



INTERNATIONAL HOTEL INVESTMENTS p.l.c.

COMPANY ANNOUNCEMENT

The following is a Company Announcement by International Hotel Investments Plc pursuant to MFSA Listing Authority Listing Rule 8.6.2

At a Meeting held on 27th April 2005, the Board of Directors of International Hotel Investments Plc approved the Preliminary Statement of Annual Results for 2004.

The Directors have carried out an asset valuation and in terms of Listing Rule 8.6.21, details of such valuation are available at the Office of the Company Secretary.

A copy of the Preliminary Statement of Annual Results for 2004 is attached.

Alfred Fabri
Company Secretary

27th April 2005



INTERNATIONAL HOTEL INVESTMENTS p.l.c.

Preliminary Statement of Group Annual Results
for the year ended 31 December 2004

Condensed Profit and Loss Account

	2004 EUR	2003 EUR
Revenue	46,623,923	34,719,489
Direct Costs	(31,575,021)	(23,929,800)
Gross Profit	15,048,902	10,789,689
Other Operating Costs	(14,125,038)	(13,042,155)
Net Impairment Losses	(2,170,600)	(18,260,384)
Other Operating Income	33,659	53,963
Operating Loss	(1,213,077)	(20,458,887)
Staff Indemnities	-	(1,165,000)
Pre-Operating Expenses	(2,269,027)	(2,926,000)
Interest Receivable and Similar Income	502,847	526,787
Interest Payable and Similar Charges	(8,783,994)	(8,071,071)
Realised Exchange Differences	51,434	608,444
Unrealised Net Exchange Differences on Intra-Group Balances	(68,902)	(314,752)
Other Unrealised Net Exchange Differences	(23,173)	1,317,868
Revaluation to Fair Value of Investment Property	-	22,842,102
Income from Associates	458,863	263,494
Loss before Taxation	(11,345,029)	(7,377,015)
Taxation	3,230,298	(5,161,781)
Loss for the Year	(8,114,731)	(12,538,796)
Loss Per Share	(0.07)	(0.10)

Condensed Balance Sheet

	At 31 December 2004 EUR	At 31 December 2003 EUR
Non-Current Assets	336,451,704	322,140,479
Current Assets	13,293,510	16,730,415
Current Liabilities	(58,476,463)	(45,741,804)
Net Current Liabilities	(45,182,953)	(29,011,389)
Total Assets Less Current Liabilities	291,268,751	293,129,090
Non-Current Liabilities	(156,973,475)	(165,869,187)
	134,295,276	127,259,903
Capital and Reserves	134,295,276	127,259,903

Condensed Cash Flow Statement

	2004 EUR	2003 EUR
Net Cash From Operating Activities	6,446,403	4,341,967
Net Cash Used in Investing Activities	(17,302,275)	(30,516,120)
Net Cash From Financing Activities	7,741,911	17,410,704
Effect of Exchange Rate Fluctuations	(35,068)	50,643
Net Decrease in Cash and Cash Equivalents	(3,149,029)	(8,712,806)
Cash and Cash Equivalents at Beginning of the Year	3,383,649	12,096,455
Cash and Cash Equivalents at End of the Year	234,620	3,383,649

Statement of Changes in Equity

	Total EUR	Called Up Issued Share Capital EUR	Revaluation Reserve EUR	Translation Reserve EUR	Reporting Currency Conversion Difference EUR	Convertible Bonds Reserve EUR	Other Reserve EUR	Retained Earnings / (Accumulated Losses) EUR
At 1 January 2003	140,293,952	119,051,165	8,624,343	(637,916)	443,352	832,200	-	11,980,808
Issue of Shares	2,324	2,324	-	-	-	-	-	-
Foreign Exchange Translation Differences	(497,577)	-	-	(497,577)	-	-	-	-
Loss for the Year	(12,538,796)	-	-	-	-	-	-	(12,538,796)
Transfer to Other Reserve	-	-	-	-	-	-	627,736	(627,736)
At 31 December 2003	127,259,903	119,053,489	8,624,343	(1,135,493)	443,352	832,200	627,736	(1,185,724)
Issue of Shares	10,000,000	10,000,000	-	-	-	-	-	-
Revaluation of Hotel Property, Net of Deferred Taxation	3,786,076	-	3,786,076	-	-	-	-	-
Adjustment to Deferred Taxation on Prior Year Revaluation of Hotel Property	1,459,504	-	1,459,504	-	-	-	-	-
Foreign Exchange Translation Differences	(95,476)	-	-	(95,476)	-	-	-	-
Loss for the Year	(8,114,731)	-	-	-	-	-	-	(8,114,731)
Transfer to Other Reserve	-	-	-	-	-	-	185,252	(185,252)
At 31 December 2004	134,295,276	129,053,489	13,869,923	(1,230,969)	443,352	832,200	812,988	(9,485,707)

INTERNATIONAL HOTEL INVESTMENTS p.l.c.

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Selected Explanatory Notes

Basis of Preparation

This preliminary statement of Group annual results is being published in terms of Listing Rule 9.53 issued by the Listing Authority of the Malta Financial Services Authority and has been prepared in accordance with the International Accounting Standard 34, Interim Financial Reporting. The Financial Statements published in this Preliminary Statement of Group Annual Results are condensed in accordance with the form and content requirements of this Standard.

The accounting policies have been consistently applied by all the companies within the Group and are consistent with those used in previous years.

Prior Year Adjustments

Comparable amounts have been restated as follows:

	As Re-Stated EUR	As Previously Reported EUR	Change EUR
Profit and Loss Account			
Revaluation to Fair Value of Investment Property - Effect of Foreign Exchange Rate Movement to 31 December 2003	22,842,102	24,442,102	(1,600,000)
Income from Associates - Share of Tax	263,494	360,877	(97,383)
Taxation:			
- Deferred tax effect of the foreign exchange rate movement on revaluation of Investment Property			384,000
- Taxable temporary differences not recognised			(2,008,516)
- Share of Tax of Associated companies' results			97,383
	(5,161,781)	(3,634,648)	(1,527,133)
			(3,224,516)
Balance Sheet			
Investment Property	33,400,000	35,000,000	(1,600,000)
Deferred Taxation	26,940,094	25,315,578	(1,624,516)
			(3,224,516)

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 furthers the business of the Group.

Review of Performance

During 2004 The Group's turnover amounted to Euro 46.62 million reflecting an increase of 34% on the turnover for 2003. The main factors giving rise to this increase were the opening of the Corinthia Alfa Hotel in Lisbon, Portugal, in May 2004 and the gradual maturity of the Corinthia Grand Hotel Royal in Budapest, Hungary, coupled with the positive effect of the steady recovery of the Hungarian hospitality industry. The gross profit for the year amounted to Euro 15.04 million as compared to a gross profit of Euro 10.79 million in the previous year.

In line with the requirements of IAS 36 - Impairment of Assets, the carrying amounts of the Group's hotel properties were tested for impairment. The valuation of the Corinthia Alfa Hotel resulted in an impairment charge of Euro 6.50 million, mainly due to the fact that the re-furbished hotel is in its first year of operation. On the other hand the improving results of the Corinthia Grand Hotel Royal resulted in a partial reversal of Euro 4.32 million out of the original amount of Euro 6.45 million impairment recognised in 2003.

The operating result for the year, after taking the net impairment losses of Euro 2.17 million (2003: Euro 18.26 million), amounted to a loss of Euro 1.21 million (2003: Euro 20.46 million).

The pre-operating expenses of Euro 2.27 million represent one-time start-up costs such as payroll, training and marketing expenses incurred in providing the necessary set-up for the opening of the Corinthia Alfa Hotel.

Net financing costs amounted to Euro 8.28 million as compared to Euro 7.54 million in 2003, an increase of Euro 0.74 million. This was mainly due to interest incurred on new short term bank facilities that were first utilised in 2004 and a full year's interest charge on the 2003 Bond issue compared to a 10% month charge for 2003.

During 2004 the Group registered a loss before taxation of Euro 11.35 million compared to a loss before taxation for the comparative year of Euro 7.38 million. Last year's result included the positive effect of the fair value adjustment on the investment properties in Russia amounting to Euro 22.84 million in addition to the impairment losses amounting to Euro 18.26 million.

On the strength of professional tax advice, the charge for deferred taxation on the revaluation of immovable properties located in the Russian Federation taken in previous years has been

Segmental Information	Malta		Other		Consolidation Adjustments	The Group
	Hotel Property	Corporate Business	European Union Countries	Other European Countries		
	EUR	EUR	EUR	EUR		
Segment Revenue	8,771,904	1,972,950	21,313,487	16,538,533	(1,972,951)	46,623,923
Segment Result	(525,597)	(2,227,007)	(5,993,115)	5,621,075	1,911,563	(1,213,081)

revised downwards by applying the tax rate applicable in the jurisdiction where these properties are situated instead of the tax rate applicable in the jurisdiction where the owning company is located. The effect of such a reduction in so far as it relates to the investment properties, has been recognised in the profit and loss account, whereas that relating to the hotel property has been recognised in equity.

The Group's loss for the year after tax amounted to Euro 8.11 million resulting in a loss per share of Euro 0.07 which is based on the loss for the year after tax, divided by the weighted average number of ordinary shares in issue during the year amounting to 119,845,839. The Group's Balance Sheet net asset value as at 31 December 2004 amounts to Euro 134,295,276 which translates into a net asset value per share of Euro 1.04, at that date.

State of Affairs

During 2004 the Group spent Euro 22.05 million in capital expenditure primarily connected with the re-furbishment programme at the Corinthia Alfa Hotel and the soft re-furbishment at the Corinthia Nevskij Palace Hotel. This outflow was financed, in the main, by short term bank loans. These facilities are being replaced by a combination of long term bank loans that have already been sanctioned and by the injection of further funds by way of equity from the parent company during April 2005.

At balance sheet date the directors, accounted through an increase in the revaluation reserve, for the fair value uplift of Euro 4.98 million on the Corinthia Nevskij Palace Hotel resulting from an open market valuation.

During the year the Company issued and allotted 20 million shares of Euro 1 nominal value at par. The shares were allotted to the parent company Corinthia Palace Hotel Company Limited. An amount of 10 million shares was subscribed in 2004, while the remaining 10 million shares have been subscribed to in April 2005.

Going Concern

The directors have reviewed the Group's operational and cash flow forecasts. On the basis of this review and in the light of the current financial position, the existing banking facilities and funding arrangements, and those that are in the course of negotiation, the directors have a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the going concern basis in the preparation of these financial statements.

Outlook

The Group estimates that its performance for 2005 will continue to improve on past years as a result of a general upturn in the hospitality industry across Europe, the accession of Malta and Hungary to the European Union, the lifting of the US sanctions on Libya, and the fact that as from May 2004 the Group has been operating with a full inventory of its hotel rooms after the completion of the re-furbishment programme at the Corinthia Alfa Hotel in Lisbon.

Tangible Fixed Assets

Tangible fixed assets acquired during the year amounted to Euro 22.05 million.

Capital Expenditure Commitments

	EUR
Tangible Fixed Assets	
Contracted for:	
IHI Benelux B.V. (Corinthia Nevskij Palace Hotel)	5,877,000
IHI Hungary Rt. (Corinthia Grand Hotel Royal)	2,927,000
	8,804,000
Authorised but not yet contracted for:	
Five Star Hotels Limited (Corinthia San Gorg)	4,603,000
IHI Benelux B.V. (Corinthia Nevskij Palace Hotel)	643,000
IHI Hungary Rt. (Corinthia Grand Hotel Royal)	1,174,000
	6,420,000
	15,224,000

Related Party Transactions

The Company has a related party relationship with its Parent Company, Corinthia Palace Hotel Company Limited, of which IHI is a subsidiary, and other entities forming part of the Corinthia Group of Companies. Transactions entered into with these companies are subject to review by the Related Parties Transaction Committee which provides comfort to the Audit Committee and the Board of Directors that such transactions are carried out on an arm's length basis and are for the benefit of the Group. All transactions entered into with Group companies forming part of the IHI Group have been eliminated in the preparation of the consolidated results for the year.

In the course of its operations, the Group has a number of concessions in place with its shareholders, officers, executives, and other related parties, whereby special offers are made available for hospitality services rendered to them in line with industry practice.

The Board of Directors
27 April 2005

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