



INTERNATIONAL HOTEL INVESTMENTS P.L.C.

COMPANY ANNOUNCEMENT

Half-Yearly Report

The Board of Directors of International Hotel Investments p.l.c. has approved the attached Half-Yearly Report for the period ended 30th June 2014.

This Report can also be viewed on the Company's website on www.ihiplc.com.

Alfred Fabri
Company Secretary

22nd August 2014

Encl.



INTERNATIONAL HOTEL INVESTMENTS p.l.c.

GROUP HALF-YEARLY REPORT

For the Period 1 January to 30 June 2014

Condensed Income Statement

	1 January to 30 June 2014 €'000	1 January to 30 June 2013 €'000
Revenue	55,589	59,545
Direct costs	(30,985)	(31,584)
	24,604	27,961
Other operating costs	(12,204)	(11,701)
EBITDA	12,400	16,260
Depreciation and amortisation	(9,162)	(11,869)
Results from operating activities	3,238	4,391
Share of loss from equity accounted investments	(11,184)	(4,634)
Finance income	828	582
Finance costs	(7,598)	(10,870)
Net fair value gain on interest rate swaps	1,003	1,071
Loss before tax	(13,713)	(9,460)
Tax income	6,038	5,104
Loss for the period	(7,675)	(4,356)
Attributable to:		
Owners of the parent	(7,675)	(4,356)
Loss for the period	(7,675)	(4,356)
Loss per share	(0.014)	(0.008)

Condensed Statement of Comprehensive Income

	1 January to 30 June 2014 €'000	1 January to 30 June 2013 €'000
Loss for the period	(7,675)	(4,356)
Other comprehensive income		
Share of other comprehensive income (expense) of equity accounted investments	3,929	(2,097)
Other comprehensive income (expense) for the period	3,929	(2,097)
Total comprehensive expense for the period	(3,746)	(6,453)

Condensed Balance Sheet

	At 30 June 2014 €'000	At 31 December 2013 €'000
ASSETS		
Non-current	1,002,587	1,042,268
Current	53,804	50,404
Total assets	1,056,391	1,092,672
EQUITY		
Total equity	606,118	626,491
LIABILITIES		
Non-current	378,390	390,061
Current	71,883	76,120
Total liabilities	450,273	466,181
Total equity and liabilities	1,056,391	1,092,672

Condensed Cash Flow Statement

	1 January to 30 June 2014 €'000	1 January to 30 June 2013 €'000
Net cash from operating activities	14,601	26,353
Net cash used in investing activities	(1,737)	(2,223)
Net cash used in financing activities	(5,723)	(27,750)
Net increase (decrease) in cash and cash equivalents	7,141	(3,620)
Cash and cash equivalents at beginning of period	5,491	11,363
Cash and cash equivalents at end of period	12,632	7,743

Statement of Changes in Equity

	Share capital €'000	Revaluation reserve €'000	Translation reserve €'000	Reporting currency conversion difference €'000	Accumulated losses €'000	Other total equity components €'000	Total attributable to owners €'000	Non- controlling interest €'000	Total equity €'000
Balance at 1 January 2013	554,238	60,272	1,379	443	(17,824)	1,748	600,256	-	600,256
Loss for the period	-	-	-	-	(4,356)	-	(4,356)	-	(4,356)
Other comprehensive income	-	-	(2,949)	-	-	852	(2,097)	-	(2,097)
Total income and expense for the period	-	-	(2,949)	-	(4,356)	852	(6,453)	-	(6,453)
Balance at 30 June 2013	554,238	60,272	(1,570)	443	(22,180)	2,600	593,803	-	593,803
Loss for the period	-	-	-	-	4,622	-	4,622	-	4,622
Other comprehensive income	-	25,506	1,665	-	-	895	28,066	-	28,066
Total income and expense for the period	-	25,506	1,665	-	4,622	895	32,688	-	32,688
Transfer to accumulated losses	-	(1,110)	-	-	1,110	-	-	-	-
Balance at 31 December 2013	554,238	84,668	95	443	(16,448)	3,495	626,491	-	626,491
Loss for the period	-	-	-	-	(7,675)	-	(7,675)	-	(7,675)
Other comprehensive income	-	-	3,566	-	-	363	3,929	-	3,929
Total income and expense for the period	-	-	3,566	-	(7,675)	363	(3,746)	-	(3,746)
Distribution of dividend	-	-	-	-	(16,627)	-	(16,627)	-	(16,627)
Balance at 30 June 2014	554,238	84,668	3,661	443	(40,750)	3,858	606,118	-	606,118

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 to 30 June 2014

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 2014 and the comparative period in 2013. Comparative balance sheet information as at 31 December 2013 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 5.74 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'. In terms of Listing Rule 5.75.5 the Directors are stating that this Half-Yearly Financial Report has not been audited or reviewed by the Group's independent auditors.

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 2013.

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 and commercial centres. The Company has a number of subsidiary companies and investments in associate companies through which it promotes the business of the Group.

Review of Performance

Revenues and operating profits in the Group's hotels in Malta, Prague, Budapest, Lisbon and London continued to increase year on year, in line with previous projections, and reflecting a stronger capability to achieve a fair market share in their respective markets. In particular, the Corinthia Hotel St George's Bay and Marina Hotel in Malta registered an improvement in revenue of 15%. Furthermore, the Corinthia Hotel London continued to consolidate its position as one of the leading luxury hotels in the British capital with an improvement of 6% in revenue relative to the same period last year.

On the other hand external and unforeseen political events in Russia and Libya have significantly impacted demand for hotel accommodation in St Petersburg and Tripoli.

In consequence of what is stated above the Group registered an operating profit before depreciation and amortisation (EBITDA) of €12.4 million compared to €16.3 million in the corresponding period last year.

It is also worth noting that year-on-year depreciation and amortisation reduced by €2.7 million mainly resulting from the fact that items of the furniture, plant and equipment at the Corinthia Hotel Tripoli installed at the time of the hotel's opening ten years ago are now fully depreciated.

Likewise it is worth noting that the Group finance costs year-on-year reduced by €3.3 million out of which €1.0 million represents lower interest payable due to principal loan repayments and the expiry of an interest rate swap. Furthermore in the same period last year the effect of currency fluctuations resulted in a loss of €2.2 million which was not repeated this year. When compared with the value at 31 December 2013 the fair value of the other interest rate swap held by the Group improved by €1.0 million. However, this swap, currently valued at €(0.5) million, will not be renewed when it matures in October this year. This will result in the write back of this provision and in further interest cost savings post October 2014.

In so far as the London Hotel is concerned, for the period under review, the Hotel registered an EBITDA of €4.3 million. This result is not consolidated in the Group's financial statements but reported under equity accounted investments in view of IHI's 50% share.

The result reported in the income statement as 'Share of loss from equity accounted investments' is the net result after deducting depreciation and amortisation, interest costs, one-off property costs and taxes.

During the period under review the Group registered a loss after tax of €7.7 million compared to the loss of €4.4 million reported in the same period last year.

The income of €3.9 million in the Statement of Comprehensive Income reflects the Group's share of unrealised gains on currency movements on its investment in London.

State of Affairs and Outlook

The general business outlook for IHI's hotels in Budapest, Lisbon, London, Malta and Prague remains positive with year-on-year growth being registered in both turnover and operating profits.

Libya is a major concern. The current conflict in and around the Tripoli airport area has severely curtailed international demand for hotel accommodation in the city. Nevertheless, in spite of the prevailing challenges, IHI continues to operate its hotel through a core nucleus of staff after having implemented a significant down-sizing of both local and expatriate personnel. Likewise, all other operating costs have been thoroughly reviewed and reduced as necessary.

Given the downturn in business the value of the Group's property in Libya would normally need to be tested for impairment as at 30 June 2014. Such an exercise is based on projected cash flows discounted to present day value. In view of the unpredictable situation in Libya, such a test would necessarily need to take into account a number of differing scenarios which would render the exercise unreliable.

In Russia, the performance of the Corinthia Hotel St Petersburg has been adversely affected by the developments in Ukraine resulting in a volatile rouble, weakened international demand for hotel services in the country, and the cancellation of a number of major events and conferences planned to be held in the city earlier in the year. In order to mitigate the resultant impact of these conditions, management has been directing its efforts towards replacing the lost foreign business with other business generated from within the Russian Federation. Furthermore, these events might have an impact on the value of the property at year end.

The above events that have negatively affected the financial performance of Corinthia Hotel Tripoli and Corinthia Hotel St Petersburg are expected to impact further the results of the Group for 2014.

Segmental Reporting – Information about reportable segments

	2014	2013	2014	2013	2014	2013	2014	2013
	European Countries	European Countries	Eastern European Countries	Eastern European Countries	North Africa	North Africa	Total	Total
Segment revenue	17,992	16,792	23,770	25,984	6,030	9,638	47,792	52,414
EBITDA	3,164	2,359	4,284	5,727	(55)	2,814	7,393	10,900
Depreciation and amortisation	(2,212)	(2,286)	(4,703)	(4,715)	(1,625)	(4,045)	(8,540)	(11,046)
Segment profit or loss	952	73	(419)	1,012	(1,680)	(1,231)	(1,147)	(146)

Entity wide disclosure

	2014	2013
	Total	Total
Segment revenue	47,792	52,414
Rental income from investment property	5,103	5,337
Hotel management company revenue	5,588	5,777
Holding company revenue	1,146	1,147
Elimination of intra group revenue	(4,040)	(5,130)
Group revenue	55,589	59,545
Segment profit or loss	(1,147)	(146)
Net rental income from investment property	4,670	4,908
Unallocated items	370	451
Depreciation and amortisation	(655)	(822)
	3,238	4,391
Share of loss from equity accounted investments	(11,184)	(4,634)
Finance income	828	582
Finance costs	(7,598)	(10,870)
Net fair value gain on interest rate swap	1,003	1,071
	(13,713)	(9,460)

Tangible Fixed Assets

Tangible fixed assets acquired during the period amounted to €1.5 million.

Capital Commitments

Contracted for:-	€'000
Authorised but not yet contracted for:-	1,500
	3,000

Dividend

On 11 April 2014, the Company declared a dividend of 3% amounting to €16.6million.

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 with these companies are subject to review by the IHI Audit Committee which provides comfort to 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 with companies forming part of the IHI Group have been eliminated in the preparation of this consolidated Half-Yearly Report.

Summary of Related Party Transactions

Parent and Associated company – Management fee income	€'000
Associated companies – Hotel management fee income	574
	3,030

Bond sinking funds

As provided in the prospectus of three bonds, the Company has set up a sinking fund for the repayment of bonds on maturity and for this purpose to date €6.1 million have been deposited in this fund.

Statement pursuant to Listing Rule 5.75.3 issued by the Listing Authority

We confirm that to the best of our knowledge:

- this condensed set of consolidated financial statements, which has been prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position, and profit or loss of IHI; and
- includes a fair review of the information required in terms of Listing Rules 5.81 to 5.84

Alfred Pisani
Chariman & CEO

Joe Fencch
Managing Director

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