



INTERNATIONAL HOTEL INVESTMENTS p.l.c.

COMPANY ANNOUNCEMENT

The following is a Company Announcement by International Hotel Investments Plc pursuant to Malta Stock Exchange Bye-Law 6.05.06(i).

At a Meeting held on 24th September 2003, the Board of Directors of International Hotel Investments Plc approved the attached Interim Financial Statements for the six months ended 30th June 2003.

A handwritten signature in black ink, appearing to read 'Alfred Fabri'.

Alfred Fabri
Company Secretary

24th September 2003



INTERNATIONAL HOTEL INVESTMENTS p.l.c.

Interim Financial Report

for the Period 1 January 2003 to 30 June 2003

Consolidated Profit and Loss Account

	1 January to 30 June 2003 Lm	1 January to 30 June 2002 Lm
Revenue	6,917,661	6,776,122
Direct Costs	(5,294,501)	(4,767,984)
Gross Profit	1,623,160	2,008,138
Amortisation of Goodwill	(84,590)	(51,161)
Other Operating Costs	(2,736,160)	(2,064,342)
Negative Goodwill	111,487	97,329
Other Operating Income	38,438	147,605
Operating (Loss)/Profit	(1,047,665)	137,569
Staff Indemnities	(439,716)	-
Pre-Opening Expenses	(504,964)	-
Interest Receivable	31,152	24,396
Interest Payable and Similar Charges	(1,533,888)	(630,848)
Net Realised Exchange Losses	(104,878)	-
Unrealised Exchange Gains on Intra-Group Balances	405,839	1,007,094
Other Unrealised Net Exchange Gains	516,343	820,352
(Loss)/Income from Associates	(4,779)	64,430
(Loss)/Profit before Taxation	(2,682,556)	1,422,993
Taxation	(150,962)	(165,838)
(Loss)/Profit for the Period	(2,833,518)	1,257,155
(Loss)/Earnings Per Share	(0.059)	0.027

Consolidated Balance Sheet

	At 30 June 2003 Lm	At 31 December 2002 Lm
Fixed Assets	125,504,980	120,029,020
Current Assets	12,070,858	13,594,523
Creditors: Amounts Falling due within One Year	(20,417,188)	(25,611,580)
Net Current Liabilities	(8,346,330)	(12,017,057)
Total Assets Less Current Liabilities	117,158,650	108,011,963
Creditors: Amounts Falling due after more than One Year	(55,869,107)	(44,292,669)
Provisions for Liabilities and Charges		
Deferred Taxation	(9,747,750)	(9,651,506)
Other Provisions	(156,455)	(234,777)
	(9,904,205)	(9,886,283)
	51,385,338	53,833,011
Capital and Reserves	51,385,338	53,833,011

Consolidated Cash Flow Statement

	1 January to 30 June 2003 Lm	1 January to 30 June 2002 Lm
Net Cash (Used in)/From Operating Activities	(914,561)	2,438,506
Net Cash Used in Investing Activities	(3,931,800)	(25,621,916)
Net Cash From Financing Activities	4,134,051	17,807,040
Effect of Exchange Rate Changes on:		
Intra-Group Balances	(610,285)	(430,505)
Cash and Cash Equivalents	101,326	(10,401)
Net Decrease in Cash and Cash Equivalents	(1,221,269)	(5,817,276)
Cash and Cash Equivalents at Beginning of Period	5,062,338	9,105,582
Cash and Cash Equivalents at End of Period	3,841,069	3,288,306

Consolidated Statement of Changes in Equity

	Total	Called Up Issued Share Capital	Revaluation Reserve	Convertible Bonds Reserve	Equity Issue Costs	Translation Reserve	Other Reserve	Profit and Loss Account
	Lm	Lm	Lm	Lm	Lm	Lm	Lm	Lm
At 1 January 2003	53,833,011	48,000,000	3,609,267	338,895	(348,343)	793,584	487,321	952,287
Foreign Exchange Translation Differences	385,845	-	-	-	-	385,845	-	-
Loss for the Period	(2,833,518)	-	-	-	-	-	-	(2,833,518)
At 30 June 2003	51,385,338	48,000,000	3,609,267	338,895	(348,343)	1,179,429	487,321	(1,881,231)
At 1 January 2002	47,437,605	46,582,793	-	338,895	(348,343)	321,784	-	542,476
Issue of Ordinary Shares	1,417,207	1,417,207	-	-	-	-	-	-
Foreign Exchange Translation Differences	256,728	-	-	-	-	256,728	-	-
Profit for the Period	1,257,155	-	-	-	-	-	-	1,257,155
Transfer to Other Reserve	-	-	-	-	-	-	1,344,161	(1,344,161)
At 30 June 2002	50,368,695	48,000,000	-	338,895	(348,343)	578,512	1,344,161	455,470



INTERNATIONAL HOTEL INVESTMENTS p.l.c.

Interim Financial Report

for the Period 1 January 2003 to 30 June 2003

Selected Explanatory Notes

Basis of Preparation

The published figures have been extracted from the unaudited management consolidated accounts of International Hotel Investments p.l.c. ("the Group") for the six months ended 30 June 2003 and its comparative period 2002. Comparative balance sheet information for the year ended 31 December 2002 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 the Bye-laws of the Malta Stock Exchange section 6.05.06(i) and has been prepared in accordance with the requirements of International Accounting Standard 34, 'Interim Financial Reporting'.

The accounting policies adopted in the preparation of these interim financial statements are the same as those adopted in the preparation of the audited financial statements for the year ended 31 December 2002.

Review of Performance

During the first six months of 2003, the Group registered a Loss before Taxation of Lm2,682,556 compared to a Profit before Taxation for the corresponding period last year of Lm1,422,993.

On a consolidated basis, turnover during the period under review increased by just over Lm140,000 to Lm6,917,661. The positive performance by the Corinthia Nevskij Palace Hotel in St. Petersburg, on the occasion of the city's celebration of its 300th anniversary, was offset by the effects of the closure of the Corinthia Alfa Hotel in Lisbon for an extensive refurbishment programme and by a slow start of the Corinthia Grand Hotel Royal in Budapest following its completion earlier in the year.

An operating loss of Lm1,047,665 was registered by the Group for the first six months of 2003 compared to an operating profit of Lm137,569 during the corresponding period last year. As mentioned earlier the Corinthia Grand Hotel Royal started trading during the period under review and it was officially inaugurated on the 30th April 2003. An operating loss of Lm1,617,330 was incurred on this hotel, out of which the depreciation charge accounted for Lm801,052. On the other hand, the Corinthia Nevskij Palace Hotel's operating performance at Lm1,206,985 was better by Lm206,878 than the previous year. In line with the general trend in the hotel industry the operating performance of the Group hotels during the first six months of 2003 was adversely affected, initially by the outbreak of the Iraqi crisis, and subsequently by the SARS outbreak and the continuing international economic slowdown.

The temporary closure of the Corinthia Alfa Hotel involved staff indemnities and pre-operating expenses amounting to Lm439,716 and Lm504,964 respectively.

Interest payable and similar charges amounted to Lm1,533,888 as compared to Lm630,848 during the corresponding period in 2002, an increase of Lm903,040. Part of this increase is accounted for by the interest charge of Lm455,156 incurred on the loan provided for the construction of the Corinthia Grand Hotel Royal whereas previously, during the construction phase, such interest was being capitalised. In addition Lm221,784 was charged for interest payable on the Bonds issued this year for an aggregate of Lm9,370,000 to fund the development and refurbishment of the Corinthia Alfa Hotel.

Unrealised Exchange Gains

The net loss for the period under review includes unrealised net exchange gains on currency movements amounting to Lm922,182.

Seasonality

These interim financial statements reflect the lower revenues and operating results associated with the seasonality of the hospitality industry, which is characterised by low revenues and returns during the winter months. An improvement in both turnover and operating results is expected in the second half of 2003 compared to the first six months' results.

State of Affairs

During the period under review the Group underwent a period where one third of its room stock was in full operation while the remaining two thirds consisted of one hotel under development and another hotel just coming into operation.

Subsequent to the Balance Sheet date the Group secured additional banking facilities to address its working capital deficiency and its capital commitments. The Directors, on the basis of the Group's anticipated further expansion, are actively pursuing additional equity investment from a number of sources, and steps taken in achieving this objective are progressing as planned. On the basis of the foregoing the Directors aim to restore the equity to debt ratio to 45:55 which they consider to be prudent in the circumstances.

Segmental Information

	Malta Hotel Properties	Corporate Business	European Member Countries	Other European Countries	Consolidation Adjustments	The Group
	Lm	Lm	Lm	Lm	Lm	Lm
Segment Revenue	1,784,870	-	271,569	5,858,760	(997,538)	6,917,661
Segment Result	(181,400)	(209,661)	(324,491)	(412,271)	80,158	(1,047,665)

Tangible Fixed Assets

Tangible fixed assets acquired during the period amounted to Lm5,316,089.

Capital Expenditure Commitments	Lm
Tangible Fixed Assets Contracted for:	
Alfa Investimentos Turisticos Lda	5,741,954
Authorised but not yet Contracted for:	
Alfa Investimentos Turisticos Lda	6,922,287
	<u>12,664,241</u>

Related Party Transactions

1 January to
30 June 2003
Lm

Direct Costs

Charged by the Parent Company and its Subsidiaries to:
IHI Hungary Rt 50,092

Marketing Costs

Charged by C.H.I. Limited to:
Five Star Hotels Limited 27,245
Alfa Investimentos Turisticos Lda 8,947
IHI Hungary Rt 12,107
IHI St Petersburg LLC 33,741
82,040

Administrative Expenses

Management Fee Charged by Parent Company to:
IHI 116,159

Management Fee Charged by C.H.I. Limited to:
Five Star Hotels Limited 36,330
Alfa Investimentos Turisticos Lda 9,473
IHI Hungary Rt 34,966

Incentive Fee Charged by C.H.I. Limited to:
Five Star Hotels Limited 29,085

Consultancy and Sub-Licence Fees charged by C.H.I. Limited to:
IHI St Petersburg LLC 257,647
483,660

Sundry Expenses

Charged by the Parent Company and its Subsidiary Companies to:
IHI 12,507
Alfa Investimentos Turisticos Lda 14,080
IHI Hungary Rt 16,355

Charged by C.H.I. Limited to:
IHI 2,563
45,505

Pre-Operating Expenses

Charged by the Parent Company and its Subsidiary Companies to:
Alfa Investimentos Turisticos Lda 28,075

Net Financing Costs

Interest Payable to Parent Company 102,889

Expensed 792,261

Tangible Fixed Assets

Construction and Related Services Provided by the Parent Company and its Subsidiaries to IHI Hungary Rt
IHI Hungary Rt 24,142
Alfa Investimentos Turisticos Lda 28,673

Capitalised 52,815

This Interim Financial Report was approved by the Board of Directors on 24 September 2003.

International Hotel Investments p.l.c.

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