



GROUP HALF-YEARLY REPORT

For the Period 1 January to 30 June 2011

Condensed Income Statement

	1 January to 30 June 2011 €000	1 January to 30 June 2010 €000
Revenue	48,634	49,417
Direct costs	(26,561)	(25,224)
	22,073	24,193
Other operating costs	(12,298)	(13,250)
	9,775	10,943
Depreciation and amortisation	(12,040)	(11,991)
Results from operating activities	(2,265)	(1,048)
Share of loss from equity accounted investments	(5,437)	(1,362)
Finance income	160	430
Finance costs	(8,370)	(7,209)
Net fair value gain (loss) on interest rate swaps	1,231	(1,141)
Loss before tax	(14,681)	(10,330)
Tax income	3,488	1,140
Loss for the period	(11,193)	(9,190)
Attributable to:		
Owners of the parent	(10,822)	(8,954)
Non-controlling interest	(371)	(236)
Loss for the period	(11,193)	(9,190)
Basic loss per share	(0.020)	(0.017)

Condensed Balance Sheet

	At 30 June 2011 €000	At 31 December 2010 €000
ASSETS		
Non-current	982,276	994,930
Current	60,089	58,332
Total assets	1,042,365	1,053,262
EQUITY		
Total equity	613,676	626,745
LIABILITIES		
Non-current	361,583	369,129
Current	67,106	57,388
Total liabilities	428,689	426,517
Total equity and liabilities	1,042,365	1,053,262

Condensed Statement of Comprehensive Income

	1 January to 30 June 2011 €000	1 January to 30 June 2010 €000
Loss for the period	(11,193)	(9,190)
Other comprehensive income		
Translation difference	-	(46)
Share of other comprehensive income of equity accounted investments	(1,876)	(3,454)
Other comprehensive income for the period	(1,876)	(3,500)
Total comprehensive income for the period	(13,069)	(12,690)

Condensed Cash Flow Statement

	1 January to 30 June 2011 €000	1 January to 30 June 2010 €000
Net cash from operating activities	5,084	2,199
Net cash used in investing activities	(2,479)	(1,307)
Net cash used in financing activities	(12,996)	(20,718)
Net decrease in cash and cash equivalents	(10,391)	(19,826)
Cash and cash equivalents at beginning of period	25,250	48,254
Cash and cash equivalents at end of period	14,859	28,428

Statement of Changes in Equity

	Share capital	Revaluation reserve	Translation reserve	Other reserve	Reporting currency conversion difference	Retained earnings (accumulated losses)	Other equity components	Total attributable to owners of the parent	Non-controlling interest	Total equity
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
Balance at 1 January 2010	553,213	57,506	(994)	-	443	2,157	3,014	615,351	7,394	622,745
Loss for the period	-	-	-	-	-	(8,954)	-	(8,954)	(236)	(9,190)
Other comprehensive income	-	-	(46)	-	-	-	(3,454)	(3,500)	-	(3,500)
Total income and expenses for the period	-	-	(46)	-	-	(8,954)	(3,454)	(12,454)	(236)	(12,690)
Transfer to accumulated losses	-	-	-	-	-	347	(347)	-	-	-
Balance at 30 June 2010	553,225	57,506	(1,040)	-	443	(6,450)	(787)	602,897	7,158	610,055
Loss for the period	-	-	-	-	-	(3,577)	-	(3,577)	(304)	(3,881)
Other comprehensive income	-	20,124	383	-	-	-	1,415	21,922	-	21,922
Total income and expenses for the period	-	20,124	383	-	-	(3,577)	1,415	18,345	(304)	18,041
Issue of bonus shares	1,764	(1,764)	-	-	-	-	-	-	-	-
Treasury shares	(751)	-	-	-	-	-	-	(751)	-	(751)
Dividend paid	-	-	-	-	-	-	-	-	(600)	(600)
Balance at 31 December 2010	554,238	75,866	(657)	-	443	(10,027)	628	620,491	6,254	626,745
Loss for the period	-	-	-	-	-	(10,822)	-	(10,822)	(371)	(11,193)
Other comprehensive income	-	-	(1,934)	-	-	-	58	(1,876)	-	(1,876)
Total income and expenses for the period	-	-	(1,934)	-	-	(10,822)	58	(12,698)	(371)	(13,069)
Transfer from other equity components	-	-	-	-	-	-	-	-	-	-
Balance at 30 June 2011	554,238	75,866	(2,591)	-	443	(20,849)	686	607,793	5,883	613,676



INTERNATIONAL HOTEL INVESTMENTS p.l.c.

GROUP HALF-YEARLY REPORT

For the Period 1 January to 30 June 2011

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 2011 and the comparative period in 2010. Comparative balance sheet information as at 31 December 2010 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 5.74 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. In terms of Listing Rule 5.75.5 the Directors are stating that this Half-Yearly Financial Report has not been audited or reviewed by the Group's independent auditors.

Accounting Policies

The accounting policies adopted in the preparation of the Group's Half-Yearly Report are the same as those adopted in the preparation of the audited financial statements for the year ended 31 December 2010.

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 and commercial centres. The Company has a number of wholly-owned subsidiary companies and investments in associate companies through which it promotes the business of the Group.

Review of Performance

In the first six months of 2011 the Group registered consolidated revenues that are in line with those of the first six months of 2010 despite the downturn in business at the Corinthia Hotel Tripoli resulting from the current situation in Libya. The Group's other hotel properties achieved an overall growth of 20% compared to the corresponding period last year mainly reflecting the slow yet steady economic recovery which started to leave its positive effects in the last six months of last year. The percentage increases in revenue were as follows: The Corinthia Hotel Lisbon and Corinthia Hotel Prague - 26%, the Corinthia Hotel St Petersburg - 23%, Corinthia Hotel St George's Bay - 13%, and Corinthia Hotel Budapest - 11%. The Group's internally developed global distribution system has continued to yield positive results generating higher revenues since its launch last year.

Direct and other operating costs were relatively unchanged relative to the comparative period. Whilst direct costs increased on account of the improved hotel occupancy levels, other operating costs decreased mainly as a result of measures taken at Corinthia Hotel Tripoli to reduce overhead costs and on account of the non recurrence of costs incurred in 2010.

The Group registered an operating profit before depreciation and amortisation of €9.8 million compared to €10.9 million in the corresponding period last year.

The decrease in finance income and the increase in finance expenses have been due to the utilisation of bank balances and additional bank borrowings for the Group's investment in London and the equity stake in Medina Tower. As a result of an expectation of higher future interest base rates, the fair value of the interest rate swaps held by the Group improved by €1.2 million from the position recorded at December 2010.

The share of loss from equity accounted investments reflects three months of pre-operating activity and its associated marketing costs and three months of initial soft operational activity at the Corinthia Hotel London.

During the period under review the Group registered a loss after tax of €1.19 million compared to a loss of €1.19 million in the same period last year.

The charge of €1.9 million in the Statement of Comprehensive Income reflects the Group's share of unrealised exchange rate losses on its investment in London.

Property in Libya

The conflict in Libya in the past months impacted negatively both the operational capacity and the financial performance of the Corinthia Hotel Tripoli. The Group took immediate and appropriate measures to protect its staff and its property and to minimise the impact on the operational results. All expatriate staff were evacuated with the exception of a small nucleus of executives that is entrusted with managing the day-to-day operations with the primary objective of maximising revenues, matching costs with current demand levels, and maintaining and safeguarding the property.

Given the downturn in business, the value of the Group's property in Libya as at the reporting date would normally need to be tested for impairment. Such an exercise is based on projected cash flows discounted to present day value. In view of the unpredictable situation in Libya, such a test would necessarily need to take into account a number of alternative scenarios which would however exacerbate the sensitivity of the whole exercise. Although it is evident that the value of the property in Libya has been impaired, the extremely fluid and volatile situation in the country does not allow a reliable quantification of the anticipated decrease.

State of Affairs

In April 2011 the Corinthia Hotel London welcomed its first paying guests. The Hotel's room stock is being gradually released to operations in a programmed manner. The adjoining twelve luxury apartments located in Whitehall Place should be completed by the end of this year.

Following the issue of 1.76 million bonus shares and buy-back programme in August 2010, 751,338 shares were bought back by the Company during 2010. The Company's share capital was reduced in February 2011 following the statutory three-month notification period.

Segmental Reporting – Information about reportable segments

	2011	2010	2011	2010	2011	2010	2011	2010
	European countries	European countries	Eastern European countries	Eastern European countries	North Africa	North Africa	Total	Total
Segment revenue	14,457	11,920	24,199	20,188	5,438	12,474	44,094	44,582
EBITDA	2,651	1,691	5,090	2,900	1,023	5,839	8,765	10,430
Depreciation and amortisation	(2,606)	(2,723)	(4,971)	(5,227)	(3,803)	(4,000)	(11,380)	(11,950)
Impairments / reversals	-	-	-	-	-	-	-	-
Segment profit or loss	45	(1,032)	119	(2,327)	(2,779)	1,839	(2,615)	(1,520)
Entity wide disclosure							Total	Total
Segment revenue							44,094	44,582
Rental income from investment property							3,547	3,325
Hotel management company revenue							2,775	2,053
Holding company revenue							1,232	1,442
Elimination of intra group revenue							(3,014)	(1,985)
Group revenue							48,634	49,417
Segment profit or loss							(2,615)	(1,520)
Net rental income from investment property							3,134	3,136
Unallocated items							(2,124)	(2,039)
Depreciation							(77)	(42)
Amortisation							(583)	(583)
							(2,265)	(1,048)
Share of loss from equity accounted investments							(5,437)	(1,362)
Finance income							160	430
Finance costs							(8,370)	(7,209)
Net fair value gain (loss) on interest rate swap							1,231	(1,141)
							(14,681)	(10,330)

Outlook

The present economic climate in the countries in which the Group operates is characterised by different factors: being a slow economic growth in some, a great uncertainty due to the conflict in Libya, and a debt crisis in a number of Eurozone countries. These developments might, in all probability, impact the value of some of the Group's properties at year end.

The Group continues to pursue a multifaceted strategy intended to achieve growth in occupancy levels and in room rates and cost containment.

Since the entry into force of international sanctions on designated Libyan entities the Group has complied with the relevant conditions. At the same time it has obtained the necessary licences from the United Nations, the United States and Governments in various European Union jurisdictions that enabled it to carry on with its business operations.

Tangible Fixed Assets

Tangible fixed assets acquired during the period amounted to €2.40 million.

Capital Commitments

	€000
Property, plant and equipment:	
Contracted for:-	
Alfa Investimentos Turisticos Lda (Corinthia Hotel Lisbon)	650
IHI Hungary zrt (Corinthia Hotel Budapest)	400
IHI Towers sro (Corinthia Hotel Prague)	1,000
	2,050
Authorised but not yet contracted for:-	
Alfa Investimentos Turisticos Lda (Corinthia Hotel Lisbon)	200
IHI Hungary zrt (Corinthia Hotel Budapest)	400
IHI Benelux B.V. (Corinthia Hotel St Petersburg)	10,000
	10,600

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 Audit Committee which provides comfort to 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 this consolidated Half-Yearly Report.

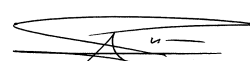
Summary of Related Party Transactions

	€000
Parent and Associated companies – Management fee income	300

Statement pursuant to Listing Rule 5.75.3 issued by the Listing Authority

We confirm that to the best of our knowledge:

- this condensed set of consolidated financial statements, which has been prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position, and profit or loss of IHI; and
- includes a fair review of the information required in terms of Listing Rules 5.81 to 5.84


Alfred Pisani
Chairman & CEO


Joseph Fenech
Managing Director

INTERNATIONAL HOTEL INVESTMENTS p.l.c.
22 Europa Centre ~ Floriana FRN 1400 ~ Malta

Tel: +356 21 233141 ~ Fax +356 21 234219 ~ Email: ih@corinthia.com ~ Website: www.ihiplc.com