



INTERNATIONAL HOTEL INVESTMENTS p.l.c.

COMPANY ANNOUNCEMENT

At a meeting held on 9th April 2009, the Board of Directors of International Hotel Investments p.l.c. approved the Preliminary Statement of Annual Results for 2008.

The Board of Directors has carried out fixed asset valuations and in terms of Listing Rule 8.7.22, details of such valuations are available at the Office of the Company Secretary.

A copy of the Preliminary Statement of Annual Results for 2008 is attached.

The Board of Directors do not recommend the payment of a Dividend.

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

Alfred Fabri
Company Secretary

13th April 2009



INTERNATIONAL HOTEL INVESTMENTS p.l.c.

PRELIMINARY STATEMENT OF THE GROUP'S ANNUAL RESULTS

For the Year Ended 31 December 2008

Condensed Income Statement

	2008 €'000	2007 €'000
Turnover	127,966	104,182
Direct costs	(78,782)	(65,710)
Gross profit	49,184	38,472
Other operating costs	(28,565)	(22,340)
Net reversal of impairment losses on hotel properties	3,543	0
Revaluation to fair value of investment properties	26,253	7,723
Impairment of goodwill	(15,114)	0
Results from operating activities	35,301	23,855
Finance income	5,512	3,860
Finance costs	(15,854)	(13,720)
Net fair value (loss) gain on Interest Rate Swaps	(3,294)	64
Share of profit (loss) of equity accounted investments	622	(34)
Profit before tax	22,287	14,025
Tax expense	(8,284)	(4,016)
Profit for the year	14,003	10,009
Attributable to:		
Equity holders of the Company	13,602	9,594
Minority interest	401	415
Profit for the year	14,003	10,009
Earnings per share	0.03	0.03

Condensed Balance Sheet

	2008 €'000	2007 €'000
ASSETS		
Non-current assets	922,487	802,332
Current assets	100,147	190,998
Total assets	1,022,634	993,330
EQUITY		
Total equity	624,093	585,559
LIABILITIES		
Non-current	336,644	339,335
Current	61,897	68,436
Total liabilities	398,541	407,771
Total equity and liabilities	1,022,634	993,330
Net asset value per share	1.12	1.08

Statement of Changes in Equity

	Attributable to Equity Holders of the Company							Total	Minority interest	Total equity
	Share capital	Revaluation reserve	Translation reserve	Other reserve	Reporting currency conversion difference	Accumulated profits (losses)	Other equity components			
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance at 1 January 2007	162,101	30,751	(1,068)	603	443	(20,022)	4,206	177,014	6,574	183,588
Revaluation of hotel property, net of deferred taxation	-	21,925	-	-	-	-	-	21,925	-	21,925
Income and expenses recognised directly in equity	-	21,925	-	-	-	-	-	21,925	-	21,925
Profit for the year	-	-	-	-	-	9,594	-	9,594	415	10,009
Total income and expenses for the year	-	21,925	-	-	-	9,594	-	31,519	415	31,934
Issue of bonus shares	4,961	(4,961)	-	-	-	-	-	-	-	-
Conversion of bonds	37	-	-	-	-	-	-	37	-	37
Issue of ordinary shares	370,000	-	-	-	-	-	-	370,000	-	370,000
Cost of bonus shares re-acquired	(398)	-	-	-	-	-	-	(398)	-	(398)
Proceeds from re-issue of bonus share re-acquired	398	-	-	-	-	-	-	398	-	398
Transfer from accumulated profits (losses)	-	-	-	779	-	(779)	-	-	-	-
Balance at 31 December 2007	537,099	47,715	(1,068)	1,382	443	(11,207)	4,206	578,570	6,989	585,559
Balance at 1 January 2008	537,099	47,715	(1,068)	1,382	443	(11,207)	4,206	578,570	6,989	585,559
Revaluation (impairment) of hotel property, net of deferred taxation	-	24,530	-	-	-	-	-	24,530	-	24,530
Income and expenses recognised directly in equity	-	24,530	-	-	-	-	-	24,530	-	24,530
Profit for the year	-	-	-	-	-	13,602	-	13,602	401	14,003
Total income and expenses for the year	-	24,530	-	-	-	13,602	-	38,132	401	38,533
Issue of bonus shares	16,113	(16,113)	-	-	-	-	-	-	-	-
Conversion of bonds	1	-	-	-	-	-	-	1	-	1
Transfer from accumulated profits (losses)	-	-	-	(1,004)	-	1,004	-	-	-	-
Balance at 31 December 2008	553,213	56,132	(1,068)	378	443	3,399	4,206	616,703	7,390	624,093

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INTERNATIONAL HOTEL INVESTMENTS p.l.c.

PRELIMINARY STATEMENT OF THE GROUP'S ANNUAL RESULTS

For the Year Ended 31 December 2008

Condensed Statement of Cash Flows

	2008 €'000	2007 €'000
Net cash from operating activities	44,214	29,321
Net cash used in investing activities	(93,541)	(37,878)
Net cash (used in) from financing activities	(46,489)	155,216
Net (decrease) increase in cash and cash equivalents	(95,816)	146,659
Cash and cash equivalents at 1 January	165,713	19,054
Cash and cash equivalents at end of year	69,897	165,713

Selected Explanatory Notes

Basis of Preparation

This preliminary statement of annual results is being published in terms of the MFSA Listing Rule 9.35 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. 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. The Company has a number of wholly-owned subsidiaries through which it furthers the business of the Group.

Review of Performance

The Group's turnover for 2008 amounted to €127.97 million, reflecting an increase of 23% on the turnover registered in 2007. Part of this increase is attributable to the fact that the results of both the Corinthia Bab Africa Hotel and Commercial Centre in Tripoli and the Corinthia Hotel Prague have, in 2008, been included for the full year, whereas in 2007 they were only included as from the month following acquisition, that is June 2007. Moreover, while the hotels in Tripoli and Lisbon registered significant increases in their turnover levels over the previous year, the Russian and Czech hotel properties registered a decrease, with the properties in Malta and Hungary retaining a stable position. In the case of the Corinthia Nevskij Palace Hotel in St Petersburg, the revenues were negatively affected by the current project works, while in the case of the Corinthia Hotel Prague the reduction in turnover reflects the general slowdown in business experienced by the city in 2008. This net improvement on turnover levels underpins the Group's gross profit of €49.18 million, an increase of €10.71 million or 28% on the equivalent profit registered in 2007.

Following the annual revaluation of the Group's hotel properties at the end of 2008, as a result of the continued improved performance of the Lisbon property, the Group reversed an impairment that had been recognised on this property in previous years amounting to €12.84 million. On the other hand, the Group recognised impairment losses of €1.23 million on the Corinthia Hotel St George's Bay in Malta and of €8.07 million on the Corinthia Hotel Prague.

The fair values of the investment properties held by the Group in St Petersburg, were increased by a net amount of €3.5 million on the basis of an expert opinion of Colliers International, a firm of real estate consultants. The Group also recognised a revaluation uplift of €5 million on the Commercial Centre in Tripoli, Libya and a further €18 million on a parcel of land adjacent to the Corinthia Bab Africa Hotel on which, in 2008, the Group acquired a 99-year lease with development rights.

State of Affairs

During 2008, works on the Nevskij Palace Project in St Petersburg proceeded according to plan. A major component of the project featured the total refurbishment and reorganisation of the existing hotel's foyer, restaurants, bar and public areas. These areas were completed and became fully operational in June 2008. On completion of the whole project, targeted for the second quarter of 2009, the hotel will increase its room stock by 105 executive rooms and will benefit from new conference facilities. The development will also have 15,000 square metres of retail and office space for rental to third-parties.

The construction of the new spa and health centre at the Corinthia Lisbon Hotel is now almost complete and it is expected to have a soft opening in April 2009.

On acquisition and following extensive consultations with local authorities and neighbouring residents, the planning application for the redevelopment of the Metropole Building and 10 Whitehall Place in London has been approved. The project will include a 296-room luxury Corinthia Hotel, a spa and 12 up-market apartments. Construction works are expected to start in May 2009 and project completion is planned for the end of 2010. IHI has a one-third ownership in this project and has been entrusted by its partners, Nakheel Hotels of Dubai and LFICO of Libya, to lead the development project. During 2008, IHI invested £35 million (€43.16 million) in NLI Ltd. which is the company set up for this purpose.

In 2008, the Group in partnership with LFICO, committed itself to a mixed-use development of a five-star deluxe hotel, office, and residential complex in Benghazi, Libya. The application for the building permit and other groundwork necessary for this project are currently in progress.

The Group is in the process of putting in place the administrative set-up for the 50:50 strategic investment with Intourist (Russia). The purpose of this venture is to develop and operate jointly four- and five-star hotels across the Russian Federation. However, in view of the impact of the current global economic crisis the two parties have now agreed to put this project on hold.

In line with its expansion plans underpinned by the exclusive licence to operate under the Corinthia, Wyndham and Ramada brands in Europe, the Middle East and North Africa, the Group's hotel operating company, CHI Limited, has signed a number of new hotel management agreements with third-party owners for the future operation of their hotels.

Outlook

After an encouraging first half of 2008, the hospitality industry in general started to face the challenges brought about by the international economic recession. This dampened the original outlook of the Group's activities for the whole of 2008 and may have an even bigger impact on the Group's operational results for 2009. To counteract this difficult period the Group is taking all the necessary measures to tap new markets, streamline its operations and reduce costs without impinging on the quality of the service provided by its properties.

Statement pursuant to Listing Rule 9.35 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
- the Directors' Report includes a fair review of the information required in terms of Listing Rule 9.35

Alfred Pisani
Chairman & CEO

Joseph Fenech
Managing Director

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