



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 8.6.2

At a Meeting held on 27th October 2005, the Board of Directors of International Hotel Investments Plc approved the Half-Yearly Report for period ended 30th June 2005.

A copy of the Half-Yearly Report for period ended 30th June 2005 is attached.

Alfred Fabri
Company Secretary

27th October 2005



INTERNATIONAL HOTEL INVESTMENTS p.l.c.

Group Half-Yearly Report
for the period 1 January 2005 to 30 June 2005

Condensed Income Statement

	1 January to 30 June 2005 EUR	1 January to 30 June 2004 EUR
Revenue	26,034,183	22,341,319
Direct Costs	(18,253,796)	(13,388,100)
Gross Profit	7,780,387	8,953,219
Other Operating Income	276,329	91,565
Other Operating Expenses	(8,437,597)	(8,763,302)
Operating (Loss)/Profit before financing costs	(380,881)	281,482
Net Financing Costs	(4,674,497)	(4,459,554)
Share of profit on Associates	169,422	127,932
Loss before Taxation	(4,885,956)	(4,050,140)
Income Tax (Expense) / Income	(148,884)	3,025,406
Loss for the Period	(5,034,840)	(1,024,734)
Loss Per Share	(0.04)	(0.01)

Condensed Balance Sheet

	At 30 June 2005 EUR	At 31 December 2004 EUR
Assets		
Non-Current Assets	334,012,490	336,451,704
Current Assets	15,015,771	13,293,510
	349,028,261	349,745,214
Equity		
Total Equity	139,406,262	134,295,276
Liabilities		
Non-Current Liabilities	171,699,273	156,973,475
Current Liabilities	37,922,726	58,476,463
Total Liabilities	209,621,999	215,449,938
Total Equity and Liabilities	349,028,261	349,745,214

Condensed Cash Flow Statement

	1 January to 30 June 2005 EUR	1 January to 30 June 2004 EUR
Net Cash From Operating Activities	8,168,090	3,576,861
Net Cash Used in Investing Activities	(10,949,812)	(10,972,248)
Net Cash From Financing Activities	2,740,638	6,049,838
Effect of Exchange Rate Fluctuations on Cash Held	(18,099)	(17,255)
Net Decrease in Cash and Cash Equivalents	(59,183)	(1,362,804)
Cash and Cash Equivalents at Beginning of Period	234,620	3,383,649
Cash and Cash Equivalents at End of Period	175,437	2,020,845

Statement of Changes in Equity

	Total EUR	Share Capital EUR	Revaluation Reserve EUR	Translation Reserve EUR	Reporting Currency Conversion Difference EUR	Convertible Bonds Reserve EUR	Other Reserve EUR	Accumulated Losses EUR
At 1 January 2004	127,259,903	119,053,489	8,624,343	(1,135,493)	443,352	832,200	627,736	(1,185,724)
Deferred Taxation	1,459,504	-	1,459,504	-	-	-	-	-
Loss for the Period	(1,024,734)	-	-	-	-	-	-	(1,024,734)
Transfer to Other Reserve	-	-	-	-	-	-	-	-
Foreign Exchange Translation Differences	180,196	-	-	180,196	-	-	-	-
At 30 June 2004	127,874,869	119,053,489	10,083,847	(955,297)	443,352	832,200	627,736	(2,210,458)
Issue of Shares	10,000,000	10,000,000	-	-	-	-	-	-
Revaluation of Hotel Property, Net of Deferred Taxation	3,786,076	-	3,786,076	-	-	-	-	-
Foreign Exchange Translation Differences	(275,672)	-	-	(275,672)	-	-	-	-
Loss for the Period	(7,089,997)	-	-	-	-	-	-	(7,089,997)
Transfer to Other Reserve	-	-	-	-	-	-	185,252	(185,252)
At 31 December 2004	134,295,276	129,053,489	13,869,923	(1,230,969)	443,352	832,200	812,988	(9,485,707)
Issue of Shares	10,000,000	10,000,000	-	-	-	-	-	-
Foreign Exchange Translation Differences	145,826	-	-	145,826	-	-	-	-
Loss for the Period	(5,034,840)	-	-	-	-	-	-	(5,034,840)
Transfer from Other Reserve	-	-	-	-	-	-	(302,474)	302,474
At 30 June 2005	139,406,262	139,053,489	13,869,923	(1,085,143)	443,352	832,200	510,514	(14,218,073)

INTERNATIONAL HOTEL INVESTMENTS p.l.c.

22 Europa Centre, Floriana VLT15, Malta.

Tel: +(356) 21 233 141 • Fax: +(356) 21 234 219 • Email: ihi@corinthia.com • Website: www.corinthia.com



INTERNATIONAL HOTEL INVESTMENTS p.l.c.

Group Half-Yearly Report
for the period 1 January 2005 to 30 June 2005

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 2005 and its comparative period in 2004. Comparative Balance Sheet information as at 31 December 2004 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.

The Group Half-Yearly Report is presented by reference to one of the alternative formats set out in the Third Schedule to the Companies Act, 1995 and the overriding requirements of IAS 1, Presentation of Financial Statements. During the current period, the Directors changed the format of the Balance Sheet, as allowed by the Act, to reflect current practices in financial reporting.

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 2004.

Review of Performance

The Group's turnover for the six-month period to 30 June 2005 amounted to Euro 26.03 million, reflecting an increase of 16% on the turnover levels for the corresponding period last year. The main reasons for this increase were a full six months of trading in 2005 for the Corinthia Alfa Hotel in Lisbon compared with a six-week trading performance in the first six months of 2004, coupled with the fact that higher revenues were also generated by the Corinthia Grand Hotel Royal in Budapest once this property achieved a higher level of operational maturity. The Group registered an operating loss of Euro 0.38 million against a corresponding profit of Euro 0.28 million last year. It must, however, be pointed out that whilst at face value it appears that with a higher turnover the Group's operating margins decreased, this year's operating results are burdened by a higher incidence of depreciation on the Corinthia Alfa Hotel.

Net financing costs amounted to Euro 4.67 million as compared to Euro 4.45 million during the comparative period in 2004, an increase of Euro 0.22 million. This was mainly due to interest incurred on short-term banking facilities.

During the period under review, the Group registered a Loss before Taxation of Euro 4.88 million compared to a Loss before Taxation for the comparative period last year of Euro 4.05 million. In 2004, the Group had recognised a positive one-time reversal of a deferred tax charge previously taken in 2003 on the fair value adjustment of the properties adjacent to the Corinthia Nevskij Palace Hotel in the Russian Federation.

State of Affairs

During the first six months of 2005, the Group issued and allotted 10 million shares of Euro 1 each to its parent company, Corinthia Palace Hotel Company Limited, and drew upon long-term banking facilities in the amount of Euro 12.5 million. These funds were utilised to settle the bridge loans that had been made available to the Group by financial institutions and the outstanding amounts payable to capital creditors in connection with the refurbishment of the Corinthia Alfa Hotel. The above resulted in an improvement in net working capital from a deficiency of Euro 45 million at the end of last year to a deficiency of Euro 23 million at the end of June 2005.

Segmental Information	Malta		Other	Other	Consolidation	The Group
	Hotel Property	Corporate Business	European Union Countries	European Countries		
	EUR	EUR	EUR	EUR	EUR	EUR
Segment Revenue	4,064,399	696,382	13,808,628	8,161,156	(696,382)	26,034,183
Segment Result	(486,903)	(1,939,647)	(2,484,019)	2,939,840	1,589,848	(380,881)

Outlook

The Group remains confident that the operating performance before depreciation for the current financial year will be better than that achieved in 2004 even though the expectations for the Corinthia Alfa Hotel, in view of a soft market environment, will be below those registered in 2004 when the results were positively influenced by the one-time performance of the European football finals. However, a stronger overall performance by the other three hotels in Malta, Budapest and the Russian Federation respectively, will mitigate the shortfalls in the performance of the Lisbon hotel. In the meantime, the removal of the US Sanctions continues to leave a positive impact on the Group's operations. Notwithstanding the above, it appears that this year's performance will not meet prior expectations. However, the planned refurbishment of the Corinthia San Gorg Hotel commencing in the next few months, the imminent completion of the Spa and the Apartments at the Corinthia Grand Hotel Royal and the new project in Russia starting next year should further contribute to the long-term profitability of the Group.

Tangible Fixed Assets

Tangible fixed assets acquired during the period amounted to Euro 3,051,725 mainly with respect to the soft refurbishment of the Corinthia Nevskij Palace Hotel in Russia.

Capital Expenditure Commitments

	EUR
Tangible Fixed Assets Contracted for:	
IHI Benelux BV	4,544,000
IHI Hungary zRt	4,570,000
	<u>9,114,000</u>
Authorised but not yet Contracted for:	
Five Star Hotels Limited	5,825,000
IHI Benelux BV	503,000
	<u>15,442,000</u>

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 Transaction 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 Group. All transactions entered into with Group 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 Group Half-Yearly Report was approved by the Board of Directors on 27th October 2005.