



INTERNATIONAL HOTEL INVESTMENTS p.l.c.

COMPANY ANNOUNCEMENT

The following is a Company Announcement by International Hotel Investments plc in terms of Malta Stock Exchange Bye-Law 6.05.06 (i).

At a meeting held on 27th September 2001, the Board of Directors of International Hotel Investments plc approved the attached Interim Financial Statements for the six months ended 30th June 2001.

Alfred Fabri
Company Secretary

27th September 2001

Interim Financial Report

For the Period 1 January 2001 to 30 June 2001

Consolidated Profit and Loss Account

	1 January 2001 to 30 June 2001 Lm	29 March 2000 to 30 June 2000 Lm
Revenue	1,978,136	963,851
Direct Costs	(1,660,351)	(662,660)
Gross Profit	317,785	301,191
Marketing Costs	(222,011)	(73,836)
Administrative Expenses	(428,945)	(182,483)
Amortisation of Goodwill	(51,585)	(19,221)
Other Operating Income	38,700	11,895
Operating (Loss) / Profit before Exceptional Item	(346,056)	37,546
Exceptional Item	(96,426)	-
Operating (Loss) / Profit	(442,482)	37,546
Interest Receivable and Similar Income	626,710	222,382
Investment Revalued to Fair Value	1,041,912	-
Interest Payable and Similar Charges	(292,522)	(60,987)
Income from Associates	37,816	17,450
Profit before Taxation	971,434	216,391
Taxation	(145,106)	(114,223)
Profit for the Period	826,328	102,168
Earnings Per Share	0.021	0.004

Consolidated Balance Sheet

	At 30 June 2001 Lm	At 31 December 2000 Lm
Fixed Assets	35,846,343	34,368,986
Current Assets	20,648,680	20,808,648
Creditors: Amounts Falling due within One Year	4,719,444	3,967,204
Net Current Assets	15,929,236	16,841,444
Total Assets Less Current Liabilities	51,775,579	51,210,430
Creditors: Amounts Falling due after more than One Year	7,285,553	7,523,254
Deferred Taxation	3,441,926	3,559,090
Capital and Reserves	41,048,100	40,128,086

Consolidated Statement of Changes in Equity

	Total Lm	Called Up Issued Share Capital Lm	Convertible Bonds Reserve Lm	Equity Issue Costs Lm	Translation Reserve Lm	Other Reserve Lm	Profit and Loss Account Lm
At 01.01.01	40,128,086	40,000,000	338,895	(329,874)	26,927	8,358	83,780
Profit for the Period	826,328	-	-	-	-	-	826,328
Transfer to Other Reserve	-	-	-	-	-	(8,358)	8,358
Foreign Exchange Translation Differences	93,686	-	-	-	93,686	-	-
At 30.06.01	41,048,100	40,000,000	338,895	(329,874)	120,613	-	918,466
Issue of Ordinary Shares	34,810,000	34,810,000	-	-	-	-	-
Equity Element of Convertible Bonds	338,895	-	338,895	-	-	-	-
Equity Issue Costs	(329,874)	-	-	(329,874)	-	-	-
Profit for the Period	102,168	-	-	-	-	-	102,168
Foreign Exchange Translation Differences	(1,759)	-	-	-	(1,759)	-	-
At 30.06.00	34,919,430	34,810,000	338,895	(329,874)	(1,759)	-	102,168

	1 January 2001 to 30 June 2001	29 March 2000 to 30 June 2000
	Lm	Lm
Net Cash (used in) / from Operating Activities	(555,183)	460,407
Net Cash used in Investing Activities	(1,352,358)	(349,545)
Net Cash (used in) / from Financing Activities	(623,290)	14,123,493
Effect of Exchange Rate Fluctuations on Cash Held	(51,779)	-
Effect of Exchange Rate Fluctuations resulting from Translation of Cash Flows of Foreign Operations	8,123	(7,421)
Net (Decrease) / Increase in Cash and Cash Equivalents	(2,574,487)	14,226,934
Cash and Cash Equivalents of Subsidiary Companies Acquired during the Period	-	(815,892)
Cash and Cash Equivalents at Beginning of Period	16,853,738	-
Cash and Cash Equivalents at End of Period	14,279,251	13,411,042

Explanatory Notes

Basis of Preparation

The published figures, which are in compliance with the requirements of International Accounting Standard 34 'Interim Financial Reporting' have been extracted from the unaudited management accounts for the six months ended 30 June 2001. This report is being published in terms of the Bye-laws of the Malta Stock Exchange section 6.05.06(i).

The comparative amounts shown in the Profit and Loss Account, Statement of Changes in Equity and the Cash Flow Statement, cover the period 29 March 2000, the date of incorporation of International Hotel Investments p.l.c. (IHI), to 30 June 2000, whereas those for the Balance Sheet were extracted from the Group's audited financial statements for the year ended 31 December 2000.

The accounting policies adopted in the preparation of these interim financial statements are the same as those that had been adopted in the preparation of the audited financial statements for the year ended 31 December 2000.

Review of Performance

During the first six months of 2001, the Group registered a Profit before Taxation of Lm971,434 when compared to Lm216,391 in 2000, after taking credit for the increase of Lm846,553 net of related taxation amounting to Lm195,359 in the market value of an investment in a Croatian company.

The Operating Loss of Lm346,056 reflects mainly the performance of the Five Star Hotels Limited, the subsidiary company that owns the Corinthia San Gorg Hotel. Since Five Star Hotels Limited was acquired in late April 2000, the comparative results reflect only the performance during the months of May and June 2000. Consequently, the comparative figures exclude the negative results of the low winter season.

The performance of the Corinthia San Gorg Hotel for the second six month term is expected to be positively influenced by the peak summer season and the forecasted results for 2001 are expected to meet the company's expectations.

The Group registered Interest Receivable of Lm626,710 as a result of deposits of funds on a short term basis with financial institutions enjoying high credit ratings. The Interest Expense of Lm292,522 reflects the interest payable on the Lm5 million 5% Convertible Bonds and interest on Bank Borrowings.

Income of Lm37,816 was earned from the Group's 20% investment in its associated companies C.H.I. Limited and Q.P.M. Limited.

Exceptional Item

This amount represents costs incurred in identifying and following up investment opportunities outside Malta.

Investment Revalued to Fair Value

The gain of Lm1,041,912 on the revaluation to market value of the Company's minority shareholding in Hoteli Croatia d.d. has been accounted for consequent to the decision taken by the Board of Directors to accept the mandatory offer that the acquirer of the majority shareholding is required to make, by virtue of a legal provision under Croatian law.

The Group's tax charge for the period of Lm145,106 includes the tax payable on the exceptional gain.

Segmental Information

Revenues, in the main, relate to the operations of the local five-star hotel, Corinthia San Gorg. The Corinthia Grand Hotel Royal, located in Hungary, has not yet commenced operations.

Subsequent Events

The Group acquired the entire shareholding in Alfa Limitada, the owner of the Alfa Lisboa Hotel & Congress Centre, the largest five-star hotel in Lisbon, capital of Portugal. This property, which is IHI's first international acquisition following the company's flotation on the Malta Stock Exchange, is a 24-storey landmark hotel located right in the heart of Lisbon's financial district, a few minutes from the city's historical centre.

The Group signed a syndicated Loan Agreement for Euros 49 million with a consortium made up of two Hungarian banks, for the financing of the reconstruction project of the Corinthia Grand Hotel Royal in Budapest.

Changes in the Composition of the Enterprise

During the period under review the Group formed a new subsidiary in Croatia, IHI Zagreb d.o.o.

Tangible Fixed Assets

Tangible fixed assets acquired during the period amounted to Lm1,937,275.

Capital Commitments

Capital expenditure commitments contracted for at balance sheet date amounted to Lm14,900,376 in respect of the Corinthia Grand Hotel Royal in Budapest.

Non-cancellable operating lease rentals relating to leasehold land and buildings are payable as follows:

	Lm
Less than One Year	43,071
Two to Five Years	175,438
After Five Years	4,971,865

Related Party Transactions

	1 January 2001 to 30 June 2001	29 March 2000 to 30 June 2000
	Lm	Lm
Marketing Costs		
Expenses charged by C.H.I. Limited to Five Star Hotels Limited	29,802	6,560
Administrative Expenses		
Management Fee charged by Corinthia Palace Hotel Company Limited to IHI	36,000	12,000
Management Fee charged by C.H.I. Limited to Five Star Hotels Limited	39,734	19,100
Incentive Fee charged by C.H.I. Limited to Five Star Hotels Limited	26,053	-

The Board

27 September 2001