



INTERNATIONAL HOTEL INVESTMENTS p.l.c.

COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by International Hotel Investments p.l.c, pursuant to MFSA Listing Authority Listing Rules 8.5.5 and 8.5.20.

At a Meeting held on 25th October 2006, the Board of Directors of International Hotel Investments Plc approved the Half-Yearly Report for period ended 30th June 2006.

A copy of the Half-Yearly Report for period ended 30th June 2006 is attached.

A handwritten signature in black ink, appearing to read 'Alfred Fabri'. The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Alfred Fabri
Company Secretary

25th October 2006



INTERNATIONAL HOTEL INVESTMENTS p.l.c.

Group Half-Yearly Report
for the period 1 January 2006 to 30 June 2006

Condensed Income Statement

	1 January to 30 June 2006 EUR	1 January to 30 June 2005 EUR
Revenue	27,949,179	26,034,183
Direct costs	(18,045,641)	(18,253,796)
Gross profit	9,903,538	7,780,387
Other operating expenses	(8,792,382)	(8,161,268)
Operating profit/(loss) before financing costs	1,111,156	(380,881)
Net financing costs	(4,612,002)	(4,674,497)
Share of profit of associates	168,853	169,422
Loss before tax	(3,331,993)	(4,885,956)
Income tax	(195,206)	(148,884)
Loss for the period	(3,527,199)	(5,034,840)
Loss per share	(0.02)	(0.04)

Condensed Balance Sheet

	At 30 June 2006 EUR	At 31 December 2005 EUR
Assets		
Non-current assets	366,032,837	357,757,858
Current assets	18,282,519	16,180,867
	<u>384,315,356</u>	<u>373,938,725</u>
Equity		
Total equity	151,085,593	154,612,792
Liabilities		
Non-current liabilities	198,345,769	181,753,611
Current liabilities	34,883,994	37,572,322
Total liabilities	<u>233,229,763</u>	<u>219,325,933</u>
Total equity and liabilities	<u>384,315,356</u>	<u>373,938,725</u>

Condensed Cash Flow Statement

	1 January to 30 June 2006 EUR	1 January to 30 June 2005 EUR
Loss before tax	(3,331,993)	(4,885,956)
Adjustment for non cash and non operational items	9,061,983	10,099,619
Cash from operating activities	5,729,990	5,213,663
Working capital changes	326,354	2,954,427
Net cash from operating activities	6,056,344	8,168,090
Net cash used in investing activities	(6,211,284)	(10,949,812)
Net cash from financing activities	7,012,779	2,740,638
Effect of exchange rate fluctuations on cash held	-	(18,099)
Net increase/(decrease) in cash and cash equivalents	6,857,839	(59,183)
Cash and cash equivalents at beginning of period	1,922,551	234,620
Cash and cash equivalents at end of period	<u>8,780,390</u>	<u>175,437</u>

Statement of Changes in Equity

	Total EUR	Share capital EUR	Revaluation reserve EUR	Translation reserve EUR	Reporting currency conversion difference EUR	Equity component of convertible bonds EUR	Other reserve EUR	Retained earnings/ (accumulated losses) EUR
Balance at 1 January 2005	134,295,276	129,053,489	13,869,923	(1,230,969)	443,352	832,200	812,988	(9,485,707)
Issue of shares	10,000,000	10,000,000	-	-	-	-	-	-
Loss for the period	(5,034,840)	-	-	-	-	-	-	(5,034,840)
Transfer to other reserve	-	-	-	-	-	-	(302,474)	302,474
Foreign exchange translation differences	145,826	-	-	145,826	-	-	-	-
Balance at 30 June 2005	139,406,262	139,053,489	13,869,923	(1,085,143)	443,352	832,200	510,514	(14,218,073)
Revaluation of hotel property, net of deferred taxation	10,910,479	-	10,910,479	-	-	-	-	-
Liquidation of subsidiary company	(5)	-	-	19,128	-	-	-	(19,133)
Foreign exchange translation differences	(1,994)	-	-	(1,994)	-	-	-	-
Profit for the period	4,298,050	-	-	-	-	-	-	4,298,050
Transfer to other reserve	-	-	-	-	-	-	493,279	(493,279)
Balance at 31 December 2005	154,612,792	139,053,489	24,780,402	(1,068,009)	443,352	832,200	1,003,793	(10,432,435)
Loss for the period	(3,527,199)	-	-	-	-	-	-	(3,527,199)
Balance at 30 June 2006	151,085,593	139,053,489	24,780,402	(1,068,009)	443,352	832,200	1,003,793	(13,959,634)

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 2006 to 30 June 2006

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 2006 and its comparative period in 2005.

Comparative balance sheet information as at 31 December 2005 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 9.40 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.

The Group's Half-Yearly Report is presented by reference to one of the alternative formats set out in the Third Schedule to the Companies Act, 1995 and the over-riding requirements of IAS 1, Presentation of Financial Statements.

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 2005.

Review of Performance

The Group's turnover for the six-month period to 30 June 2006 amounted to Euro 27.95 million reflecting an increase of 7% on the turnover levels for the corresponding period the year before. The main contributors to this increase were the Corinthia Lisboa Hotel in Lisbon formerly known as the Alfa Hotel (30%) and the Corinthia Grand Hotel Royal in Budapest (13%). This encouraging growth in revenues was dampened by the inevitable lower revenues generated by the Corinthia San Gorg Hotel in Malta as a result of a reduction in the hotel's room stock caused by the refurbishment works. The Group registered an operating profit of Euro 1.11 million against a corresponding loss of Euro 0.38 million in the same period last year. This improvement was also partially due to lower depreciation charges of Euro 1.10 million.

Net financing costs amounted to Euro 4.61 million as compared to Euro 4.67 million incurred in 2005.

During the period under review, the Group registered a Loss after Tax of Euro 3.53 million compared to a Loss after Tax for the comparative period last year of Euro 5.03 million.

State of Affairs

During the first six months of 2006 the Group secured long-term banking facilities earmarked for the financing of the Corinthia Nevskij Hotel development project and for the refurbishment of the Corinthia San Gorg Hotel. The Group also managed to renegotiate longer repayment terms for some of its bank loans. This resulted in a shift from current to long-term liabilities which was the main contributor for the reduction of the net working capital deficiency from Euro 21.39 million at the end of 2005 to Euro 16.60 million at the end of June 2006.

Segment Disclosures	Malta		Other		Consolidation Adjustments	The Group
	Hotel Property	Corporate Business	European Union Countries	Other European Countries		
Revenue	EUR 2,972,837	EUR 746,576	EUR 8,387,095	EUR 16,589,247	EUR (746,576)	EUR 27,949,179
Operating profit/(loss)	EUR (667,983)	EUR (1,924,496)	EUR 1,858,732	EUR 343,777	EUR 1,501,126	EUR 1,111,156

Outlook

Between July and September 2006 the Company issued a total of 6.5 million new ordinary shares at Euro 1 each to a number of institutional investors namely NPHC, Bayan Investments Company and HSBC No-Load Funds SICAV p.l.c. Discussions are currently underway with other institutional investors for the issue of further equity to be applied in the acquisition and development of landmark hotels primarily situated in emerging markets.

As explained in the Company Announcement of the 10th August 2006, IHI entered into a Framework Agreement with Wyndham Hotel Group International Inc. of the United States, Corinthia Palace Hotel Company Ltd. and CHI Ltd. through which it will be acquiring another 50% shareholding in CHI Ltd. thereby pushing up its stake in this company from 20% to 70%. This will be done concurrently with CHI's entering into exclusive licensing arrangements to offer management services under the Corinthia, Wyndham Grand, Wyndham and Ramada Plaza brands in Europe, Africa and the Middle East.

Tangible Fixed Assets

Tangible fixed assets acquired during the period amounted to Euro 4.80 million. This amount relates to the refurbishment of the Corinthia San Gorg Hotel, the completion of the apartments and Spa at the Corinthia Grand Hotel Royal and the commencement of the development project at the Corinthia Nevskij Palace Hotel.

Capital Commitments

	EUR
Property, plant and equipment:	
Contracted for:	
Five Star Hotels Limited (Corinthia San Gorg Hotel)	3,680,000
IHI Benelux BV (Corinthia Nevskij Palace Hotel)	3,720,000
	<u>7,400,000</u>
Authorised but not yet contracted for:	
IHI Benelux BV (Corinthia Nevskij Palace Hotel)	65,780,000
	<u>73,180,000</u>

Full funding arrangements for these commitments are already in place.

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 Related Parties Transactions 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 Half-Yearly Report of IHI.

Summary of related party transactions	EUR
Parent company – Interest payable	326,701
Parent company – Management fees	281,544
CHI Ltd – Management fees	543,604
CHI Ltd – Incentive fees	673,918
CHI Ltd – Marketing fees	275,760
Total	<u>2,101,527</u>

Approved by the Board of Directors on 25th October 2006.