263	(592,784)	22,341,319
Segment Result	(655,219)	(592,050)	632,603	3,027,608	137,567	2,550,509

State of Affairs

During the first six months of 2004 the Group spent Euro 15 million in capital expenditure primarily connected with the refurbishment programme at the Corinthia Alfa Hotel. This outflow was financed by short term bank loans. These facilities are expected to be replaced by a combination of long term bank loans that have already been sanctioned and by the injection of further funds by the parent company and other equity in the process of negotiation.

Outlook

The Group estimates that this year's performance will continue to improve when compared to last year as a result of a general upturn in the hospitality industry across Europe, the lifting of the US sanctions on Libya, and the fact that as from May 2004 the Group has been operating with a full inventory of its hotel rooms after the completion of the refurbishment programme at the Corinthia Alfa Hotel in Lisbon.

Tangible Fixed Assets

Tangible fixed assets acquired during the period amounted to Euro 15,081,452.

Capital Expenditure Commitments

	EUR
Tangible Fixed Assets Contracted for:	
Alfa Investimentos Turisticos LDA	5,000,000
Five Star Hotels Limited	25,000
IHI Benelux BV	2,517,000
	7,542,000
Authorised but not yet Contracted for:	
Five Star Hotels Limited	1,658,000
IHI Hungary rt	4,723,000
	13,923,000

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 entered into with these companies are subject to review by the Related Parties Transactions Committee which provides comfort to the Audit Committee and 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 entered into with companies forming part of the IHI Group have been eliminated in the preparation of the consolidated Half-Yearly Report of IHI.

In the course of its operations, the Group has a number of arrangements in place with its officers, executives, shareholders and other related parties, whereby special offers are made available for hospitality services rendered to them.

This Half-Yearly Report was approved by the Board of Directors on 13 October 2004.