



INTERNATIONAL HOTEL INVESTMENTS p.l.c.

## GROUP HALF-YEARLY REPORT

For the Period 1 January to 30 June 2015

### Condensed Income Statement

	1 January to 30 June 2015 €'000	1 January to 30 June 2014 €'000
Revenue	55,384	55,589
Direct costs	(28,203)	(30,985)
	27,181	24,604
Other operating costs	(12,933)	(12,204)
<b>EBITDA</b>	<b>14,248</b>	<b>12,400</b>
Depreciation and amortisation	(8,371)	(9,162)
<b>Results from operating activities</b>	<b>5,877</b>	<b>3,238</b>
Share of loss from equity accounted investments	(2,326)	(11,184)
Finance income	982	828
Finance costs	(6,634)	(7,598)
Net fair value gain on interest rate swaps	-	1,003
<b>Loss before tax</b>	<b>(2,101)</b>	<b>(13,713)</b>
Tax income	1,207	6,038
<b>Loss for the period</b>	<b>(894)</b>	<b>(7,675)</b>
<b>Attributable to:</b>		
Owners of the parent	(894)	(7,675)
<b>Loss for the period</b>	<b>(894)</b>	<b>(7,675)</b>
<b>Loss per share</b>	<b>(0.002)</b>	<b>(0.014)</b>

### Condensed Statement of Comprehensive Income

	1 January to 30 June 2015 €'000	1 January to 30 June 2014 €'000
<b>Loss for the period</b>	<b>(894)</b>	<b>(7,675)</b>
<b>Other comprehensive income</b>		
Share of other comprehensive income of equity accounted investments	10,011	3,929
<b>Other comprehensive income for the period</b>	<b>10,011</b>	<b>3,929</b>
<b>Total comprehensive income (expense) for the period</b>	<b>9,117</b>	<b>(3,746)</b>

### Condensed Balance Sheet

	At 30 June 2015 €'000	At 31 December 2014 €'000
<b>ASSETS</b>		
Non-current	960,448	961,305
Current	67,911	50,735
<b>Total assets</b>	<b>1,028,359</b>	<b>1,012,040</b>
<b>EQUITY</b>		
<b>Total equity</b>	<b>603,931</b>	<b>594,814</b>
<b>LIABILITIES</b>		
Non-current	358,359	354,402
Current	66,069	62,824
<b>Total liabilities</b>	<b>424,428</b>	<b>417,226</b>
<b>Total equity and liabilities</b>	<b>1,028,359</b>	<b>1,012,040</b>

### Condensed Cash Flow Statement

	1 January to 30 June 2015 €'000	1 January to 30 June 2014 €'000
Net cash from operating activities	12,168	14,601
Net cash used in investing activities	(2,774)	(1,737)
Net cash used in financing activities	(3,877)	(5,723)
<b>Net increase in cash and cash equivalents</b>	<b>5,517</b>	<b>7,141</b>
Cash and cash equivalents at beginning of period	17,850	5,491
<b>Cash and cash equivalents at end of period</b>	<b>23,367</b>	<b>12,632</b>

### Statement of Changes in Equity

	Share capital	Revaluation reserve	Translation reserve	Reporting currency conversion difference	Accumulated losses	Other equity components	Total attributable to owners	Non- controlling interest	Total equity
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance at 1 January 2014	554,238	84,668	95	443	(16,448)	3,495	626,491	-	626,491
Loss for the period	-	-	-	-	(7,675)	-	(7,675)	-	(7,675)
Other comprehensive income	-	-	3,566	-	-	363	3,929	-	3,929
Total income and expenses for the period	-	-	3,566	-	(7,675)	363	(3,746)	-	(3,746)
Distribution of dividend	-	-	-	-	(16,627)	-	(16,627)	-	(16,627)
<b>Balance at 30 June 2014</b>	<b>554,238</b>	<b>84,668</b>	<b>3,661</b>	<b>443</b>	<b>(40,750)</b>	<b>3,858</b>	<b>606,118</b>	<b>-</b>	<b>606,118</b>
Loss for the period	-	-	-	-	(8,602)	-	(8,602)	(20)	(8,622)
Other comprehensive income	-	(5,688)	1,723	-	-	633	(3,332)	-	(3,332)
Total income and expenses for the period	-	(5,688)	1,723	-	(8,602)	633	(11,934)	(20)	(11,954)
Transfer to accumulated losses	-	(415)	-	-	415	-	-	-	-
Share capital contribution of non-controlling interest	-	-	-	-	-	-	-	650	650
Balance at 31 December 2014	554,238	78,565	5,384	443	(48,937)	4,491	594,184	630	594,814
Loss for the period	-	-	-	-	(894)	-	(894)	-	(894)
Other comprehensive income	-	-	10,011	-	-	-	10,011	-	10,011
Total income and expenses for the period	-	-	10,011	-	(894)	-	9,117	-	9,117
<b>Balance at 30 June 2015</b>	<b>554,238</b>	<b>78,565</b>	<b>15,395</b>	<b>443</b>	<b>(49,831)</b>	<b>4,491</b>	<b>603,301</b>	<b>630</b>	<b>603,931</b>

INTERNATIONAL HOTEL INVESTMENTS p.l.c.

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INTERNATIONAL HOTEL INVESTMENTS p.l.c.

## GROUP HALF-YEARLY REPORT

For the Period 1 January to 30 June 2015

### 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 2015 and the comparative period in 2014. Comparative balance sheet information as at 31 December 2014 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 International Accounting Standard 34, 'Interim Financial Reporting'. 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 2014.

#### 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 subsidiary companies and investments in associate companies through which it promotes the business of the Group.

#### Review of Performance

During the first six months of 2015 the Group registered an increase in revenues and operating profits in its hotels in Malta, Prague, Budapest, Lisbon and London. These properties registered double digit growth in revenues, ranging from a high of 21% at the Marina Hotel to 12% in Corinthia Hotel St George's Bay, both in Malta. CHI, the Group's operating company, registered an increase in revenue of 14%. Of even greater significance is the fact that the improvements in revenue streams were mostly retained and converted into a higher Group EBITDA. This positive performance was however negatively impacted by the political and economic conditions in Russia and in Libya. In the case of St Petersburg this was principally affected by the devaluation of the Rouble relative to corresponding period last year. On the other hand the hotel in Tripoli was closed for most of the reporting period this year.

In consequence of the above, the Group registered an operating profit before depreciation and amortisation (EBITDA) of €14.2 million compared to €12.4 million in the corresponding period last year.

Finance costs reduced by €1.0 million, mainly on account of the expiry of an interest rate swap and lower EURIBOR rates.

For the period under review, the London Hotel registered a 9% increase in revenue to €34.5 million and a 27% increase in EBITDA to €7.2 million. IHI's 50% share of the London Hotel results are reported in the income statement as 'Share of loss from equity accounted investments'. This line item reports the net result after deducting depreciation and amortisation, interest costs and taxes.

During the period under review the Group registered a loss after tax of €0.9 million compared to the loss of €7.6 million reported in the same period last year.

The income of €10.0 million in the Statement of Comprehensive Income reflects the Group's share of unrealised gains on currency movements on its investment in London.

#### State of Affairs and Outlook

The general business outlook for IHI's hotels in Malta, Prague, Budapest, Lisbon and London remains positive with year-on-year growth forecasted in both turnover and operating profits.

In Tripoli, following the incident earlier in the year at the hotel, management has taken all the necessary steps to reinstate the hotel to an operational mode. A gradual reopening is under way, providing certain services in line with demand. Office accommodation at the adjacent Commercial Centre, is fully leased out, albeit with minor discounts allowed to the present tenants.

In Russia, the performance of the Corinthia Hotel St Petersburg continues to be adversely affected by the volatility of the Rouble and a decrease in international demand for hotel services in the country due to sanctions in place.

The foregoing conditions which have negatively affected the financial performance of Corinthia Hotel Tripoli and Corinthia Hotel St Petersburg are expected to persist for the remainder of the year.

In May, the Group issued a €45 million 5.75% bond maturing in 2025 which was heavily oversubscribed. The proceeds of the issue were used for the early redemption of the €35 million 6.25% bond issue 2015-2019, with the balance being allocated to the partial financing of the Island Hotel Group Holdings p.l.c. (IHGH) acquisition.

On 1 July 2015, the Group made a voluntary public bid for the acquisition of all the shares of IHGH. On the closing date of the bid, shareholders representing 99.68% of the issued share capital of IHGH accepted the offer. On 10 August 2015 the transaction was completed with the shares transferred to IHI. As announced earlier, IHI intends to maximise synergies in Malta by merging the operations of IHGH into its own operating structures. IHI also intends to enhance development opportunities on the adjoining sites in St Julian's Malta, where it aims to redevelop fully the combined land plots.

In April 2015, IHI secured financing of €12 million with funds drawn in the second semester.

#### Segmental Reporting – Information about reportable segments

	2015	2014	2015	2014	2015	2014	2015	2014
	European countries	European countries	Eastern European countries	Eastern European countries	North Africa	North Africa	Total	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Segment revenue	20,767	17,992	25,193	23,770	533	6,030	46,493	47,792
EBITDA	4,402	3,164	5,375	4,284	(1,713)	(55)	8,064	7,393
Depreciation and amortisation	(2,133)	(2,212)	(3,885)	(4,703)	(1,627)	(1,625)	(7,645)	(8,540)
Segment profit or loss	2,269	952	1,490	(419)	(3,340)	(1,680)	419	(1,147)

Entity-wide disclosure	€'000	€'000
Segment revenue	46,493	47,792
Rental income from investment property	4,962	5,103
Hotel management company revenue	6,418	5,588
Holding company revenue	1,700	1,146
Elimination of intra group revenue	(4,189)	(4,040)
Group revenue	55,384	55,589
Segment profit or loss	419	(1,147)
Net rental income from investment property	4,523	4,670
Unallocated items	1,661	370
Depreciation and amortisation	(726)	(655)
	5,877	3,238
Share of loss from equity accounted investments	(2,326)	(11,184)
Finance income	982	828
Finance costs	(6,634)	(7,598)
Net fair value gain on interest rate swap	-	1,003
	(2,101)	(13,713)

#### Tangible Fixed Assets

Tangible fixed assets acquired during the period amounted to €3.0 million.

Capital Commitments	€'000
Contracted for (Acquisition of IHGH):-	
Due within one year	21,000
Due after more than one year	18,000

#### 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 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 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 company – Management fee income	1,111
Associated companies – Hotel management fee income	3,784

#### Bond sinking funds

As provided in the prospectus of its bonds, the Company has set up a sinking fund for the repayment of bonds on maturity and has set aside €3.0 million for this purpose.

#### Statement in terms of 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

Frank Xerri de Caro  
Senior Independent Director

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