INTERNATIONAL HOTEL INVESTMENTS p.l.c.

GROUP HALF-YEARLY REPORT

For the Period 1 January to 30 June 2009

Condensed Income Statement

	1 January to 30 June 2009 €'000	1 January to 30 June 2008 €'000
Turnover	**51,395**	64,305
Direct costs	**(34,211)**	(39,048)
Gross profit	**17,184**	25,257
Other operating costs	**(13,004)**	(14,254)
Results from operating activities	**4,180**	11,003
Finance income	**1,499**	3,160
Finance costs	**(6,120)**	(8,236)
Net fair value (loss) gain on interest rate swaps	**(1,230)**	15
Share of profit of equity accounted investments	**239**	68
(Loss) profit before income tax	**(1,432)**	6,010
Income tax expense	**(1,380)**	(3,705)
(Loss) profit for the period	**(2,812)**	2,305
Attributable to:		
Equity holders of the Company	**(2,689)**	2,213
Minority interest	**(123)**	92
(Loss) profit for the period	**(2,812)**	2,305
Basic (loss) earnings per share	**(0.005)**	0.004

Condensed Balance Sheet

	At 30 June 2009 €'000	At 31 December 2008 €'000
ASSETS		
Non-current	**945,812**	922,487
Current	**71,612**	100,147
Total assets	**1,017,424**	1,022,634
EQUITY		
Total equity	**621,293**	624,093
LIABILITIES		
Non-current	**332,906**	336,644
Current	**63,225**	61,897
Total liabilities	**396,131**	398,541
Total equity and liabilities	**1,017,424**	1,022,634

Statement of Changes in Equity

	Attributable to Equity Holders of the Company									
	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** €'000	**Minority interest** €'000	**Total equity** €'000
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 period	-	-	-	-	-	2,213	-	2,213	92	2,305
Total income and expenses for the period	-	-	-	-	-	2,213	-	2,213	92	2,305
Issue of bonus shares	16,113	(16,113)	-	-	-	-	-	-	-	-
Conversion of bonds	1	-	-	-	-	-	-	1	-	1
Balance at 30 June 2008	**553,213**	**31,602**	**(1,068)**	**1,382**	**443**	**(8,994)**	**4,206**	**580,784**	**7,081**	**587,865**
Revaluation of hotel property, net of deferred taxation	-	24,530	-	-	-	-	-	24,530	-	24,530
Profit for the period	-	-	-	-	-	11,389	-	11,389	309	11,698
Total income and expenses for the period	-	24,530	-	-	-	11,389	-	35,919	309	36,228
Transfer from accumulated 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
Loss for the period	-	-	-	-	-	(2,689)	-	(2,689)	(123)	(2,812)
Total income and expenses for the period	-	-	-	-	-	(2,689)	-	(2,689)	(123)	(2,812)
Conversion of bonds	12	-	-	-	-	-	-	12	-	12
Balance at 30 June 2009	**553,225**	**56,132**	**(1,068)**	**378**	**443**	**710**	**4,206**	**614,026**	**7,267**	**621,293**

INTERNATIONAL HOTEL INVESTMENTS p.l.c.
22 Europa Centre • Floriana FRN 1400 • Malta
Tel: +356 21 233141 • Fax: +356 21 234219 • Email: ihi@corinthia.com • Website: www.ihiplc.com

INTERNATIONAL HOTEL INVESTMENTS p.l.c.

GROUP HALF-YEARLY REPORT

For the Period 1 January to 30 June 2009

Condensed Cash Flow Statement

	1 January to 30 June 2009 €'000	1 January to 30 June 2008 €'000
Net cash from operating activities	**13,164**	25,508
Net cash used in investing activities	**(42,427)**	(37,782)
Net cash used in financing activities	**(7,587)**	(28,283)
Net decrease in cash and cash equivalents	**(36,850)**	(40,557)
Cash and cash equivalents at beginning of period	**69,897**	160,314
Cash and cash equivalents at end of period	**33,047**	119,757

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 2009 and the comparative period in 2008. Comparative balance sheet information as at 31 December 2008 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 9.44j 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 9.44k.5 the Directors are stating that this Half-Yearly Report has not been audited or reviewed by the Group's independent auditors.

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 promotes the business of the Group.

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 2008 except for the adoption of the following Standards which became effective as from 1 January 2009:

IAS 1 Presentation of Financial Statements (Revised)
The revised Standard requires additional disclosures whereby some items that are recognised directly in equity are to be recognised in other comprehensive income. The adoption of this revised Standard only affects presentation and has no impact on the financial position or results of the Group.

IFRS 8 Operating Segments
The new Standard replaces IAS 14 Segment Reporting and requires that the accounting policy for identifying segments is to be based on internal management reporting information that is regularly reviewed by the Group's chief decision makers. The adoption of this Standard resulted in a change in identified segments but does not affect the financial position or results of the Group.

Review of Performance

The adverse effects of the financial crisis that started to be felt in the second semester of 2008 have spilled over into 2009 with the hospitality industry suffering the effects of recession in its main feeder markets resulting in falling occupancies and increasing pressures on room rates. As a consequence, the Group registered a drop in turnover of 20% when compared to the corresponding period last year. However in view of the geographical spread of its hotels, the Group still managed to record an operating profit after depreciation of €4.18 million even though it represents a drop of €6.82 million from last year.

Finance income, reflecting interest income earned on funds earmarked for future acquisitions, decreased when compared with the corresponding period last year following the utilisation of part of the funds for the acquisition of the Group's stake in the Metropole Building and 10 Whitehall Place in London coupled with the drop in interest rates. The Group incurred lower finance costs as a result of ongoing capital repayments and the reduction in the euro base rate. This same reduction in the euro base rate triggered a fair value loss on the two interest rate swap arrangements currently in place. It is the intention of the Group to hold on to these instruments and as a result this fair value loss will reverse upon maturity.

Although the Group is reporting a consolidated loss, a tax expense is still being recognised as a result of the profits being generated by Corinthia Hotel Tripoli.

During the period under review, the Group registered a loss after tax of €2.81 million compared to a profit after tax for the comparative period last year of €2.31 million.

Operating Segments

	Hotels €'000	Commercial centres €'000	Other €'000	Consolidation adjustments €'000	The Group €'000
Turnover	47,239	3,283	3,828	(2,955)	51,395
Result from operating activities	**2,593**	**3,136**	**(958)**	**(591)**	**4,180**

State of Affairs

On 25 May 2009, the refurbished and extended Corinthia Hotel St Petersburg was officially inaugurated. This property now features a total of 400 rooms which include 107 luxury suites and bedrooms plus considerable meeting and conference facilities making it the largest five- star hotel in St Petersburg. The retail and commercial centre with extensive retail and office space will be completed later on this year.

Having secured the required bank funding and appointed the main contractor in May 2009, the redevelopment of the Metropole Building and 10 Whitehall Place in London is proceeding according to plan. As at 30 June 2009, the strip-out was practically completed. The completion of the project is planned for October 2010 and CHI will be entrusted with the management of the hotel operation under the Corinthia brand. During the first six months of this year IHI injected a further £15 million (€16.7 million) by way of equity into NLI Ltd., which is the joint venture company set up for this project. IHI has a 37% stake in this company and has been entrusted by its joint venture partners, Istithmar Hotels of Dubai and LFICO of Libya, to lead the development.

The design works on the Benghazi project in Libya, a mixed-use development incorporating a 250 room five-star hotel, 30 luxury apartments, 700m^2 of retail space and 3,700m^2 of office space, are now at an advanced stage. Mobilisation works will start immediately after all the required permits and licenses are in place. IHI has a 75% stake in IHI Benghazi, the company set-up for this purpose, with the balance owned by LFICO of Libya.

In line with its expansion plans underpinned by the exclusive license to operate under the Corinthia, Wyndham and Ramada brands in Europe, North Africa and the Middle East, the Group's hotel operating company, CHI Ltd., is assessing a number of opportunities for management agreements. CHI has recently started managing the first of a number of hotels opening in Egypt.

In July 2009, the Group successfully issued a corporate bond for €35 million to be used for general corporate funding purposes principally to finance, together with funds remaining available from its equity capital, the Group's expansion and property acquisitions.

Outlook

Although there are some preliminary indications that the recessionary spiral may have bottomed out, it is still early to determine when the international economy will start showing tangible proof of recovery. This uncertain economic climate may have a negative impact on the value of some of the Group's properties at year-end. In order to counteract and mitigate these recessionary effects, the Group is pursuing its strategy of seeking new markets, streamlining its operations and reducing costs without impinging on the quality of service provided by its properties.

Tangible Fixed Assets

Tangible fixed assets acquired during the period amounted to €26.36 million. This amount mainly relates to the expenditure incurred on the development of the Corinthia Hotel St Petersburg and the adjoining commerical centre.

Capital Commitments

	€'000
Property, plant and equipment:	
Authorised but not yet contracted for:-	
IHI Benelux BV (Corinthia Hotel St Petersburg)	**12,000**

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 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 company – Management fee income	300
Associated company – Project management fees	(322)
Net expense	**(22)**

Statement pursuant to Listing Rule 9.44k.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 Rule 9.44c.2.

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: ihi@corinthia.com • Website: www.ihiplc.com