INTERNATIONAL HOTEL INVESTMENTS p.l.c.

COMPANY ANNOUNCEMENT

Approval of Financial Statements for 2009

The Board of Directors of International Hotel Investments p.l.c. has approved the Financial Statements for the year ended 31st December 2009.

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

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.

Alfred Fabri
Company Secretary

15th April 2010

22 Europa Centre – Floriana FRN 1400 – Malta – Tel (356) 21233141 – Fax (356) 21234219
e-mail: ihi@corinthia.com – www.ihiplc.com – Co. Reg. No: C26136

INTERNATIONAL HOTEL INVESTMENTS p.l.c.

PRELIMINARY STATEMENT OF THE GROUP'S ANNUAL RESULTS

For the Year Ended 31 December 2009

Condensed Income Statement

	2009 €'000	2008 €'000
Revenue	**103,320**	127,966
Direct costs	**(48,184)**	(57,449)
Marketing and administrative expenses	**(23,559)**	(26,583)
Other income (expenses)	**48**	(570)
	31,625	43,364
Depreciation and amortisation	**(24,779)**	(22,664)
Impairment of goodwill	**-**	(15,114)
Increase in fair value of investment property	**12,064**	26,253
Net impairment (losses) reversal on hotel properties	**(22,334)**	3,543
Results from operating activities	**(3,424)**	35,382
Share of profit from equity accounted investments	**14,483**	622
Finance income	**2,071**	5,512
Finance costs	**(12,590)**	(15,854)
Net fair value loss on interest swaps	**(1,604)**	(3,294)
Movement in reimbursement assets	**(505)**	(81)
(Loss) profit before tax	**(1,569)**	22,287
Tax expense	**(47)**	(8,284)
(Loss) profit for the year	**(1,616)**	14,003
Attributable to:		
Owners of the parent	**(1,620)**	13,602
Non-controlling interest	**4**	401
	(1,616)	14,003
Basic earnings per share	**(0.00)**	0.03

Condensed Statement of Comprehensive Income

	2009 €'000	2008 €'000
(Loss) profit for the year	**(1,616)**	14,003
Other comprehensive income		
Revaluation of hotel properties	**2,671**	36,320
Share of other comprehensive income of equity accounted investments and translation differences	**(1,118)**	-
Income tax relating to components of other comprehensive income	**(1,297)**	(11,790)
Other comprehensive income for the year, net of tax	**256**	24,530
Total comprehensive income for the year	**(1,360)**	38,533
Attributable to:		
Owners of the parent	**(1,364)**	38,132
Non-controlling interest	**4**	401
	(1,360)	38,533

Condensed Balance Sheet

	2009 €'000	2008 €'000	2007 €'000
ASSETS			
Non-current	**961,213**	922,487	802,332
Current	**76,467**	100,147	190,998
Total assets	**1,037,680**	1,022,634	993,330
EQUITY			
Total equity	**622,745**	624,093	585,559
LIABILITIES			
Non-current	**339,587**	336,644	339,335
Current	**75,348**	61,897	68,436
Total liabilities	**414,935**	398,541	407,771
Total equity and liabilities	**1,037,680**	1,022,634	993,330
Net asset value per share	**1.13**	1.13	1.09

Statement of Changes in Equity

	Share capital €'000	Revaluation reserve €'000	Translation reserve €'000	Other reserve €'000	Reporting currency conversion difference €'000	Retained earnings (accumulated losses) €'000	Other equity components €'000	Total attributable to owners of the parent €'000	Non-controlling interest €'000	Total equity €'000
Balance at 1 January 2007	162,101	30,751	(1,068)	603	443	(20,022)	4,206	177,014	6,574	183,588
Profit for the year	-	-	-	-	-	9,594	-	9,594	415	10,009
Other comprehensive income	-	21,925	-	-	-	-	-	21,925	-	21,925
Total comprehensive income	-	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
Transfer from accumulated 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
Profit for the year	-	-	-	-	-	13,602	-	13,602	401	14,003
Other comprehensive income	-	24,530	-	-	-	-	-	24,530	-	24,530
Total comprehensive income	-	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 other reserve	-	-	-	(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**
Balance at 1 January 2009	553,213	56,132	(1,068)	378	443	3,399	4,206	616,703	7,390	624,093
Loss for the year	-	-	-	-	-	(1,620)	-	(1,620)	4	(1,616)
Other comprehensive income	-	1,374	74	-	-	-	(1,192)	256	-	256
Total comprehensive income	-	1,374	74	-	-	(1,620)	(1,192)	(1,364)	4	(1,360)
Conversion of bonds	12	-	-	-	-	-	-	12	-	12
Transfer from other reserve	-	-	-	(378)	-	378	-	-	-	-
Balance at 31 December 2009	**553,225**	**57,506**	**(994)**	**-**	**443**	**2,157**	**3,014**	**615,351**	**7,394**	**622,745**

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INTERNATIONAL HOTEL INVESTMENTS p.l.c.

PRELIMINARY STATEMENT OF THE GROUP'S ANNUAL RESULTS

For the Year Ended 31 December 2009

Condensed Cash Flow Statement

	2009 €'000	2008 €'000
Net cash from operating activities	**26,810**	44,214
Net cash used in investing activities	**(59,680)**	(93,541)
Net cash from (used in) financing activities	**11,227**	(46,489)
Net decrease in cash and cash equivalents	**(21,643)**	(95,816)
Cash and cash equivalents at 1 January	**69,897**	165,713
Cash and cash equivalents at 31 December	**48,254**	69,897

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, other activities related to the tourism industry and commercial centres. The Company has a number of investments in subsidiary and associate companies through which it furthers the business of the Group.

Review of Performance

The Group's revenues for 2009 amounted to €103.3 million, reflecting a decrease of €24.6 million or 19% on the turnover levels registered in 2008. The geographical spread of its hotels has enabled the Group to limit the impact of the effects of the recession on its feeder markets. In fact, the gross profit from operating activities before depreciation amounted to €31.6 million representing a profit conversion of 30.6% on revenue as opposed to a profit conversion of 33.9% registered in 2008 which amounted to €43.3 million. This healthy profit retention on revenues, notwithstanding the fact that a substantial part of the Group's costs are fixed or semi-variable in nature, is the result of further cost efficiency and rationalisation measures introduced by the Group in 2009.

In its financial statements for 2008, the Group had registered a significant increase in the carrying amount of its properties, both on account of the continued development activities carried out during the year, as well as through uplifts in value as recommended by independent professional valuing firms. This had resulted in a substantial positive effect on the income statement for that year through the revaluation to fair value of investment properties amounting to €26.3 million and a net positive effect of €3.5 million resulting from a reversal of impairments in value of hotel properties recognised in previous years. In 2008, the Group had also recognised an impairment of goodwill amounting to €15.1 million. The final effect of all the above was a net gain of €14.7 million.

In 2009, in view of the global recession, the value of some of the Group's hotel properties computed on the basis of future cash flows discounted to present day values, was negatively affected. The properties mostly affected were those in Central Europe. This impairment was however off-set by the geographical and sectoral diversification of the Group's activities which resulted in uplifts in values of the Group's properties located in the United Kingdom, Russia and Libya. The final effect of these adjustments was a net revaluation uplift of €4.2 million.

Finance income decreased from €5.5 million in 2008 to €2.1 million in 2009 due to the reduction in interest rates on the international markets and the part utilisation of the Group's surplus cash for investment and capital expenditure purposes. Similarly, finance costs decreased from €15.9 million in 2008 to €12.6 million in 2009 mainly as a result of the positive effect of the reduction in interest rates. The reduction in the euro base rate, however, triggered a fair value loss of €1.6 million on the two interest rate swap arrangements that the Group currently has in place. As it is the intention of the Group to hold on to these instruments, this negative fair value adjustment will reverse over time and in particular once these instruments reach their maturity.

During 2009, the Group registered a loss after tax of €1.6 million compared to a profit after tax of €14 million registered in 2008.

State of Affairs

In 2009, the Group invested €59.7 million mainly on two projects. In the case of the London development the Group increased its shareholding from 33.3% to 50%. During 2009 the Nevskij Palace project in St Petersburg was also completed. The amount spent on investing activities was financed through €26.8 million of cash generated from operations, €11.2 million from the Group's financing activities and by €21.7 million from cash balances brought forward from 2008.

During the year under review, the Group raised an additional €44.4 million through a new bond issued on the Malta Stock Exchange and from bank borrowings. It also repaid €20.6 million in bank loans for a net increase in total borrowings of €23.8 million. Notwithstanding the difficulties faced by the international banking sector in 2009, the Group succeeded in securing a £135 million syndicated bank loan for its associate company NLI Limited to part finance the acquisition and development of the Corinthia Hotel and Residences in London, which project is expected to be completed by the end of 2010.

During 2009, the Group, in partnership with LFICO, stepped up its efforts on the 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 now at an advanced stage and construction works are expected to commence soon.

In July 2009, the Group's hotel operating company CHI Limited, in line with its objective to also operate third-party properties, started to operate the Tiran Island Hotel in Sharm El Sheikh, Egypt, under a management agreement from a third-party owner.

Outlook

To reduce the effect of the turbulent economic period that followed the global financial crisis, the Group continued to follow its strategy of improving its operational efficiencies, diversifying its business, ensuring healthy interest covers and retaining prudent loan to equity ratios. On the international scene there are now signs of a gradual yet slow recovery of the hospitality industry in general and this augurs well for the Group's activities.

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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