



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 26th April 2006, the Board of Directors of International Hotel Investments Plc approved the Preliminary Statement of Annual Results for 2005.

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 2005 is attached.

Alfred Fabri
Company Secretary

26th April 2006



INTERNATIONAL HOTEL INVESTMENTS p.l.c.

PRELIMINARY STATEMENT OF THE GROUP'S ANNUAL RESULTS
For the year ended 31 December 2005

Condensed income statement

	2005 EUR	2004 EUR
Revenue	54,506,833	46,623,923
Direct costs	(36,554,060)	(31,575,021)
Gross profit	17,952,773	15,048,902
Other operating costs	(16,810,616)	(16,394,065)
Operating profit/(loss) before:	1,142,157	(1,345,163)
Impairment reversals/(losses)	5,471,821	(2,170,600)
Revaluation to fair value of investment property	2,400,000	-
Other operating income/(expense)	287,907	(203,202)
Operating profit/(loss) before financing costs	9,301,885	(3,718,965)
Financial income	178,371	699,067
Financial expenses	(9,301,572)	(8,783,994)
Income from associates	578,635	458,863
Profit/(loss) before tax	757,319	(11,345,029)
Income tax (expense)/credit	(1,494,109)	3,230,298
Loss for the year	(736,790)	(8,114,731)
Loss per share	(0.01)	(0.07)

Condensed balance sheet

	2005 EUR	2004 EUR
Assets		
Non-current assets	357,757,858	336,451,704
Current assets	16,180,867	13,293,510
Total assets	373,938,725	349,745,214
Total equity	154,612,792	134,295,276
Liabilities		
Non-current liabilities	181,753,611	156,973,475
Current liabilities	37,572,322	58,476,463
Total liabilities	219,325,933	215,449,938
Total equity and liabilities	373,938,725	349,745,214

Condensed cash flow statement

	2005 EUR	2004 EUR
Net cash from operating activities	12,093,801	6,446,403
Net cash used in investing activities	(21,645,920)	(17,302,275)
Net cash from financing activities	11,268,655	7,741,911
Effect of exchange rate fluctuations	(28,606)	(35,068)
Net increase/(decrease) in cash and cash equivalents	1,687,930	(3,149,029)
Cash and cash equivalents at beginning of the year	234,620	3,383,649
Cash and cash equivalents at end of the year	1,922,550	234,620

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 2004	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	-	-	-	-	-	-
Adjustment to deferred taxation on prior revaluations of hotel property	1,459,504	-	1,459,504	-	-	-	-	-
Revaluation of hotel property, net of deferred taxation	3,786,076	-	3,786,076	-	-	-	-	-
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)
Balance 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)
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	-	-	-	-	-	-
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	143,832	-	-	143,832	-	-	-	-
Loss for the year	(736,790)	-	-	-	-	-	-	(736,790)
Transfer to other reserve	-	-	-	-	-	-	190,805	(190,805)
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)

* Not available for distribution by way of dividends.

International Hotel Investments p.l.c.

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INTERNATIONAL HOTEL INVESTMENTS p.l.c.

PRELIMINARY STATEMENT OF THE GROUP'S ANNUAL RESULTS

For the year ended 31 December 2005

Selected explanatory notes

Basis of Preparation

This preliminary statement of the Group's annual results is being published in terms of listing rule 9.39.2 issued by the Listing Authority of the Malta Financial Services Authority.

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

	Segmental Information				Consolidation adjustments	The Group
	Malta Hotel property	Malta Corporate business	Other EU countries	Other European countries		
	EUR	EUR	EUR	EUR	EUR	EUR
Segment Revenue	9,700,964	2,118,572	27,673,083	17,132,786	(2,118,572)	54,506,833
Segment Result	3,090,144	9,501,146	(1,301,620)	8,285,094	(10,272,879)	9,301,885

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

The operating profit for 2005 before adjustments relating to the carrying amounts of the Group's properties, improved by Euros 2.49 million over the previous year. This was achieved in consequence of better operational results registered by all the hotels except for the Corinthia Alfa Hotel in Lisbon which, in 2004, benefited from the lucrative business brought about by the staging of the UEFA European Football Finals in the Portuguese capital.

These good performances also reflected themselves in the partial reversal of impairment charges, amounting to a total of Euros 5.47 million, which had been recognised in previous years on the Corinthia Grand Hotel Royal and on the Corinthia San Gorg Hotel. This contrasts with a net impairment charge of Euros 2.17 million taken in 2004. Another positive factor was the uplift in value attributable to the Group's land adjacent to the Corinthia Nevskij Palace Hotel amounting to Euros 2.40 million.

The increase in the Euribor rate on the international financial markets resulted in a negative adjustment of Euros 0.33 million to the fair value of the Interest Rate Swap taken by the Group, as opposed to a corresponding positive adjustment of Euros 0.17 million in 2004.

The reversal of impairment charges on the hotel properties and the revaluation to fair value of the investment property triggered a tax charge for the year of Euros 1.51 million. On the other hand, in 2004, there was a positive reversal of a prior year tax charge of Euros 2.69 resulting from the reduction of the tax rate applicable on the revaluation of the investment property.

The combined results of these items translate into an improved performance after tax by Euros 7.38 million on the 2004 results.

State of affairs

During 2005 the Group commenced works on the spa and apartments project at the Corinthia Grand Hotel Royal in Budapest. The apartments were completed in January 2006, while the spa is expected to be completed in early May 2006. Moreover, during the last quarter of 2005, both the refurbishment project at the Corinthia San Gorg Hotel, and the demolition and clearance of the two sites adjacent to the Corinthia Nevskij Palace Hotel in Saint Petersburg, were commenced. Financing arrangements for these projects have been made with local and international banks and, once completed, these projects should greatly enhance the three properties in question and their earning potential. The construction phase of the Euros 75 million project in Saint Petersburg, is expected to start in earnest during 2006.

At balance sheet date, the directors accounted through reserves for the fair value uplift of Euros 10.91 million on the Corinthia Nevskij Palace Hotel resulting from an open market valuation.

During 2005 the 10,000,000 shares of Euro 1 nominal value at par, that were issued and allotted to the parent company Corinthia Palace Hotel Company Limited in 2004, were fully subscribed.

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

During the course of 2006 the Group will have two of its four properties i.e. the Corinthia Nevskij Palace Hotel and the Corinthia San Gorg Hotel, going through periods of reduced activity as a result of refurbishment or construction works and, therefore, these properties are expected to register lower operating profits than those achieved in previous years. On the other hand both the Corinthia Grand Hotel Royal and the Corinthia Alfa Hotel are expected to register better results than those achieved in 2005 as they are moving closer to their maturity. The combined effect of these two factors is expected to result in an overall improvement in the Group's operating performance. Full funding for these two projects is in place.

Property, plant and equipment

Property, plant and equipment acquired during the year amounted to Euro 9.52 million.

Capital expenditure commitments

	EUR
Tangible fixed assets contracted for:	
IHI Hungary Rt. (Corinthia Grand Hotel Royal)	1,000,000
IHI Benelux B.V. (Corinthia Nevskij Palace Hotel)	4,000,000
	<u>5,000,000</u>
Authorised but not yet contracted for:	
Five Star Hotels Limited (Corinthia San Gorg)	5,000,000
IHI Benelux B.V. (Corinthia Nevskij Palace Hotel)	250,000
	<u>5,250,000</u>
Total	<u><u>10,250,000</u></u>

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 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 IHI 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 arrangements in place with its officers, executives, shareholders and other related parties, whereby concessions are made available for hospitality services rendered to them according to accepted industry norms.

The Board of Directors
26 April 2006

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