International Hotel Investments p.l.c.

Report & Financial Statements

31 December 2014

Company registration number: C 26136

Contents

Statement by the directors on the financial statements and other information included in the annual report

Pursuant to Listing Rule 5.68, we, the undersigned, declare that to the best of our knowledge, the financial statements included in the annual report and prepared in accordance with the requirements of International Financial Reporting Standards, as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and results of the Company and its undertakings included in the consolidation taken as a whole and that this report includes a fair review of the development and performance of the business and position of the Company and its undertakings together with a description of the principal risks and uncertainties that they face.

Signed on behalf of the board of directors on 29 March 2015 by:

Alfred Pisani
Chairman

Frank Xerri de Caro
Senior independent director

Directors' statement of compliance with the Code of Principles Of Good Corporate Governance

Listed companies are subject to The Code of Principles of Good Corporate Governance (the "Code"). The adoption of the Code is not mandatory, but listed companies are required under the Listing Rules issued by the Listing Authority to include a Statement of Compliance with the Code in their Annual Report, accompanied by a report of the independent auditor.

The board of directors (the "directors" or the "board") of International Hotel Investments p.l.c. ("IHI" or the "Company") restate their support for the Code and note that the adoption of the Code has resulted in positive effects to the Company.

The board considers that during the reporting period, the Company has been in compliance with the Code to the extent that was considered adequate with the size and operations of the Company. Instances of divergence from the Code are disclosed and explained below.

COMPLIANCE WITH THE CODE

Principles 1 and 4: The board

The board of directors is entrusted with the overall direction and management of the Company, including the establishment of strategies for future development, and the approval of any proposed acquisitions by the Company in pursuing its investment strategies.

Its responsibilities also involve the oversight of the Company's internal control procedures and financial performance, and the review of business risks facing the Company, ensuring that these are adequately identified, evaluated, managed and minimised. All the directors have access to independent professional advice at the expense of the Company, should they so require.

Principle 2: Chairman and chief executive officer (CEO)

Mr Alfred Pisani occupies the position of Chairman. As from 31 October 2014 the role of CEO has been jointly held by Mr Joseph Fenech in charge of corporate affairs and Mr Simon Naudi in charge of development.

Principle 3: Composition of the board

The board of directors consists of one executive director and nine non-executive directors. The present mix of executive and non-executive directors is considered to create a healthy balance and serves to unite all shareholders' interests, whilst providing direction to the Company's management to help maintain a sustainable organisation.

The non-executive directors constitute a majority on the board and their main functions are to monitor the operations of the executive director and the CEOs and their performance as well as to analyse any investment opportunities that are proposed by the executive director. In addition, the non-executive directors have the role of acting as an important check on the possible conflicts of interest of the executive director, which may exist as a result of his dual role as executive director of the Company and his role as officer of IHI's parent company, Corinthia Palace Hotel Company Limited ("CPHCL") and its other subsidiaries.

The board believes that the independence of its directors is not compromised because of long service or the provision of any other service to the Corinthia Group. Each director is mindful of maintaining independence, professionalism and integrity in carrying out his duties, responsibilities and providing judgement as a director of the Company.

The board is made up as follows:

Executive director	*Date of first appointment*
Mr Alfred Pisani, Chairman	29 March 2000

Non-executive directors	*Date of first appointment*
Mr Khaled Algonsel	22 December 2014
Mr Hamad Buamim	31 December 2013
Mr Abdulnaser Ahmida	21 January 2014
Mr Abuagila Almahdi	16 October 2014
Mr Douraid Zaghuoani	3 November 2014
Mr Joseph Pisani	22 December 2014
Dr Joseph J. Vella	29 March 2000
Mr Frank Xerri de Caro	2 July 2004
Mr Michael Beckett	23 July 2010

Mr Alfred Fabri acts as secretary to the board of directors.

Principle 5: Board meetings

The board met four times during the period under review. The number of board meetings attended by directors for the year under review is as follows:

Mr Alfred Pisani	4
Mr Abdulnaser Ahmida	4
Mr Abuagila Almahdi	1
Mr Hamad Buamim	4
Mr Ziad Makkawi	1
Mr Doaraid Zaghouani	1
Mr Joseph Fenech	2
Mr Simon Naudi	2
Mr Joseph J Vella	4
Mr Frank Xerri de Caro	4
Mr Michael Beckett	4

Principle 6: Information and professional development

The Company ensures that it provides directors with relevant information to enable them to effectively contribute to board decisions.

Principle 8: Committees

- ***Audit committee***

  The audit committee's primary objective is to assist the board in fulfilling its oversight responsibilities over the financial reporting processes, financial policies and internal control structure. The committee, set up in 2002, is made up of non-executive directors and reports directly to the board of directors. The committee oversees the conduct of the internal and external audit and acts to facilitate communication between the board, management and, upon the direct request of the audit committee, the internal audit team and the external auditors.

  During the year under review, the committee met six times

  Mr Frank Xerri de Caro, the senior independent director, acts as Chairman, Dr Joseph J. Vella and Mr Michael Beckett act as members. The company secretary, Mr Alfred Fabri acts as secretary to the committee.

  The board of directors, in terms of Listing Rule 5.118, has indicated Mr Frank Xerri de Caro as the independent non-executive member of the audit committee who is considered to be competent in accounting and/or auditing in view of his considerable experience at a senior level in the banking field.

  The audit committee is also responsible for the overview of the internal audit function. The role of the internal auditor is to carry out systematic risk-based reviews and appraisals of the operations of the Company (as well as of the subsidiaries and associates of the Group) for the purpose of advising management and the board, through the audit committee, on the efficiency and effectiveness of management policies, practices and internal controls. The function is expected to promote the application of best practices within the organisation. During 2014, the internal audit function continued to advise the audit committee on aspects of the regulatory framework which affect the day-to-day operations of the hotels.

  The directors are fully aware that the close association of the Company with CPHCL and its other subsidiaries is central to the attainment by the Company of its investment objectives and implementation of its strategies. The audit committee ensures that transactions entered into with related parties are carried out on an arm's length basis and are for the benefit of the Company, and that the Company and its subsidiaries accurately report all related party transactions in the notes to the financial statements.

Principle 9: Relations with shareholders and with the market

The Company is highly committed to having an open and communicative relationship with its shareholders and investors. In this respect, over and above the statutory and regulatory requirements relating to the Annual General Meeting, the publication of interim and annual financial statements, two interim directors' statements and Company announcements, the Company seeks to address the diverse information needs of its broad spectrum of shareholders in various ways. It has invested considerable time and effort in setting up and maintaining the Company's website and making it user-friendly, with a section dedicated specifically to investors.

The Company holds an additional meeting for stockbrokers and institutional investors twice a year to coincide with the publication of its financial information. As a result of these initiatives, the investing public is kept abreast of all developments and key events concerning the Company, whether these take place in Malta or abroad.

The Company's commitment to its shareholders is exemplified by the special concessions which it makes available to them. In order to better serve the investing public, the board has appointed the Company Secretary to be responsible for shareholder relations.

Principle 10: Institutional shareholders

The Company ensures that it is constantly in close touch with its principal institutional shareholders.

Principle 11: Conflicts of interest

The directors are fully aware of their obligations regarding dealings in securities of the Company as required by the Listing Rules in force during the year. Moreover they are notified of blackout periods prior to the issue of the Company's interim and annual financial information during which they may not trade in the Company's shares.

Principle 12: Corporate social responsibility

The Company understands that it has an obligation towards society at large to put into practice sound principles of Corporate Social Responsibility (CSR). It has embarked on several initiatives which support the community, its culture, as well as sports and the arts in the various locations where it operates.

The Company recognises the importance of good CSR principles within the structure of its dealings with its employees. In this regard, the Company actively encourages initiative and personal development, and consistently creates opportunities based on performance. The Company is committed towards a proper work-life balance and the quality of life of its work force and their families, and of the environment in which it operates.

NON-COMPLIANCE WITH THE CODE

Principle 7: Evaluation of the board's performance

Under the present circumstances, the board does not consider it necessary to appoint a committee to carry out a performance evaluation of its role, as the board's performance is always under the scrutiny of the shareholders.

Approved by the board of directors on 29 March 2015 and signed on its behalf by:

Frank Xerri de Caro
Senior independent director
Director and chairman of audit committee

Joseph J Vella
Director

Other disclosures in terms of listing rules

Pursuant to Listing Rule 5.64.1
Share capital structure

The Company's issued share capital is five hundred and fifty four million and two hundred and thirty eight thousand five hundred and seventy three (554,238,573) ordinary shares of €1 each. All of the issued shares of the Company form part of one class of ordinary shares in the Company, which shares are listed on the Malta Stock Exchange. All shares in the Company have the same rights and entitlements and rank *pari passu* between themselves.

Pursuant to Listing Rule 5.64.3
Shareholders holding 5% or more of the equity share capital as at 31 December 2014:

	Number of shares	Percentage holding (%)
Corinthia Palace Hotel Company Limited	325,777,026	58.78
Istithmar Hotels FZE	122,226,668	22.05
Libyan Foreign Investment Company	61,113,332	11.03

There were no changes in shareholders holding 5% or more of the equity share capital as at 29 March 2015.

Pursuant to Listing Rule 5.64.8
Appointment and replacement of directors

In terms of the Memorandum and Articles of Association of the Company, the directors of the Company shall be appointed through an election. All shareholders are entitled to vote for the nominations in the list provided by the nominations committee. The rules governing the nomination, appointment and removal of directors are contained in Article 19 of the Articles of Association.

Amendments to the Memorandum and Articles of Association

In terms of the Companies Act the Company may by extraordinary resolution at a general meeting alter or add to its Memorandum or Articles of Association.

Pursuant to Listing Rule 5.64.9
Powers of board members

The powers of directors are outlined in Article 21 of the Articles of Association.

Statement by the directors pursuant to Listing Rule 5.70.1

Pursuant to Listing Rule 5.70.1 there are no material contracts to which the Company, or anyone of its subsidiaries, was party to and in which anyone of the directors had a direct or indirect interest therein.

Pursuant to Listing Rule 5.70.2

Company secretary and registered office:

Alfred Fabri
22 Europa Centre, Floriana FRN 1400, Malta
Telephone (+356) 2123 3141

Signed on behalf of the board of directors on 29 March 2015 by:

Alfred Pisani
Chairman

Frank Xerri de Caro
Senior independent director

Remuneration statement

Nominations and remuneration committee

The function of this committee is to propose the appointment and the remuneration package of directors and senior executives of IHI and its subsidiaries. The members of the committee are Mr Michael Beckett acting as Chairman and non-executive directors, Dr Joseph J. Vella and Mr Frank Xerri de Caro as members. Mr Alfred Fabri acts as secretary to the committee.

The board of directors approved the new terms of reference of the nominations and remuneration committee, bringing them in line with both the changes in the Listing Rules, as well as best international practice.

Directors' fees

The directors' fees for 2014 including those for membership of board committees and other subsidiary boards are:

	€
Mr Alfred Pisani	41,929
Mr Khaled Algonsel	-
Mr Hamad Buamim	12,000
Mr Abdulnaser Ahmida	12,000
Mr Abuagila Almahdi	2,500
Mr Douraid Zaghouani	2,000
Dr Joseph J Vella	52,000
Mr Frank Xerri de Caro	77,000
Mr Michael Beckett	72,466
Mr Ziad Makkawi	10,000
Mr Joseph Fenech	26,970
Mr Simon Naudi	9,500

The foregoing amounts are all fixed remuneration. There are no variable remuneration considerations nor share options.

Remuneration of executive directors and senior executives

In 2014 the remuneration of executive directors and senior executives of the Company and its subsidiaries amounted to €3.5 million.

The foregoing amount is all fixed remuneration. There are no variable remunerations nor share options.

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Independent auditor's report on the directors' statement of compliance with the Code of Principles of Good Corporate Governance

Listing Rules 5.94 and 5.97 issued by the Listing Authority, require the directors of International Hotel Investments p.l.c. (the "company") to include in their annual report a statement of compliance to the extent to which they have adopted the Code of Principles of Good Corporate Governance (the "statement of compliance"), and the effective measures they have taken to ensure compliance with these principles.

Our responsibility, as auditor of the company, is laid down by Listing Rule 5.98, which requires us to include a report on this statement of compliance.

We read the statement of compliance and consider whether it is consistent with the audited financial statements. We consider the implications on our report if we become aware of any apparent misstatements or material inconsistencies with these financial statements. Our responsibilities do not extend to considering whether this statement is consistent with other information included in the annual report.

We are not required to, and we do not, consider whether the board's statements on internal control included in the statement of compliance covers all risks and controls, or form an opinion on the effectiveness of the company's corporate governance procedures or its risk and control procedures, nor on the ability of the company to continue in operational existence.

In our opinion, the accompanying statement of compliance provides the disclosures required by Listing Rule 5.97 issued by the Listing Authority.

Mark Bugeja (Partner) for and on behalf of

GRANT THORNTON

29 March 2015

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Trustee Services Unit
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The Listing Authority

Malta Financial Services Authority

Notabile Road

Attard BKR3000

24th March 2015

<u>Statement issued in terms of the Listing Authority Policy on Sinking Funds:</u>

International Hotel Investments Plc 6.25% €25,000,000 Bonds 2017-2020 Sinking Fund.

This is to confirm that, Bank of Valletta Plc is the appointed Trustee of the above mentioned Sinking Fund that was set up by International Hotel Investments Plc in connection with the above Bond.

As at date of this report, the Trustee of the Sinking Fund holds the sum of €3,059,452, net of the redemption of Bonds from the same Issue having a nominal value of €188,300, which amount is in line with the investment parameters stipulated in the prospectus governing the bond and the policy guidelines established by the Listing Authority.

Mr. Steven Schranz
f/ BOV Plc as Trustee

Mr. Antoine Attard
f/BOV Plc as Trustee

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The Listing Authority

Malta Financial Services Authority

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24th March 2015

Statement issued in terms of the Listing Authority Policy on Sinking Funds:

International Hotel Investments Plc 6.25% €35,000,000 Bonds 2015-2019 Sinking Fund.

This is to confirm that, Bank of Valletta Plc is the appointed Trustee of the above mentioned Sinking Fund that was set up by International Hotel Investments Plc in connection with the above Bond.

As at date of this report, the Trustee of the Sinking Fund holds the sum of €6,564,456 which amount is in line with the investment parameters stipulated in the prospectus governing the bond and the policy guidelines established by the Listing Authority.

Mr. Steven Schranz
f/ BOV Plc as Trustee

Mr. Antoine Attard
f/BOV Plc as Trustee

Directors' report

The directors present their report on International Hotel Investments p.l.c. (the "Company") and the Group of which it is the parent for the year ended 31 December 2014.

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 owns a number of investments in subsidiary and associate companies (as detailed in the notes to the financial statements), through which it furthers the business of the Group.

Review of business development and financial position

The results of the operations for the year are as set out in the income statements. In view of the prolonged instability in Libya and economic conditions in the Russian Federation, revenue generated by Corinthia Hotel Tripoli and Corinthia Hotel St Petersburg for the year ended 31 December 2014 was lower than the prior year by circa €16.1 million. However, such a reduction was principally compensated by increased revenues by the Group's other properties in Europe and therefore the overall decrease in income for the financial year amounted to €7.4 million (a reduction of 6%). This reduction in income inevitably impacted the Group's EBITDA, which decreased by 18%, from €35.0 million in 2013 to €28.9 million in 2014. It must be pointed out however that the above revenue and EBITDA figures do not include the Group's 50% share in the London hotel which is not consolidated in the Group's results.

The depreciation charge for 2014 went down by €5.4 million (from €23.8 million in 2013 to €18.4 million in 2014) as no provision was required on assets that were already fully depreciated.

In 2014 there was also a reduction of approximately €2.9 million in finance costs (from €15.9 million in 2013 to €13.0 million in 2014) in consequence of reduced EURIBOR rates coupled with the further reduction of the Group's debt due to scheduled repayments of bank loans.

The earnings on ordinary activities after depreciation and net finance costs during the year under review were a loss of €2.6 million compared to a corresponding loss of €4.7 million in 2013, representing a year-on-year improvement of nearly 100%.

In April 2014, 11 apartments in Whitehall Place adjacent to the Corinthia Hotel London, in which IHI holds a 50% stake, were sold to third parties. The penthouse apartment was retained and will be sold when the right opportunity arises. Except for one-off property costs resulting from this sale of the apartments, the disposal had no effect on the Group financial statements since in 2013 the apartments had already been valued at their market price. In 2014 a loss of €14.6 million was registered from equity accounted investments (mainly London Hotel and Residences), in consequence of building taxes, depreciation, interest and the one-time selling costs of the 11 apartments as the hotel performance registered a marginal improvement in performance in 2014 over 2013.

After accounting for movements in fair value of properties, the Group recorded a loss after tax for the year ended 31 December 2014 of €16.3 million (2013: Profit of €0.3 million).

In 2014 the Group was negatively impacted by a reduction of €69.2 million in the value of its hotels and commercial centres in Tripoli and St Petersburg due to the *force majeure* situation in these two jurisdictions and the devaluation of the Russian rouble. On the other hand, through the robust performance achieved by a number of the Group's European hotels, IHI registered an improvement of €44.9 million in the fair values of such properties, most notably of which were the uplifts in the hotel properties located in London (limited to its 50% share), in Lisbon and in Budapest.

Overall, the Group reported a net impairment (before tax) in the fair value of its properties of €24.3 million (2013: uplift of €36.8 million) which is reported as to €13.3 million in the Income Statement and €11.0 million in the Comprehensive Income Statement.

In 2014, despite the *force majeure* situation prevailing in Libya and the Russian Federation the Group achieved an interest cover ratio of 2.21 times (2013: 2.19), which is marginally better than that registered the year before.

On 27 January 2015, the Corinthia Hotel Tripoli was the scene of an armed attack. The hotel's management has carried out an assessment of the affected parts of the hotel and this has revealed that damages were contained. The estimated cost of repairs, which are currently underway, is in the region of €1 million.

Whilst management is committed to resume the operation of this hotel within the shortest time possible, it is likely that the situation of low occupancy at the Corinthia Hotel Tripoli will persist in 2015. It is the hotel management's objective to minimise losses on the operation of the hotel, and to ensure that payroll and other operating costs are matched to operating income and contribute in some manner towards general overheads such as utilities, security and maintenance. In the meantime, the commercial centre adjoining the hotel remains in operation and generating around €6 million in rental income.

IHI has already announced that it has executed a preliminary conditional agreement with the majority shareholders in the Island Hotels Group Holdings p.l.c. with a view to consider making a voluntary offer for the purchase of 100% of the issued share capital of this Group. Such an eventual acquisition would be financed through additional funding.

Future developments

IHI's business as a developer and operator of hotels and real estate has evolved and its dependence on any single hotel is now marginal. The outlook for 2015 in all the Company's hotels excluding Libya remains better than that of 2014.

Going concern

The directors have reviewed the Company's and the Group's operational and cash flow forecasts. On the basis of this review, after making enquiries, and in the light of the current financial position, the existing banking facilities and other funding arrangements, the directors confirm, in accordance with Listing Rule 5.62, that they have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future.

Board of directors

Mr Alfred Pisani	(Chairman)
Mr Frank Xerri de Caro	(Senior independent director)
Mr Khaled Algonsel	appointed 22 December 2014
Mr Abdulnaser Ahmida	
Mr Hamad Buamim	
Mr Abuagila Ahmida	appointed 16 October 2014
Mr Douraid Zaghouani	appointed 3 November 2014
Mr Joseph Pisani	appointed 22 December 2014
Dr Joseph J Vella	
Mr Michael Beckett	
Mr Ziad Makkawi	resigned 3 November 2014
Mr Joseph Fenech	resigned 31 October 2014
Mr Simon Naudi	resigned 31 October 2014

Principal risks and uncertainties faced by the Group

The Group started trading in 2000, undertaking a strategy of rapid expansion. The Group's business is reliant on hotel properties and operations which are seasonal in nature. The hotel industry globally is marked by strong and increasing competition. Many of the Group's current and potential competitors may have longer operating histories, bigger name recognition, larger customer bases and greater financial and other resources than the companies within the Group.

The Group's operations are mainly located in stable economies. The Group also owns certain subsidiaries that have operations situated in emerging markets. Emerging markets present different economic and political conditions from those of the more developed markets and present less social, political and economic stability. Businesses in emerging markets may not be operating in a market-oriented economy as known in other developed markets.

Reserves

The movements on reserves are as set out in the statements of changes in equity.

Auditors

A resolution proposing the appointment of the auditors of the Company will be submitted at the forthcoming Annual General Meeting.

Approved by the board of directors on 29 March 2015 and signed on its behalf by:

Alfred Pisani
Chairman

Frank Xerri de Caro
Senior independent director

Registered office:
22 Europa Centre,
Floriana FRN 1400,
Malta

Directors' responsibilities for the financial statements

Save as provided by Article 4 of Regulation 1606/2002/EC (the "IAS Regulation"), which applies to companies that at balance sheet date had their securities trading on a regulated market of any European Union Member State, the Companies Act, Cap 386 (the "Act") requires the directors of International Hotel Investments p.l.c. (the "Company") to prepare financial statements for each financial period which give a true and fair view of the financial position of the Company and the Group as at the end of the financial period and of the profit or loss of the Company and the Group for that period in accordance with the requirements of International Financial Reporting Standards as adopted by the European Union.

In preparing those financial statements, the directors are required to:

- adopt the going concern basis unless it is inappropriate to presume that the Company and Group will continue in business;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on the accruals basis;
- value separately the components of asset and liability items; and
- report comparative figures corresponding to those of the preceding accounting period.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and Group and to enable them to ensure that the financial statements have been properly prepared in accordance with the Companies Act, Cap 386 .

They are also responsible for safeguarding the assets of the Company and Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors, through oversight of management, are responsible for ensuring that the Group designs, implements and maintains internal control systems to provide reasonable assurance with regard to reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.

Management is responsible, with oversight from the directors, for establishing a control environment and maintaining policies and procedures to assist in achieving the objective of ensuring, as far as possible, the orderly and efficient conduct of the Group's business. This responsibility includes maintaining controls pertaining to the Group's objective of preparing financial statements as required by the Act and managing risks that may give rise to material misstatements in those financial statements. In determining which controls to implement to prevent and detect fraud, management considers the risks that the financial statements may be materially misstated as a result of fraud.

Signed on behalf of the board of directors on 29 March 2015 by:

Alfred Pisani
Chairman

Frank Xerri de Caro
Senior independent director

Registered office:
22 Europa Centre,
Floriana FRN 1400,
Malta

Income statement – the Group

	Notes	2014 €'000	2013 €'000
Revenue	5	**116,379**	123,734
Direct costs		**(61,147)**	(64,152)
		55,232	59,582
Marketing costs		**(5,500)**	(5,014)
Administrative expenses		**(20,202)**	(19,409)
Other expenses		**(680)**	(178)
		28,850	34,981
Depreciation and amortisation		**(18,390)**	(23,763)
Change in fair value of investment property	13	**(15,391)**	571
Net impairment reversals on hotel properties	14.1	**2,081**	5,000
Results from operating activities	6	**(2,850)**	16,789
Share of loss from equity accounted investments	16	**(14,537)**	(5,788)
Finance income	8	**1,789**	1,276
Finance costs	8	**(14,824)**	(17,216)
Net fair value gain on interest rate swaps		**1,466**	1,789
Movement in reimbursement assets	12	**(879)**	(883)
Loss before tax		**(29,835)**	(4,033)
Tax income	9	**13,549**	4,299
(Loss) profit for the year		**(16,286)**	266
Attributable to:			
- Owners of the parent		**(16,266)**	266
- Non-controlling interest		**(20)**	-
		(16,286)	266
(Loss) earnings per share	10	**(0.03)**	0.00

Statement of total comprehensive income – the Group

	Notes	2014 €'000	2013 €'000
(Loss) profit for the year		**(16,286)**	266
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Impairment of hotel properties	22	**(42,681)**	(8,200)
Revaluation of hotel properties	22	**13,728**	-
Share of other comprehensive income of equity accounted investments			
-Revaluation of hotel property	22	**17,933**	39,466
Items that will be reclassified subsequently to profit or loss			
Fair value movements on AFS investments		**632**	-
Translation difference		**6,741**	(1,580)
Share of other comprehensive income of equity accounted investments			
-Hedging reserve		**447**	2,150
Income tax relating to components of other comprehensive income	9.2	**3,797**	(5,867)
Other comprehensive income for the year, net of tax		**597**	25,969
Total comprehensive (expense) income for the year		**(15,689)**	26,235
Attributable to:			
-Owners of the parent		**(15,669)**	26,235
-Non-controlling interest		**(20)**	-
		(15,689)	26,235

Balance sheet – the Group

	Notes	2014 €'000	2013 €'000
Assets			
Non-current			
Intangible assets	11	**43,556**	44,856
Reimbursement assets	12	**21,687**	22,566
Investment property	13	**176,675**	191,964
Property, plant and equipment	14	**494,971**	534,558
Investments accounted for using the equity method	16	**213,241**	201,689
Loan receivable	17	**3,208**	44,332
Cash held under trust	29	**7,967**	2,303
		961,305	1,042,268
Current			
Inventories	18	**5,307**	5,454
Trade and other receivables	19	**23,309**	31,819
Current tax assets		**2,639**	2,883
Cash and cash equivalents	20	**19,480**	10,248
		50,735	50,404
Total assets		**1,012,040**	1,092,672

Balance sheet – the Group

	Notes	2014 €'000	2013 €'000
Equity and liabilities			
Equity			
Equity attributable to owners of the parent:			
Share capital	21	**554,238**	554,238
Revaluation reserve	22	**78,565**	84,668
Translation reserve	23	**5,384**	95
Reporting currency conversion difference	25	**443**	443
Accumulated losses	26	**(48,937)**	(16,448)
Other equity components	27	**4,491**	3,495
		594,184	626,491
Non-controlling interest	15	**630**	-
Total equity		**594,814**	626,491
Liabilities			
Non-current			
Borrowings	29	**182,552**	190,600
Bonds	30	**88,912**	88,893
Other interest bearing borrowings	31	**-**	13,236
Taxation		**-**	323
Deferred tax liabilities	32	**82,732**	96,803
Provision for charges		**206**	206
		354,402	390,061
Current			
Borrowings	29	**22,461**	24,933
Bonds	30	**-**	2,500
Other interest bearing borrowings	31	**5,326**	292
Trade and other payables	33	**34,564**	42,035
Current tax liabilities		**473**	4,894
Derivatives	34	**-**	1,466
		62,824	76,120
Total liabilities		**417,226**	466,181
Total equity and liabilities		**1,012,040**	1,092,672

The financial statements on pages FS1 to FS66 were approved by the board of directors, authorised for issue on 29 March 2015 and signed on its behalf by:

Alfred Pisani
Chairman

Frank Xerri de Caro
Director

Statement of changes in equity – the Group

	Share capital €'000	Revaluation reserve €'000	Translation reserve €'000	Reporting currency conversion difference €'000	Accumulated losses €'000	Other equity components €'000	Total attributable of owner €'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
Profit for the year	-	-	-	-	266	-	266	-	266
Other comprehensive income	-	25,506	(1,284)	-	-	1,747	25,969	-	25,969
Total comprehensive income	-	25,506	(1,284)	-	266	1,747	26,235	-	26,235
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**
Balance at 1 January 2014	554,238	84,668	95	443	(16,448)	3,495	626,491	-	626,491
Loss for the year	-	-	-	-	(16,266)	-	(16,266)	(20)	(16,286)
Other comprehensive income	-	(5,688)	5,289	-	-	996	597	-	597
Total comprehensive expense	-	(5,688)	5,289	-	(16,266)	996	(15,669)	(20)	(15,689)
Transfer to accumulated losses	-	(415)	-	-	415	-	-	-	-
Dividend	-	-	-	-	(16,638)	-	(16,638)	-	(16,638)
Share capital contribution of non-controlling interest	-	-	-	-	-	-	-	650	650
Balance at 31 December 2014	**554,238**	**78,565**	**5,384**	**443**	**(48,937)**	**4,491**	**594,184**	**630**	**594,814**

Statement of cash flows – the Group

	Notes	2014 €'000	2013 €'000
Loss profit before tax		**(29,835)**	(4,033)
Adjustments	35	**60,659**	39,830
Working capital changes:			
Inventories		**147**	(160)
Trade and other receivables		**7,497**	6,713
Advance payments		**(2,900)**	3,127
Trade and other payables		**(4,327)**	(529)
Cash from operating activities		**31,241**	44,948
Tax paid		**(1,225)**	(2,870)
Net cash from operating activities		**30,016**	42,078
Investing activities			
Payments to acquire property, plant and equipment		**(5,206)**	(4,288)
Proceeds from disposal of property, plant and equipment		**413**	213
Payments to acquire intangible asset		**(139)**	(416)
Interest received		**742**	207
Net cash used in investing activities		**(4,190)**	(4,284)
Financing activities			
Share capital contribution by non-controlling interest		**650**	-
Bank finance advanced		**10,000**	8,480
Repayment of bank borrowings		**(17,392)**	(24,920)
Loans repaid to parent company and its subsidiary companies		**(13,293)**	(3,954)
Loans repaid by an associate		**40,962**	-
Proceeds from issue of bonds		**-**	5
Bond issue costs		**-**	(139)
Repayment of bonds		**(2,506)**	(5,749)
Acquisition of bonds		**(168)**	-
Interest paid		**(15,141)**	(17,389)
Payment of dividend		**(11,547)**	-
Transfer of cash to trustee		**(5,032)**	-
Net cash used in financing activities		**(13,467)**	(43,666)
Net change in cash and cash equivalents		**12,359**	(5,872)
Cash and cash equivalents at beginning of year		**5,491**	11,363
Cash and cash equivalents at the year end	20	**17,850**	5,491

Statement of total comprehensive income – the Company

	Notes	2014 €'000	2013 €'000
Interest receivable and similar income		**7,288**	60,350
Interest payable and similar charges		**(7,609)**	(9,891)
Administrative expenses		**(2,993)**	(2,666)
Revaluation to fair value of investments in subsidiaries		**(22,061)**	(34,761)
(Loss) profit before tax	6	**(25,375)**	13,032
Tax income (expense)	9	**8,166**	(4,734)
(Loss) profit for the year		**(17,209)**	8,298
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss:			
Available for sale investments		**17,967**	32,527
Income tax relating to components of other comprehensive income		**(3,246)**	(6,095)
Other comprehensive income for the year, net of tax		**14,721**	26,432
Total comprehensive (expense) income for the year		**(2,488)**	34,730
(Loss) earnings per share	10	**(0.004)**	0.02

Balance sheet – the Company

	Notes	2014 €'000	2013 €'000
Assets			
Non-current			
Intangible asset	11	**19,935**	19,947
Property, plant and equipment	14	**93**	118
Investments in subsidiaries	15	**414,212**	405,637
Investments in associates	16	**220,991**	203,656
Loans receivable	17	**74,867**	114,591
Cash held under trustee	30	**7,967**	2,303
		738,065	746,252
Current			
Trade and other receivables	19	**25,185**	60,483
Tax recoverable		**-**	2,716
Cash and cash equivalents	20	**4,730**	1,158
		29,915	64,357
Total assets		**767,980**	810,609

Balance sheet – the Company

	Notes	2014 €'000	2013 €'000
Equity			
Share capital	21	**554,238**	554,238
Other reserve	24	**72,171**	71,790
Reporting currency conversion difference	25	**443**	443
Retained earnings	26	**236**	19,743
Total equity		**627,088**	646,214
Liabilities			
Non-current			
Borrowings	29	**5,000**	8,600
Bonds	30	**88,912**	88,893
Other interest bearing borrowings	31	**-**	13,236
Deferred tax liabilities	32	**27,861**	32,939
		121,773	143,668
Current			
Borrowings	29	**3,100**	2,600
Bonds	30	**-**	2,500
Other interest bearing borrowings	31	**5,091**	-
Trade and other payables	33	**10,928**	15,627
		19,119	20,727
Total liabilities		**140,892**	164,395
Total equity and liabilities		**767,980**	810,609

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Alfred Pisani
Chairman

Frank Xerri de Caro
Director

Statement of changes in equity – the Company

	Share capital €'000	Other reserve €'000	Reporting currency conversion difference €'000	Retained earnings €'000	Total equity €'000
Balance at 1 January 2013	554,238	67,953	443	(11,150)	611,484
Loss for the year	-	-	-	8,298	8,298
Other comprehensive income	-	26,432	-	-	26,432
Transfer from / to accumulated losses	-	(22,595)	-	22,595	-
Balance at 31 December 2013	554,238	71,790	443	19,743	646,214
Balance at 1 January 2014	**554,238**	**71,790**	**443**	**19,743**	**646,214**
Loss for the year	**-**	**-**	**-**	**(17,209)**	**(17,209)**
Other comprehensive income	**-**	**14,721**	**-**		**14,721**
Transfer from / to accumulated losses	**-**	**(14,340)**	**-**	**14,340**	**-**
Dividends	**-**	**-**	**-**	**(16,638)**	**(16,638)**
Balance at 31 December 2014	**554,238**	**72,171**	**443**	**236**	**627,088**

Statement of cash flows – the Company

	Notes	2014 €'000	2013 €'000
(Loss) profit before tax		**(25,375)**	13,032
Working capital changes:	35	**22,446**	2,991
Trade and other receivables		**7,220**	(4,233)
Trade and other payables		**(4,691)**	(277)
Net cash (used in) from operating activities		**(400)**	11,513
Investing activities			
Payments to acquire property, plant and equipment		**(37)**	-
Payments to acquire intangible asset		**(126)**	(302)
Repayment of parent company loan		**(13,236)**	(2,853)
Net loans advanced to subsidiary and associate companies		**39,724**	(5,489)
Net cash from (used in) investing activities		**26,325**	(8,644)
Financing activities			
Repayment of bank borrowings		**(3,100)**	(2,100)
Proceeds from bond issue		**-**	5
Bond issue costs		**-**	(139)
Repayment of bonds		**(2,506)**	(5,749)
Acquisition of bonds		**(168)**	-
Payment of dividend		**(11,547)**	-
Transfer of cash to trustee		**(5,032)**	-
Net cash used in financing activities		**(22,353)**	(7,983)
Net change in cash and cash equivalents		**3,572**	(5,114)
Cash and cash equivalents at beginning of year		**1,158**	6,272
Cash and cash equivalents at year end	20	**4,730**	1,158

Notes to the financial statements

1 Nature of operations

International Hotel Investments p.l.c. and subsidiaries' (the 'Group') principal activities include the ownership, development and operation of hotels, leisure facilities and other activities related to the tourism industry. It also owns property held for rental.

2 General information and statement of compliance with IFRS

International Hotel Investments p.l.c., (the 'Company'), is a public limited liability company incorporated and domiciled in Malta. The address of the Company's registered office and principal place of business is 22, Europa Centre, Floriana FRN 1400, Malta. The ultimate parent company is Corinthia Palace Hotel Company Limited (CPHCL) of the same address.

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the European Union, and in accordance with the Companies Act, 1995.

3 Change in accounting policies

3.1 New and revised standards that are effective for annual periods beginning on or after 1 January 2014

A number of the new and revised standards are effective for annual periods beginning on or after 1 January 2014. Information on the new standards relevant to the Group is present below.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

These Amendments clarify the application of certain offsetting criteria in IAS 32, including:

- the meaning of 'currently has a legally enforceable right of set-off'
- that some gross settlement mechanisms may be considered equivalent to net settlement.

The Amendments have been applied retrospectively in accordance with their transitional provisions. As the group does not currently present any of its financial assets and financial liabilities on a net basis using the provisions of IAS 32, these Amendments had no material effect on the consolidated financial statements for any period presented.

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)

These Amendments clarify that an entity is required to disclose the recoverable amount of an asset (or cash generating unit) whenever an impairment loss has been recognised or reversed in the period. In addition, they introduce several new disclosures required to be made when the recoverable amount of impaired assets is based on fair value less costs of disposal, including:

- additional information about fair value measurements including the applicable level of the fair value hierarchy, and a description of any valuation techniques used and key assumptions made.
- the discount rates used if fair value less costs of disposal is measured using a present value technique.

The amendments have been applied retrospectively in accordance with their transitional provisions.

Annual Improvements to IFRS

Annual Improvements to IFRS 2011-2013

The Amendments were considered in the year under review but there has been no impact on the Group's consolidated financial statements.

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements.

IFRS 9 'Financial Instruments' (2014)

The IASB recently released IFRS 9 'Financial Instruments' (2014), representing the completion of its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

The Group's management has yet to assess the impact of IFRS 9 on these consolidated financial statements. The new standard is required to be applied for annual reporting periods beginning on or after 1 January 2018 subject to endorsement by the European Union.

Annual Improvements to IFRS

Annual Improvements to IFRS (2010-2012 Cycle)

IAS 16 (Amendment) 'Property, Plant and Equipment' and IAS 38 (Amendment), 'Intangible Assets'

The Amendment clarifies that when an item of property, plant and equipment, and intangible assets is revalued, the gross carrying amount is adjusted in a manner that is consistent with a revaluation of the carrying amount of the asset.

IAS 24 (Amendment) 'Related Party Disclosures'

The Amendment clarifies that an entity providing key management services to a reporting entity is deemed to be a related party of the latter. It also requires and clarifies that the amounts incurred by the reporting entity for key management personnel services that are provided by a separate management entity should be disclosed in the financial statements and not the amounts of compensation paid or payable by the key management entity to its employees or directors.

IFRS 3 (Amendment) 'Business Combinations'

The Amendment clarifies that contingent consideration that is classified as an asset or a liability shall be measured at fair value at each reporting date.

IFRS 13 (Amendment), 'Fair Value Measurement'

The Amendment, through a revision only in the basis of conclusion of IFRS 13, clarifies that issuing IFRS 13 and amending certain provisions of IFRS 9 and IAS 39 related to discounting of financial instruments, did not remove the ability to measure short-term receivables and payables with no stated interest rate on an undiscounted basis, when the effect of not discounting is immaterial.

The *Annual Improvements* noted above are effective for annual periods beginning on or after 1 January 2013. However, the Improvements did not legally come into force until January 2015 as indicated by the European Union. Management does not anticipate a material impact on the Group's consolidated financial statements from these Amendments.

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities.

IFRS 15 is effective for reporting periods beginning on or after 1 January 2017 subject to endorsement by the European Union. The Group's management has not yet assessed the impact of IFRS 15 on these consolidated financial statements.

4 Summary of accounting policies

4.1 Overall considerations

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

The financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described below.

The accounting policies have been consistently applied by Group entities and are consistent with those used in previous years.

4.2 Presentation of financial statements

The consolidated financial statements are presented in accordance with IAS 1 *Presentation of Financial Statements*. The Group has elected to present the 'statement of comprehensive income' in two statements: the 'income statement' and a 'statement of comprehensive income'.

As the retrospective application of certain new and revised IFRSs in 2014 (see note 3.1 above) has not had a material effect on the consolidated statement of financial position as at 1 January 2013, the Group is not required to present a third statement of financial position as at that date.

4.3 Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to 31 December 2014. Subsidiaries are all entities over which the Group has power to control the financial and operating policies. The Company obtains and exercises control through voting rights. All subsidiaries have a reporting date of 31 December.

Intra-group balances, transactions and unrealised gains and losses on transactions between the Group companies are eliminated. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment losses from the Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owner of the parent and the non-controlling interests based on their ownership interests.

4.4 Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

Assets and liabilities assumed are generally measured at their acquisition-date value.

4.5 Investments in associates

Associates are those entities over which the Group is able to exert significant influence but which are neither subsidiaries nor interests in a joint venture. The Group's investments in associates are initially recognised at cost and subsequently accounted for using the equity method of accounting. Any goodwill or fair value adjustment attributable to the Group's share in the associate is included in the amount recognised as investment in associates.

The carrying amount of the investment in associates is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

4.6 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is based on the rate of interest on bank borrowings. Other borrowing costs are expensed in the period in which they are incurred and recognised in 'finance costs'.

4.7 Foreign currency translation

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

The only members of the Group that have a functional currency other than the euro are the associate NLI Holdings Limited and its subsidiaries, Libyan Holding Investment Inc JSC. The functional currencies and presentation currencies of these entities are the Great Britain pound and Libya dinar, respectively. On consolidation of these entities, the results for the year are translated at the average rate of exchange for the year. The Group's share of reserves is translated at the closing rate. Exchange differences are charged or credited to comprehensive income and recognised in the translation reserve in equity.

4.8 Revenue

Revenue comprises revenue from the sale of goods and the rendering of services.

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods supplied and services provided, excluding VAT, rebates, and trade discounts.

Revenue is recognised when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of the Group's different activities has been met.

Rental income from operating leases of the Group's investment properties is recognised on a systematic basis over the lease term.

Interest income and expenses are reported on an accrual basis using the effective interest method. Dividend income is recognised at the time the right to receive payment is established.

4.9 Operating lease payments

Payments on operating lease agreements are recognised as an expense on a systematic basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

4.10 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

4.11 Retirement benefit costs

The Group companies contribute towards state pensions in accordance with the relevant local legislation and do not contribute to any retirement benefit plans. Related costs are recognised as an expense during the year in which they are incurred.

4.12 Intangible assets

Intangible assets are subject to impairment testing as described in note 4.15.

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

The brand represents the purchase consideration paid for the acquisition of the "Corinthia" brand name. It does not have a finite life and is measured at cost less accumulated impairment losses. The brand is regarded as having an indefinite life since, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate cash inflows.

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the intangible asset, other than goodwill, from the date they are available for use as follows:

	Years
- Operating contracts	20
- Others	3

4.13 Property, plant and equipment

Land and buildings held for use in supply of goods and services or administration are stated at revalued amounts. Revalued amounts are fair market values determined in appraisals by external professional valuers on an annual basis.

Any revaluation surplus is recognised in other comprehensive income and credited to the 'revaluation reserve'. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings.

Furniture and fittings, plant and equipment and motor vehicles are initially recognised at acquisition cost. Subsequently they are carried at acquisition cost less depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Borrowing costs related to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Depreciation is recognised on a straight-line basis to write off the cost or valuation of assets less estimated residual value over their estimated useful lives. The periods generally applicable are:

	Years
- Freehold buildings	50
- Hotel plant and equipment	3-15
- Furniture, fixture and fittings	3-10
- Motor vehicles	5

As no finite useful life for freehold land can be determined, related carrying amounts are not depreciated.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss for the year.

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Any gain arising on remeasurement is recognised directly in other comprehensive income. Any loss is recognised immediately in profit or loss.

4.14 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation, and are accounted for using the fair value model.

Property that is being constructed for use as an investment property is included with investment property.

Investment properties are revalued annually and are included in the balance sheet at their fair values. These values are supported by market evidence and are determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment property.

Any gain or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognised in profit or loss within 'change in fair value of investment property'.

Rental income and operating expenses from investment property are reported within 'revenue' and 'direct costs' respectively.

4.15 Impairment testing of goodwill, other intangible assets and property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount which is the higher of fair value less costs of disposal and value in use. To determine the value in use, management estimates expected future cash flows from each cash- generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budgets, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Cash flows and discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles, such as market and asset-specific risk factors (see notes 11 and 14).

Impairment losses on cash-generating units first reduce the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

4.16 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value adjusted for transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets and liabilities are measured subsequently as described below.

Financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables;
- financial assets at fair value through profit or loss (FVTPL);
- held to maturity (HTM) investments; and
- available-for-sale (AFS) financial assets.

The Group does not own any HTM investments.

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied to each category of financial assets, and are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within 'finance costs', 'finance income' or 'other financial items', except for impairment of trade receivables which is presented within 'administrative expenses'.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Loans advanced by the Company to its subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future, are treated as an extension to the Company's net investment in those subsidiaries and included as part of the carrying amount of investments in subsidiaries.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other available features of shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group. Impairment of trade receivables is presented within 'administrative expenses'.

Financial assets at FVTPL

Financial assets at FVTPL include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see derivative financial instruments below). Assets in this category are measured at fair value with gains or losses recognised in profit or loss. Gains or losses on derivative financial instruments are based on changes in fair value determined by reference to active market transactions or using a valuation technique where no active market exists.

Investments in subsidiaries are presented in the Company's balance sheet as financial assets at FVTPL at inception since these are managed and performance evaluated by key management in accordance with a documented strategy.

AFS financial assets

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

AFS financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within equity, except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss. Interest calculated using the effective interest method and dividends are recognised in profit or loss within 'finance income'. Reversals of impairment losses for AFS securities are recognised in profit or loss if the reversal can be objectively related to an event after the impairment loss was recognised. For AFS equity instruments, impairment reversals are not recognised in profit or loss and any subsequent change in fair value is recognised in other comprehensive income.

The Company's available-for-sale financial assets include listed Government bonds and investments in associates. The Group's available-for-sale financial assets include listed Government bonds.

Financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognised in profit or loss.

All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at fair value through profit and loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within 'finance costs' or 'finance income'.

Derivative financial instruments

Derivative financial instruments are accounted for at FVTPL, except for derivative designed as hedging instruments in cash flow hedge relationships, which require a specific accounting treatment. To qualify for hedge accounting, the hedging relationship must meet several strict conditions with respect to documentation, probability of occurrence of the hedged transaction and hedge effectiveness.

All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the balance sheet.

To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss.

At the time the hedged item affects profit or loss, any gain previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income. However, if a non-financial asset or liability is recognised as a result of the hedged transaction, the gains and losses previously recognised in other comprehensive income are included in the initial measurement of the hedged item.

If a forecast transaction is no longer expected to occur or if the hedging instrument becomes ineffective, any related gain or loss recognised in the statement of comprehensive income is transferred immediately to profit or loss. If the hedging relationship ceases to meet the effectiveness conditions, hedge accounting is discontinued and the related gain or loss is held in the equity reserve until the forecast transaction occurs.

4.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

The cost of inventories is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

4.18 Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised directly in other comprehensive income or equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period and any adjustment to tax payable in respect of previous years.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in the statement of comprehensive income or equity (such as the revaluation of land) in which case the related deferred tax is also recognised in the statement of comprehensive income or equity respectively.

4.19 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

4.20 Equity, reserves and dividend payments

Share capital represents the nominal (par) value of shares that have been issued.

The revaluation reserve within equity comprises gains and losses from the revaluation of property (see note 22).

Foreign currency translation differences arising on the translation of the Group's foreign entities are included in the translation reserve (see note 23). This applies to the Group's investment in the London associate.

Gains and losses on certain financial instruments are included in other reserve (see note 24).

The difference arising on the conversion of assets and liabilities from Maltese lira to euro prior to 1 January 2008 is included in the reporting currency conversion difference reserve (see note 23).

Accumulated losses include all current and prior period losses less retained profits (see note 25).

Other equity components include the increase in the fair value of the original shareholding in a subsidiary and the share of an associate's hedging reserve (see note 26).

All transactions with owners of the parent are recorded separately within equity.

Dividend distributions payable to equity shareholders are included in other liabilities (until paid) when the dividends have been approved in a general meeting prior to the reporting date.

4.21 Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events. Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Where the time value of money is material, provisions are discounted to their present values

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

Possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets.

4.22 Significant management judgement in applying accounting policies

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements. Critical estimation uncertainties are described in note 4.23.

Deferred tax assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Group operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

Control assessment

IFRS 10 requires the parent company to assess its involvement in its investee companies. Refer to note 16.3 for further details.

4.23 Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment testing of non-financial assets and goodwill

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

In the case of goodwill no impairment loss has been registered in the year under review (2013: nil). If the independent valuer's discount rate was increased by 1% the valuation would decrease by approximately € 4.5 million and the valuation would still be higher than the carrying amount.

The Group has incurred an impairment loss of € 40.6 million in 2014 (2013: €3.2 million) on its hotel properties to reduce the carrying amount to their recoverable amounts (see note 14.3). If the independent valuer's discount rate was increased by 1% a further impairment loss of € 78.7 million (2013: €73 million) would have to be recognised, of which € 13.7 million (2013: €30 million) would be written off against reserves and € 65 million (2013: €43 million) charged to the profit or loss account.

Investment properties

At each reporting date investment properties are revalued by independent valuers. The Group has recognised fair value adjustments to investments property of € 15.4 million (2013: €0.5 million). When based on management's estimate of expected future cash flows the value of each property is determined by applying a suitable discount rate. If the discount rate is changed by 1%, the fair value of investment property would change by € 7 million (2013: €7 million).

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets to the Group. The carrying amounts are analysed in note 14. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

Income taxes

In order to establish the taxation provisions, management exercises significant judgement in view of the fact that the Group operates in various jurisdictions and as a result there are diverse transactions for which the ultimate tax determination is somewhat uncertain. In the event that the amount of actual tax due differs from the original amounts provided for, such variances will have an impact on the taxation charges for future periods.

Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by expiry, obsolescence, future technology or other market-driven changes that may reduce net realisable value.

Allowance for trade and other receivables

The Group creates allowances for doubtful receivables to account for estimated losses resulting from the inability of customers to make required payments. When evaluating the adequacy of the allowance for doubtful receivables, management bases its estimates on the current overall market conditions, the ageing of account receivable balances, historical write-off experience, customer creditworthiness and changes in payment terms. Changes in the economy, industry or specific customer conditions may require adjustments to the estimated allowance for doubtful receivables.

4.24 Segment reporting

The standard requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's board of directors.

An operating segment is a group of assets and operations engaged in providing services that are subject to risks and returns that are different from that of other segments. Each hotel is considered to be an operating segment.

Hotel ownership, development and operations is the dominant source and nature of the Group's risks and returns. The Group is also engaged in the ownership and leasing of its investment property. Operations are based in six countries, Malta being the home of the parent and management companies.

The board of directors assesses performance based on the measure of EBITDA (earnings before interest, tax, depreciation and amortisation) of each hotel.

The Group is not required to report a measure of total assets and liabilities for each reportable segment since such amounts are not regularly provided to the chief operating decision maker. However, in accordance with IFRS 8, non-current assets (other than financial instruments, investments accounted for using the equity method and deferred tax assets) are divided into geographical areas in note 5.

5 Segment reporting
Information about reportable segments

Hotels	Malta		Portugal		Hungary		Russia		Prague		Libya		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	€'000	€'000	**€'000**	€'000	**€'000**	€'000	**€'000**	€'000	**€'000**	€'000	**€'000**	€'000	**€'000**	€'000
Segment revenue	**21,191**	18,607	**19,598**	17,766	**20,756**	18,799	**14,685**	18,954	**15,740**	14,659	**8,345**	19,705	**100,315**	108,490
EBITDA	**4,051**	2,081	**4,667**	3,591	**5,704**	4,502	**1,492**	5,358	**3,278**	2,403	**(1,636)**	5,683	**17,556**	23,618
Depreciation and amortisation	**(1,628)**	(1,528)	**(2,669)**	(3,212)	**(1,910)**	(1,846)	**(4,592)**	(4,528)	**(2,870)**	(2,989)	**(3,296)**	(8,146)	**(16,965)**	(22,249)
(Impairments) reversals	**1,766**	-	**1,240**	5,000	**10,357**	-	**(3,243)**	-	**-**	-	**(8,039)**	-	**2,081**	5,000
Segment profit or loss	**4,189**	553	**3,238**	5,379	**14,151**	2,656	**(6,343)**	830	**408**	(586)	**(12,971)**	(2,463)	**2,672**	6,369

Entity wide disclosure

	Total	
	2014	2013
	€'000	€'000
Segment revenue	100,315	108,490
Rental income from investment property	10,326	10,851
Hotel management company revenue	11,305	11,503
Holding company revenue	3,609	57,380
Elimination of intra group revenue	(9,176)	(64,490)
Group revenue	**116,379**	123,734
Segment profit or loss	2,672	6,369
Net rental income from investment property	9,359	9,808
Change in fair value of investment property	(15,391)	571
Unallocated items	2,759	56,554
Depreciation	(108)	(151)
Amortisation	(1,318)	(1,362)
Consolidation adjustments	(823)	(55,000)
	(2,850)	16,789
Share of (loss) profit from equity accounted investments	(14,537)	(5,788)
Finance income	1,789	1,276
Finance costs	(14,824)	(17,216)
Net fair value loss on interest rate swap	1,466	1,789
Movement in reimbursement assets	(879)	(883)
Loss for the year	**(29,835)**	(4,033)

	Malta 2014	Malta 2013	Portugal 2014	Portugal 2013	Hungary 2014	Hungary 2013	Russia 2014	Russia 2013	Prague 2014	Prague 2013	Libya 2014	Libya 2013	Total 2014	Total 2013
Non-current assets	**310,991**	297,000	**94,333**	81,399	**95,300**	86,152	**169,230**	202,426	**74,213**	76,852	**184,431**	229,293	**928,498**	973,122
Consolidation adjustments													**(55)**	(55)
													928,443	973,067

6 Results from operating activities

Results from operating activities are after the following charges:

	The Group	
	2014	2013
	€'000	€'000
Directors' remuneration	**520**	600
Loss on disposal of property, plant and equipment	**10**	57
Operating lease costs	**137**	137
Auditor's remuneration	**340**	286
Cost of sales	**7,175**	8,508

	The Company	
	2014	2013
	€'000	€'000
Directors' remuneration	**520**	600
Depreciation of property, plant and equipment	**49**	21
Amortisation of intangible asset	**151**	195
Auditor's remuneration	**32**	32

7 Personnel expenses

	The Group		The Company	
	2014	2013	2014	2013
	€'000	€'000	€'000	€'000
Wages and salaries	**31,883**	32,878	**2,103**	1,600
Social security contributions	**4,147**	4,624	**40**	37
Other staff costs	**3,641**	3,569	**19**	26
	39,671	41,071	**2,162**	1,663

Weekly average number of employees:

	The Group		The Company	
	2014	2013	2014	2013
	No.	No.	No.	No.
Management and administrative	**393**	393	**21**	21
Operating	**1,484**	1,595	**-**	-
	1,877	1,988	**21**	21

8 Finance income and finance costs

	The Group	
	2014	2013
	€'000	€'000
Finance income:		
Interest receivable on:		
Loans advanced to related companies	**613**	1,037
Other balances	**10**	91
Bank deposits	**129**	43
Exchange differences	**1,037**	105
Finance income	**1,789**	1,276
Finance costs:		
Interest payable on:		
Bank borrowings	**(8,223)**	(9,024)
Bonds	**(5,512)**	(5,803)
Loans advanced by parent company and its subsidiaries	**(194)**	(875)
Capital and other creditors	**(250)**	(50)
Imputed interest on convertible bonds and amortisation of bond issue costs	**(191)**	(189)
Other costs	**(12)**	(250)
Exchange differences	**(442)**	(1,025)
Finance costs	**(14,824)**	(17,216)

9 Tax income (expense)

The charge for income tax on profits derived from local and foreign operations has been calculated at the applicable tax rates.

	The Group		The Company	
	2014	2013	2014	2013
	€'000	€'000	€'000	€'000
Current taxation	**(1,418)**	1,335	**(158)**	(16,231)
Over (under) provision in respect of previous years	**4,693**	-	**-**	-
Deferred taxation	**10,274**	2,964	**8,324**	11,497
	13,549	4,299	**8,166**	(4,734)

Up to September 2008 Corinthia Towers Tripoli Limited (CTTL), one of the Group's subsidiaries, benefitted from a tax holiday granted by the Libyan tax authorities. CTTL applied for a three year extension of this tax holiday but in the absence of a confirmation that this was accepted by the Libyan authorities, CTTL provided for tax payable in Libya for the period October 2008 to September 2011. During the year under review CTTL received communications from Libyan authorities which show that it is entitled to benefit from an extended tax holiday period of three years starting from October 2008, being the date when the original tax holiday ended. In view of this CTTL reversed a provision for tax of € 4.7 million which was reflected in the audited financial statements for the years ended 31 December 2010 and 2011.

Refer to note 32 for information on the deferred tax assets and liabilities.

9.1 Tax expense reconciliation

	The Group		The Company	
	2014	2013	2014	2013
	€'000	€'000	€'000	€'000
Loss before tax	**(29,835)**	(4,033)	**(25,375)**	13,032
Income tax using the Company's domestic tax rate	**10,443**	1,412	**8,881**	(4,561)
Effect of income subject to foreign/different tax rates	**(1,880)**	210	**-**	-
Non-tax deductible expenses	**(1,109)**	(1,586)	**(715)**	(1,735)
Current year losses for which no deferred income is recognised	**-**	341	**-**	-
Effect of other consolidation adjustments	**1,298**	4,181	**-**	-
Change in unrecognised temporary differences	**(1,188)**	(259)	**-**	1,562
Effect of reduction in foreign tax rates on opening temporary differences	**1,290**	-	**-**	-
(Under) overprovision in respect of previous years	**4,695**	-	**-**	-
Tax (expense) income	**13,549**	4,299	**8,166**	(4,734)

9.2 Tax recognised in other comprehensive (expense) income

	The Group		The Company	
	2014	2013	2014	2013
	€'000	€'000	€'000	€'000
Tax effect on:				
Revaluation of hotel properties	**5,332**	(5,760)	**-**	-
Fair value adjustment on hedging instruments	**(83)**	(403)	**-**	-
Exchange translation difference	**(1,452)**	296	**-**	-
Fair value adjustment on AFS investments	**-**	-	**(3,246)**	(6,095)
	3,797	(5,867)	**(3,246)**	(6,095)

10 (Loss) earnings per share

The calculation of (loss) earnings per share is based on the net (loss) profit for the year attributable to ordinary shareholders and the number of ordinary shares outstanding during the year of 554,238,573.

11 Intangible assets

	The Group				
	Goodwill	Brand	Operating contracts	Others	Total
	€'000	€'000	€'000	€'000	€'000
Cost					
At 1 January 2013	24,841	19,600	23,334	1,228	69,003
Acquisitions	-	-	-	416	416
Disposal	-	-	-	(114)	(114)
At 31 December 2013	24,841	19,600	23,334	1,530	69,305
At 1 January 2014	24,841	19,600	23,334	1,530	69,305
Acquisitions	-	-	-	140	140
At 31 December 2014	**24,841**	**19,600**	**23,334**	**1,670**	**69,445**
Amortisation					
At 1 January 2013	15,114	-	7,196	598	22,908
Amortisation for the year	-	-	1,167	374	1,541
At 31 December 2013	15,114	-	8,363	972	24,449
At 1 January 2014	15,114	-	8,363	972	24,449
Amortisation for the year	-	-	1,167	273	1,440
At 31 December 2014	**15,114**	**-**	**9,530**	**1,245**	**25,889**
Carrying amount					
At 1 January 2013	9,727	19,600	16,138	630	46,095
At 31 December 2013	9,727	19,600	14,971	558	44,856
At 31 December 2014	**9,727**	**19,600**	**13,804**	**425**	**43,556**

	The Company		
	Brand €'000	Others €'000	Total €'000
Cost			
At 1 January 2013	19,600	481	20,081
Acquisitions	-	416	416
Disposals	-	(114)	(114)
At 31 December 2013	19,600	783	20,383
At 1 January 2014	19,600	783	20,383
Acquisitions	-	140	140
Disposals		-	-
At 31 December 2014	**19,600**	**923**	**20,523**
Amortisation			
At 1 January 2013	-	241	241
Amortisation for the year	-	195	195
At 31 December 2013	-	436	436
At 1 January 2014	-	436	436
Amortisation for the year	-	151	151
At 31 December 2014	**-**	**587**	**587**
Carrying amount			
At 1 January 2013	19,600	240	19,840
At 31 December 2013	19,600	347	19,947
At 31 December 2014	**19,600**	**336**	**19,936**

Goodwill

For the purpose of impairment testing of the goodwill arising on the acquisition of CHI Limited ("CHI"), the directors have relied on the expert opinion of an independent third party. The indicative valuation is based on the discounted cash flows derived from hotel operating projections as prepared by HVS International, specialists in hotel consulting and valuations ("HVS").

Brand

In December 2010 the Company purchased the Corinthia brand from its parent company (CPHCL) for €19.6 million. This value was determined by independent valuers on the basis of the projected income statements of existing hotels as at the end of 2009 and is subject to an adjustment following a similar valuation exercise based on 2010 figures.

The agreement also provides for a 10 year period within which any addition of Corinthia branded rooms to the brand portfolio will result in an additional payment of €6,400 per room to CPHCL.

The value of the brand was tested at year end together with CHI for any impairment. This valuation confirmed that there was no impairment.

Operating contracts

These contracts represent the assumed value attributable to the operation of hotel properties which arose on the acquisition of CHI in 2007.

The contracts were tested for impairment in conjunction with goodwill above and CHI. This valuation confirmed that there was no impairment

Key assumptions used to test intangible assets

Value in use was determined by discounting the forecast future cash flows generated by CHI for a six year explicit period 2014 – 2019.

The following are the key assumptions underlying the projections:

- revenue derived from IHI properties is based on operational projections prepared by HVS. This accounts for 88% of the total revenue in the explicit period (2013 – 94%);
- revenue from other properties is assumed to increase by 5% per annum on 2014 budget (2013 – 5% on 2013 budget) (in-perpetuity growth rate of 1.5% per annum applied subsequently to the five year period covered by the explicit projections);
- the rates charged by CHI and the royalties payable to IHI and Ramada are assumed to remain unchanged at current levels;
- inflationary growth in operating expenses on 2015 budget is assumed to be 3.5% (2013 – 2% on 2014 budget); and
- a pre-tax discount rate of 14.14% was applied to the operating projections of CHI (2013 – 14.58%), based on a debt to equity ratio of 30:70.

This valuation confirmed that there was no impairment.

Others

Other intangible assets represent web-site development costs and licences, and are amortised over three years.

12 Reimbursement assets

	The Group	
	2014	2013
	€'000	€'000
At 1 January	**22,566**	23,449
Change in fair value	**(879)**	(883)
At 31 December	**21,687**	22,566

In view of group tax relief provisions applicable in Malta any tax due by Corinthia Palace Hotel Company Limited ("CPHCL") on the transfer of the shares in IHI Towers s.r.o ("IHIT") and Corinthia Towers Tripoli Limited ("CTTL") to IHI effected in 2007 was deferred. This tax will only become due in the eventuality that IHI sells the shares in IHIT and/or CTTL and/or their underlying properties outside the Group. In accordance with the indemnity agreement prepared at the time of the acquisition, CPHCL has indemnified the Group for future tax it may incur should the Group sell the shares or the underlying properties outside the Group. This indemnity will be equivalent to the tax that will be due by IHI on the gain that was untaxed in the hands of CPHCL. The indemnity has no time limit and has a maximum value of € 45 million.

The indemnity agreement provides that in the event of a sale of the shares in IHIT and/or CTTL and/or their underlying properties outside the Group, CPHCL will be liable for the tax that will be due on the gain that was exempt in the hands of CPHCL at the time of the sale. Since it is certain that reimbursements will be received from CPHCL if IHI settles the obligation, the reimbursements have been recognised and treated as separate assets.

On the sale of its shares in Marina San Gorg Limited ("MSG"), CPHCL provided a tax indemnity to IHI. The sales contract was exempt from taxation on the basis that share capital of MSG was transferred rather than the hotel property. Should IHI dispose of the hotel property, it may become liable to tax that it would not have become liable to pay had CPHCL transferred the hotel property as opposed to the transfer of the issued share capital. The indemnity agreement provides that in this event, CPHCL will indemnify against any tax which IHI may incur or sustain up to a maximum of €4.77 million. The indemnity shall automatically expire on 13 February 2019.

13 Investment property

	The Group	
	2014	2013
	€'000	€'000
At 1 January	**191,964**	191,393
Change in fair value (a)	**(15,391)**	571
Additions	**102**	-
At 31 December	**176,675**	191,964

a) At the balance sheet date, the fair value of investment property held by the Group in St. Petersburg has been decreased by the directors by €9.6 million (2013 – increase € 0.4 million), relying on the expert opinion of Colliers International, an independent firm of estate valuers and consultants.

The valuation of the investment property in Lisbon gave rise to a lower value than previously recorded of €155,000 (2013 - €29,000), based on the expert opinion of CPU, an independent firm of consultants.

In 2014, the directors relying on the expert opinion of external professional valuers recognised an impairment of €5.6 million (2013 - increase € 0.2 million) in the value of the Commercial Centre in Tripoli (refer also to note 14.1).

The fair value of the parcel of land adjacent to the Commercial Centre was retained.

b) All investment property is hypothecated in favour of the Group's bankers as collateral for amounts borrowed as stated in note 29.

c) Rental income earned by the Group for the period from investment property amounted to € 10.3 million (2013 - €10.9 million) and direct expenses to €1 million (2013 - €1 million).

d) All investment property is leased out on operating leases which are not non-cancellable.

14 Property, plant and equipment

	The Group					
	Land and buildings €'000	Plant and equipment €'000	Furniture, fixtures and fittings €'000	Motor vehicles €'000	Assets in the course of construction €'000	Total €'000
Cost/revalued amount						
Balance at 1 January 2013	688,744	80,250	72,598	1,024	8,831	851,447
Additions	218	1,687	2,298	49	517	4,769
Reallocations	2,554	717	554	-	(3,825)	-
Disposals	-	(367)	(36)	(117)	(224)	(744)
Balance at 31 December 2013	691,516	82,287	75,414	956	5,299	855,472
Balance at 1 January 2014	691,516	82,287	75,414	956	5,299	855,472
Revaluation	13,728	-	-	-	-	13,728
Additions	287	780	487	-	3,104	4,658
Reallocations	995	736	515	-	(2,246)	-
Disposals	-	(28)	(257)	(24)	(229)	(538)
Balance at 31 December 2014	**706,526**	**83,775**	**76,159**	**932**	**5,928**	**873,320**
Depreciation and impairment losses						
Balance at 1 January 2013	167,775	68,153	59,172	865	-	295,965
Depreciation for the year	12,183	5,784	4,198	58	-	22,223
Net impairment losses	3,200	-	-	-	-	3,200
Disposals	-	(300)	(34)	(140)	-	(474)
Balance at 31 December 2013	183,158	73,637	63,336	783	-	320,914
Balance at 1 January 2014	183,158	73,637	63,336	783	-	320,914
Depreciation for the year	12,319	2,549	2,025	57	-	16,950
Net impairment losses	40,600	-	-	-	-	40,600
Reallocations	-	51	(63)	12	-	-
Disposals	-	-	(115)	-	-	(115)
Balance at 31 December 2014	**236,077**	**76,237**	**65,183**	**852**	**-**	**378,349**
Carrying amounts						
At 1 January 2013	520,969	12,097	13,426	159	8,831	555,482
At 31 December 2013	508,358	8,650	12,078	173	5,299	534,558
At 31 December 2014	**470,449**	**7,538**	**10,976**	**80**	**5,928**	**494,971**

	The Company			
	Plant and equipment €'000	Furniture, fixtures and fittings €'000	Motor vehicles €'000	Total €'000
Cost				
Balance at 1 January 2013	116	99	57	272
	11	1	-	12
Additions	(13)	-	-	(13)
Balance at 31 December 2013	114	100	57	271
Balance at 1 January 2014	114	100	57	271
Additions	37	-	-	37
Disposals	(13)	-	-	(13)
Balance at 31 December 2014	**138**	**100**	**57**	**295**
Depreciation				
Balance at 1 January 2013	41	46	45	132
Depreciation for the year	5	11	5	21
Balance at 31 December 2013	46	57	50	153
Balance at 1 January 2014	46	57	50	153
Depreciation for the year	37	9	3	49
Balance at 31 December 2014	**83**	**66**	**53**	**202**
Carrying amounts				
At 1 January 2013	75	53	12	140
At 31 December 2013	68	43	7	118
At 31 December 2014	**55**	**34**	**4**	**93**

14.1 Impairment of assets

In 2003, the Company opted to have its hotels and investment properties valued by third party experts. This process involves the preparation of 10 year future cash flows prepared by an expert in the hospitality industry and financial modelling by an independent accountancy firm to determine an appropriate discount rate, to arrive at a value in use assessment, in line with the requirements of IAS 36, *Impairment of Assets*. This exercise has been ongoing on a yearly basis since 2003 and was once again repeated in the year under review.

A value in use assessment has been carried out by independent advisors for the Company's hotels and investment properties. In the case of the Corinthia Hotel Tripoli, in view of the significant difficulty in arriving at a value in use of the property in the present uncertain environment prevailing in Libya, the independent advisors presented several considerations and parameters to the directors for their consideration. After giving due consideration to these proposals, the directors agreed to apply the increased country and other risk premia proposed by the independent accountants for the ten year projections. These higher premiums were taken into consideration in determining the discount rate to be applied for 2014 for these assets.

In consequence of the higher discount rate applied and the weaker outlook on future performance, the value of the hotel property was impaired by € 34.8 million. This reduction was reviewed by the Company's auditors, who considered it to be reasonable in the prevailing circumstances.

Impairment losses reflect lower than expected economic performances of the hotel properties, whereas reversals of such losses reflect improvements in previously projected net future cash flows from operations.

Impairment losses and reversals have been recognised as follows:

	Note	Recognised at 1 January 2014 €'000	Change €'000	Recognised at 31 December 2014 €'000
Hotel property				
Corinthia Hotel St George's Bay, Malta		**2,803**	**-**	**2,803**
Corinthia Hotel & Spa Lisbon		**2,308**	**(1,240)**	**1,068**
Corinthia Hotel Prague		**13,745**	**-**	**13,745**
Corinthia Hotel Tripoli		**20,300**	**34,852**	**55,152**
Corinthia Hotel Budapest		**22,701**	**(10,357)**	**12,344**
Corinthia Hotel St Petersburg		**31,792**	**19,111**	**50,903**
Marina Hotel, St George's Bay, Malta		**1,887**	**(1,766)**	**121**
		95,536	**40,600**	**136,136**
Reported in income statement			**(2,081)**	
Reported in revaluation reserve	22		**42,681**	
			40,600	

	Note	Recognised at 1 January 2013 €'000	Change €'000	Recognised at 31 December 2013 €'000
Hotel property				
Corinthia Hotel St George's Bay, Malta		2,803	-	2,803
Corinthia Hotel & Spa Lisbon		7,308	(5,000)	2,308
Corinthia Hotel Prague		13,745	-	13,745
Corinthia Hotel Tripoli		20,300	-	20,300
Corinthia Hotel Budapest		22,701	-	22,701
Corinthia Hotel St Petersburg		23,592	8,200	31,792
Marina Hotel, St George's Bay, Malta		1,887	-	1,887
		92,336	3,200	95,536
Reported in income statement			(5,000)	
Reported in revaluation reserve	22		8,200	
			3,200	

In assessing the recoverable amounts of the above hotel properties by reference to their value in use, the future cash flows to be derived from the continuing use and ultimate disposal were estimated in the currency in which they will be generated, and discounted by applying the following pre-tax discount rates.

	2014 %	2013 %
Corinthia Hotel & Spa Lisbon	**7.87**	8.69
Corinthia Hotel Prague	**6.85**	7.53
Corinthia Hotel Tripoli	**12.32**	10.88
Corinthia Hotel Budapest	**8.20**	8.76
Corinthia Hotel St Petersburg	**11.38**	10.68
Marina Hotel, St George's Bay, Malta	**8.96**	-

These discount rates reflect the current market assessment of the time value of money and the risks specific to these hotel properties for which the future cash flow estimates used in arriving at their carrying amount have not been adjusted for.

The value of the Corinthia Hotel St George's Bay, Malta was based on its market value.

14.2 Carrying amounts of hotel properties

Following the revision of the hotel property carrying amounts to reflect the outcome of the valuation updated at each reporting period, the carrying amount of each hotel property is as follows:

	2014 €'000	2013 €'000
Hotel property		
Corinthia Hotel St George's Bay, Malta	**27,557**	28,327
Corinthia Hotel & Spa Lisbon	**92,168**	79,725
Corinthia Hotel Prague	**74,039**	76,700
Corinthia Hotel Tripoli	**86,687**	124,090
Corinthia Hotel Budapest	**95,231**	85,984
Corinthia Hotel St Petersburg	**90,729**	113,448
Marina Hotel, St George's Bay, Malta	**22,499**	20,896
	488,910	529,170

14.3 Historic cost of hotel properties

If the cost model had been used the carrying amounts of the revalued properties would be €468.4 million (2013: €464.3 million). The revalued amounts include a revaluation surplus of €13.7 million before tax (2013 : €44 million), which is not available for distribution to the shareholders of IHI.

14.4 Security

Certain tangible fixed assets owned by the Group are hypothecated in favour of the Group's bankers as collateral for amounts borrowed as stated in note 29.

15 Investments in subsidiaries

The amounts stated in the balance sheet are analysed as follows:

	The Company	
	2014 €'000	2013 €'000
Share in subsidiary companies (note 15.1)	**224,183**	246,244
Loans to subsidiary companies	**190,029**	159,393
	414,212	405,637

Subsidiary company	Registered office	Nature of business	% Ownership 2014	% Ownership 2013
Alfa Investimentos Turisticos Lda	Avenida Columbana Bardolo Pinheiro Lisboa 1099 - 031 Portugal	Owns and operates the Corinthia Hotel & Spa Lisbon Portugal	100	100
CHI Limited	1 Europa Centre Floriana Malta	Hotel management company	100	100
Corinthia Company Limited	22, Europa Centre Floriana Malta	Investment Company	100	100

Subsidiary company	Registered office	Nature of business	% Ownership 2014	2013
Corinthia Towers Tripoli Limited	22 Europa Centre Floriana Malta	Owns and operates the Corinthia Bab Africa Hotel and Commercial Centre Libya	100	100
Five Star Hotels Limited	22, Europa Centre Floriana Malta	Owns and operates the Corinthia Hotel St George's Bay, Malta	100	100
IHI Benelux B.V.	Frederick Roeskestraat 123,1076 EE Amsterdam PO Box 72888 1070 AC Amsterdam The Netherlands	Owns and operates the Corinthia Hotel St Petersburg	100	100
IHI Benghazi Limited	22 Europa Centre Floriana Malta	Investment company	75	75
IHI Cyprus Limited	1 Naousis Street Karapatakis Building P.C. 6018, Larnaca Cyprus	Investment company	100	100
IHI Hungary Zrt	Erzsebet Krt 43-49 H-1073, Budapest Hungary	Owns and operates the Corinthia Hotel Budapest	100	100
IHI Lisbon Limited	22, Europa Centre Floriana Malta	Investment company holding an equity stake in Alfa Investimentos Turisticos Lda	100	100
IHI St Petersburg LLC	57, Nevskij Prospect St Petersburg 191025 Russian Federation	Investment company	100	100
IHI Towers s.r.o.	Kongresová 1655/1 1406 / 69 Praha 4 Czech Republic	Owns and operates the Corinthia Hotel Prague Czech Republic	100	100
IHI Zagreb d.d.	Centar Kaptol Nova Ves 11 10000 Zagreb Croatia	Investment company	100	100
Libya Holding Development Inc. JSC	Benghazi Libya	Owns the Benghazi hotel project	55	-
Marina San Gorg Limited	22, Europa Centre Floriana Malta	Owns and operates the Marina Hotel in St George's Bay, Malta	100	100

15.1 Share in subsidiary companies

	The Company 2014 €'000	2013 €'000
At 1 January	**246,244**	281,003
Acquisition of equity	**-**	2
Change in fair value	**(22,061)**	(34,761)
At 31 December	**224,183**	246,244

15.2 Investments in subsidiaries at FVTPL

The fair values of the investments of IHI in its subsidiaries, accounted for at FVTPL, have been determined by reference to the fair values of the underlying properties held by the respective subsidiaries and, in the case of CHI Limited, by reference to its enterprise value. Specific to the fair value of these investments, account has been taken of:

i) the deferred tax liabilities arising as a result of the revaluation to fair value of such properties, on the basis that the directors will pursue a sale of the shares held by IHI in its subsidiary companies, notwithstanding that, as the tax rules stand today, it may be more tax efficient to sell the underlying properties; and

ii) the tax indemnity granted by CPHCL, the previous owner of the shares now held in Marina San Gorg Limited, Corinthia Towers Tripoli Limited and IHI Towers s.r.o., details of which are set out in note 12 to the financial statements.

15.3 Subsidiaries with material non-controlling interests

The group has a subsidiary, Libya Holding Development Inc. J.S.C, with material non-controlling interests (NCI):

Name	Proportion of ownership interest and voting rights held by NCI 2014 %	2013 %	Profit (loss) allocated to NCI 2014 €000	2013 €000	Accumulated NCI 2014 €000	2013 €000
Libya Holding Development Inc. J.S.C	55	-	**(20)**	-	630	-

16 Associates

16.1 Investments accounted for using the equity method

	The Group 2014 €'000	2013 €'000
At 1 January	**201,689**	167,441
Share of results	**(14,537)**	(5,788)
Share of other comprehensive income	**18,380**	41,616
Exchange differences	**7,709**	(1,580)
At 31 December	**213,241**	201,689

16.2 Investments in associates

	The Company	
	2014	2013
	€'000	€'000
At 1 January	**203,656**	171,129
Increase in fair value	**17,335**	32,527
At 31 December	**220,991**	203,656

16.3 Associate companies

Company name	Registered office	Nature of business	% Ownership 2014	% Ownership 2013
INI Hotels Holdings Limited	Naousis 1 Karapatakis Building, 6018, Larnaca, Cyprus	Investment company	50	50
INI Hotels Management Company Limited	Naousis 1 Karapatakis Building, 6018, Larnaca, Cyprus	Investment company	50	50
Medina Towers J.S.C.	Suite 107, Tower 2 Tripoli Tower, Tripoli Libya	Owns the Medina Towers project in Tripoli	25	25
NLI Holding Limited	CTV House La Pouquelaye St Helier Jersey	Parent company of a group that owns and operates the Corinthia Hotel Lonon and 10 Whitehall Place in London, UK	50	50
QPM Limited	22, Europa Centre Floriana Malta	Project management	20	20

16.4 Significant judgements and assumption

The Group holds 50% of the ordinary shares and voting rights of NLI Holdings limited group (NLI). Management has assessed its involvement in NLI in accordance with IFRS 10's control definitions and guidance. It has concluded that it has significant influence but not outright control, which rests with the board of directors in Jersey.

Management has assessed its involvement in Medina Towers S.J.C. and Benghazi J.S.C. It has concluded that it has significant influence but not outright control. The remaining 80% of QPM Limited is held by CPHCL, the ultimate parent company and hence control rests with that company.

INI Hotels Holdings Limited and INI Hotels Management Company Limited, both with a Group shareholding of 50%, have not yet commenced operations and therefore no assessment will be made until operations commence.

16.5 Summary of financial information of associate companies

The group has two material associates, the NLI Holdings Limited group and Medina Towers J.S.C.

Summarised financial information are set out below:

NLI Holdings Limited group	2014 €000	2013 €000
Non-current assets	592,104	648,596
Current assets	13,063	14,273
Total assets	**605,167**	**662,869**
Non-current liabilities	163,796	-
Current liabilities	26,800	283,052
Total liabilities	**190,596**	**283,052**
Revenue	**60,987**	**55,700**
Loss for the year	**(29,133)**	**(11,797)**
Other comprehensive income	**36,760**	**83,272**
Total comprehensive income	**7,627**	**71,475**

Medina Towers J.S.C.	2014 €000	2013 €000
Non-current assets	38,465	36,905
Current assets	12,589	13,092
Total assets	**51,054**	**49,997**
Current liabilities	521	316
Total liabilities	**521**	**316**
Revenue	**-**	**-**
Profit for the year	**19**	**188**
Other comprehensive income	**-**	**-**
Total comprehensive income	**19**	**188**

16.6 Reconciliation of summarised financial information

A reconciliation of the above summarised financial information to the carrying amount of the investment in associate companies is set out below:

Associate	Ownership interest		Net assets		Carrying amount	
	2014	2013	2014	2013	2014	2013
	%	%	€000	€000	€000	€000
NLI Holdings Limited group	50	50	414,571	379,818	207,285	189,909
Medina Towers J.S.C.	25	25	50,803	49,681	12,701	12,420
Difference on exchange on original cost of investment					(7,750)	(1,621))
					212,236	**200,708**

16.7 Gross aggregate amounts of financial information of associate companies that are not individually material

Summarised aggregated financial information of the Group's share in these associates:

	2014 €000	2013 €000
Profit for the year	123	318
Other comprehensive income	-	-
Total comprehensive income	**123**	**318**
Aggregate carrying amount of the Group's interests in these associates	**1,005**	**981**
Share of contingent liabilities of associates	**-**	**-**

17 Loans receivable

	The Group		The Company	
	2014	2013	2014	2013
	€'000	€'000	€'000	€'000
Non-current				
Group companies	**-**	-	**71,659**	70,259
Associate company	**3,208**	44,332	**3,208**	44,332
Total non-current loans receivable	**3,208**	44,332	**74,867**	114,591

The carrying amount of loans receivable is considered to be a reasonable approximation of fair value.

Terms

The loan to the associate company is unsecured and subordinated to bank debt. Out of the total balance, £ 7.5 million bears no interest and the balance bears interest at 3%.

The loan to Group companies is unsecured, bears interest at Euribor + 3% or 0.1% and are subordinated to bank loans.

18 Inventories

	The Group	
	2014	2013
	€'000	€'000
Food and beverages	**724**	1,022
Consumables	**568**	592
Goods held for resale	**43**	34
Others	**3,972**	3,806
	5,307	5,454

19 Trade and other receivables

	The Group		The Company	
	2014	2013	2014	2013
	€'000	€'000	€'000	€'000
Trade receivables	**9,473**	17,103	**-**	-
Amounts owed by:				
Parent company	**1,886**	1,332	**650**	-
Subsidiary companies	**-**	-	**22,285**	58,578
Associate companies	**507**	1,757	**113**	174
Other related companies	**4,373**	4,494	**-**	-
Other debtors	**1,099**	1,047	**131**	135
Accrued income	**2,559**	1,974	**1,899**	1,501
Financial assets	**19,897**	27,707	**25,078**	60,388
Recoverable VAT on capital expenditure	**-**	512	**-**	-
Advance payments in respect of capital creditors	**925**	708	**-**	-
Prepayments	**2,487**	2,892	**107**	95
Total receivables – current	**23,309**	31,819	**25,185**	60,483

19.1 Impairment losses on trade receivables

The ageing of trade receivables at the reporting date was:

	The Group	
	2014	2013
	€'000	€'000
Not past due	**2,123**	1,889
Past due 0-30 days	**1,365**	3,884
Past due 31-120 days	**1,760**	3,113
Past due 121-360 days	**3,867**	4,064
More than one year	**3,868**	10,142
Gross amount	**12,983**	23,092
Past due 31-120 days	**(74)**	(102)
Past due 121-360 days	**(1,933)**	(655)
More than one year	**(1,503)**	(5,232)
Impaired amount	**(3,510)**	(5,989)
Net amount	**9,473**	17,103

The movement in the allowance for impairment in respect of trade receivables during the period was as follows:

	The Group	
	2014	2013
	€'000	€'000
At 1 January	**5,989**	5,361
Written-off balances	**(3,330)**	-
Impairment losses recognised	**851**	711
Imapaiment losses reversed	**-**	(83)
At 31 December	**3,510**	5,989

The impairment loss at year's end mainly relates to specific provisions for doubtful debtors that have been overdue for more than one year. Such balances were unsecured.

Based on historic default rates, the Group believes that no impairment loss is necessary in respect of trade receivables not past due or on the remaining portion of debtors which have not been provided for which are past due by up to 120 days as these amounts relate to customers that have a good track record with the Group.

The allowance accounts in respect of trade receivables are used to record impairment losses unless the Group considers that no recovery of the amount owing is possible; at that point the amounts are considered irrecoverable and are written off against the financial asset directly.

The carrying amount of trade and other receivables is considered to be a reasonable approximation of fair value.

20 Cash and cash equivalents

Cash and cash equivalents include the following components:

	The Group		The Company	
	2014	2013	2014	2013
	€'000	€'000	€'000	€'000
Cash and bank balances:				
Current	**19,480**	10,248	**4,730**	1,158
Cash and cash equivalents in the balance sheet	**19,480**	10,248	**4,730**	1,158
Bank overdraft	**(1,630)**	(4,757)	**-**	-
Cash and cash equivalents in the statement of cash flows	**17,850**	5,491	**4,730**	1,158

The bank balances include amounts of € 3.2 million (2013 - €3.2 million) is set aside by two subsidiary companies for debt servicing requirements and €1.7 million (2013 - € 1.7 million) is set aside by another subsidiary for capital expenditure purposes.

21 Share capital

21.1 Authorised share capital

The authorised share capital consists of 1,000 million ordinary shares with of a nominal value of € 1 each.

21.2 Issued share capital

The issued share capital consists of 554,238,573 ordinary shares of €1 each, fully paid up.

	2014	2013
	€'000	€'000
At 1 January and 31 December	**554,238**	554,238

21.3 Shareholder rights

Shareholders are entitled to vote at shareholders' meetings of the Company on the basis of one vote for each share held. They are entitled to receive dividends as declared from time to time. The shares in issue shall, at all times, rank pari passu with respect to any distribution whether of dividends or capital, in a winding up or otherwise.

22 Revaluation reserve

	The Group			
	Revaluation surplus €'000	Deferred taxation €'000	Bonus share issue €'000	Net €'000
At 1 January 2013	107,496	(24,386)	(22,838)	60,272
Revaluations/(impairments) of hotel property carried out at year end:				
Corinthia Hotel St Petersburg	(8,200)	1,640	-	(6,560)
Corinthia Hotel London	39,466	(7,400)	-	32,066
	31,266	(5,760)	-	25,506
Transfer to accumulated losses	(1,500)	390	-	(1,110)
At 31 December 2013	**137,262**	**(29,756)**	**(22,838)**	**84,668**
At 1 January 2014	137,262	(29,756)	(22,838)	84,668
Revaluations (impairments) of hotel property carried out at year end:				
Corinthia Hotel Lisbon	13,728	(3,089)	-	10,639
Corinthia Hotel St Petersburg	(15,867)	2,610	-	(13,257)
Corinthia Hotel Tripoli	(26,814)	9,173	-	(17,641)
Corinthia Hotel London	17,933	(3,362)	-	14,571
	(11,020)	5,332	-	(5,688)
Transfer to accumulated losses	(638)	223	-	(415)
At 31 December 2014	**125,604**	**(24,201)**	**(22,838)**	**78,565**

23 Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

24 Other reserve

The reserve represents the following unrealised gains, net of related deferred taxation.

	The Company	
	2014 €'000	2013 €'000
Fair value (loss) gain on investments in subsidiary companies	**(1,161)**	13,179
Fair value gain on investments in associates	**105,483**	90,762
Issue of bonus shares	**(22,838)**	(22,838)
Transfer of accumulated losses	**(9,313)**	(9,313)
	72,171	71,790

25 Reporting currency conversion difference

The reporting currency conversion difference represents the excess of total assets over the aggregate of total liabilities and funds attributable to the shareholders, following the re-denomination of the paid-up share capital from Maltese lira to euro in 2003.

26 Retained earnings (accumulated losses)

The loss for the year has been transferred to retained earnings (accumulated losses) as set out in the statements of changes in equity.

27 Other equity components

	The Group	
	2014	2013
	€'000	€'000
Increase in value of original shareholding in CHI pursuant to independent valuation carried out on acquisition of further shareholding in 2006, net of deferred tax	**3,859**	3,859
Share of hedging reserve of associate company	**-**	(364)
Fair value of AFS investments	**632**	-
	4,491	3,495

28 Capital management policies and procedures

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors monitors the return on capital, which the Group defines as the profit for the year divided by total equity.

The board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group seeks to maximise the return on shareholders' equity and to reduce the incidence of interest expense. The interest expense expressed as a percentage of interest-bearing borrowings was 4.6% (2013 – 4.6%).

There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

29 Bank borrowings

	The Group		The Company	
	2014	2013	2014	2013
	€'000	€'000	€'000	€'000
Bank overdraft	**1,630**	4,757	**-**	-
Bank loans	**203,383**	210,776	**8,100**	11,200
	205,013	215,533	**8,100**	11,200
Comprising:				
Non-current bank borrowings				
Bank loans due within 2 – 5 years	**102,765**	95,121	**5,000**	8,100
Bank loans due later than 5 years	**79,787**	95,479	**-**	500
	182,552	190,600	**5,000**	8,600
Current bank borrowings				
Bank overdraft	**1,630**	4,757	**-**	-
Bank loans due within 1 year	**20,831**	20,176	**3,100**	2,600
	22,461	24,933	**3,100**	2,600

The carrying amount of bank borrowings is considered a reasonable approximation of fair value.

Terms and repayment schedule

	Total €'000	Within 1 year €'000	Between 2-5 years €'000	After 5 years €'000	Security and nominal interest rate	Year of maturity
International Hotel Investments p.l.c.						
Bank loan I						
2014	**600**	**600**	**-**	**-**	General hypothec for €3.6 million over all Company assets present and future. General hypothecary guarantee over all Company assets present and future and special hypothecary guarantee over the Corinthia Hotel St George's Bay. Bank euro base rate + 2.5%	2015
2013	1,200	600	600	-		
Bank loan II						
2014	**3,000**	**1,500**	**1,500**	**-**	As for bank loan I	2019
2013	4,500	1,000	3,500	-	6 months Euribor + 3.0%	
Bank loan III						
2014	**4,500**	**1,000**	**3,500**	**-**	First general hypothec for €1.66 million and third general hypothec for €9.5 million over all of the Company assets present and future. Joint and several suretyship with a related company and a first special hypothec over property owned by this company. Second ranking mortgage guarantee by Thermal Hotel Aquincum Rt over the Aquincum Hotel. 6 month Euribor + 1.5%	2019
2013	5,500	1,000	4,000	500		

	Total €'000	Within 1 year €'000	Between 2-5 years €'000	After 5 years €'000	Security and nominal interest rate	Year of maturity
Five Star Hotels Limited						
Bank overdraft						
2014	**349**	**349**	**-**	**-**	General hypothec over assets belonging to Five Star Hotels	On demand
2013	1,879	1,879	-	-	Limited supported by a special hypothec and privilege over the leasehold land and buildings and a pledge over the company's comprehensive insurance policies. Bank euro base + 2.5%	
Bank loan						
2014	**1,271**	**1,271**	**-**	**-**	As for overdraft	2015
2013	2,143	833	1,310	-	Bank euro base rate + 2.5%	

	Total €'000	Within 1 year €'000	Between 2-5 years €'000	After 5 years €'000	Security and nominal interest rate	Year of maturity
Alfa Investimentos Turistico Lda						
Bank loan I (a)						
2014	**16,178**	**2,151**	**10,105**	**3,922**	Secured by mortgages over the Corinthia Hotel & Spa Lisbon including land.	2022
2013	18,219	2,042	9,352	6,825	3 month Euribor + 1.25%	
Bank loan I (b)						
2014	**14,030**	**-**	**-**	**14,030**	Secured by mortgages over the Corinthia Hotel & Spa Lisbon including land.	2022
2013	14,030	-	-	14,030	Until April 2013 fixed at 6.24% , thereafter it will be merged with bank loan 1(a)	
Bank loan II						
2014	**62**	**62**	**-**	**-**	Secured by a second ranking mortgage over the Corinthia Hotel & Spa Lisbon including land and a blank bill of exchange.	2015
2013	312	250	62	-	3 month Euribor + 1.75%	
Bank loan III						
2014	**1,352**	**451**	**901**	**-**	Secured by a second ranking mortgage over the Corinthia Hotel & Spa Lisbon including land and a blank bill of exchange.	2017
2013	1,803	451	1,352	-	3 month Euribor + 6.0%	
Bank overdraft						
2014	**-**	**-**	**-**	**-**	Promissory note and letter of comfort from parent company.	On demand
2013	850	850	-	-	7.5% on 1 month Euribor + 4.95%	

	Total €'000	Within 1 year €'000	Between 2-5 years €'000	After 5 years €'000	Security and nominal interest rate	Year of maturity
IHI Benelux B.V.						
Bank loan						
2014	**55,248**	**1,101**	**11,083**	**43,064**	Secured over the Corinthia Hotel St Petersburg and and adjacent commercial buildings. Subordination of loans due to the parent company and by a pledge on the comprehensive insurance policy. 3 month Euribor + 4.6%	2018
2013	55,835	731	8,996	46,108		
IHI Hungary Zrt.						
Bank loan						
2014	**29,235**	**2,298**	**26,937**	**-**	Secured by a mortgage over the Corinthia Hotel Budapest and by a security deposit over the shares of IHI Hungary Zrt and by cash collateral. In addition, IHI, CPHCL and Corinthia Investments Limited have provided additional financial guarantees of the bankers granting this loan. As part of this loan agreement no repayment of group loans can be effected except with the consent of the security agent. 3 month Euribor + 1.98% (composite rate)	2019
2013	31,383	2,148	29,235	-		
Corinthia Towers Tripoli Limited						
Bank loan I						
2014	**250**	**250**	**-**	**-**	Secured by a pledge on shares in Corinthia Towers Tripoli Limited. 3 month Euribor + 2.25%	2014
2013	2,000	2,000	-	-		
Bank loan II						
2014	**36,667**	**6,667**	**30,000**	**-**	Secured by a general hypothec over the land and buildings of the hotel property in Tripoli. 3 month Euribor + 2.0%	2018
2013	40,000	6,667	26,667	6,666		

	Total €'000	Within 1 year €'000	Between 2-5 years €'000	After 5 years €'000	Security and nominal interest rate	Year of maturity
IHI Towers sro						
Bank loan						
2014	**30,840**	**2,284**	**9,815**	**18,771**	Secured by mortgages over the Corinthia Hotel Prague and by a pledge on shares, movables, bank accounts and insurance policy.	2020
2013	33,018	2,179	9,489	21,350	3 month Euribor + 1.45%	
Marina San Gorg Limited						
Bank overdraft						
2014	**424**	**424**	**-**	**-**	General hypothec over assets belonging to Marina San Gorg Limited supported by a special hypothec and privilege over the leasehold land and buildings and a pledge over the company's comprehensive insurance policies.	On demand
2013	121	121	-	-	Bank base rate + 2.50%	
Bank loan I						
2014	**538**	**538**	**-**	**-**	As per bank overdraft	2015
2013	833	275	558	-	Bank base rate + 2.5%	
Bank loan II						
2014	**8,612**	**400**	**8,212**	**-**	As per bank overdraft	2018
2013	-	-	-	-	Bank base rate + 2.5%	
CHI Limited						
Bank overdraft						
2014	**857**	**857**	**-**	**-**	Secured by a general hypothec over the company's assets and by a guarantee given by IHI and CPHCL.	On demand
2013	1,907	1,907	-	-	Bank base rate + 3.0%	
Bank loan I						
2014	**1,000**	**288**	**712**	**-**	As per bank overdraft	2017
2013	-	-	-	-	Bank base rate + 3.0%	

30 Bonds

	2014 €'000	2013 €'000
Bond II	**-**	2,500
Bond III	**34,762**	34,678
Bond IV	**24,641**	24,758
Bond V	**19,633**	19,592
Bond VI	**9,876**	9,865
	88,912	91,393
Non-current	**88,912**	88,893
Current	**-**	2,500
	88,912	91,393

(i)The company has the following bonds in issue:

	Year of issue	Nominal amount €'000	Rate of interest %	Maturity date	Redemption option period
Bond II	2006	12,500	6.5	27 March 2014	Redeemed in 2014
Bond III	2009	35,000	6.25	10 July 2019	2015-2019
Bond IV	2010	25,000	6.25	8 April 2020	2017-2020
Bond V	2012	20,000	5.8	21 December 2021	-
Bond VI	2013	10,000	5.8	2023	-

In the case of bonds III and IV the Company has the right to redeem the bond or any part thereof at any time prior to the stated maturity date during the redemption option period.

(ii) Interest
Interest is payable annually in arrears on the due date.

(iii) Security
The bonds constitute the general, direct, unconditional, unsecured and unsubordinated obligations of the Company and will rank *pari passu*, without any priority or preference, with all other present and future unsecured and unsubordinated obligations of the Company.

(iv) Sinking funds
The prospectus for bonds III, IV and V provides for the setting up of a sinking fund administered by a trustee to cover 50% of the repayment of the bonds on maturity. By 31 December 2014 the amounts set aside for this purpose totalled € 8.0 million (2013 - € 2.3 million). In March 2015 the company transferred a further amount of € 1.2 million to satisfy the requirements of the Listing Authority Policy Guidelines on Sinking Funds for the redemption of bonds.

(v)The carrying amount of the bonds is as follows:

	Pre-euro bond €'000	I €'000	II €'000	III €'000	IV €'000	V €'000	VI €'000
At 1 January 2013	4,054	1,690	12,475	34,600	24,711	19,557	-
Transfer	-	-	(9,995)	-	-	-	9,995
Proceeds from issue/cash settlement	(4,061)	(1,688)	-	-	-	-	5
Issue costs	-	-		-	-	(4)	(135)
Amortisation of transaction costs	7	(2)	20	78	47	39	-
At 31 December 2013	-	-	2,500	34,678	24,758	19,592	9,865
Cash settlement	-	-	(2,500)	-	(168)	-	-
Amortisation of transaction costs			-	84	51	41	11
At 31 December 2014	**-**	**-**	**-**	**34,762**	**24,641**	**19,633**	**9,876**

The carrying amount of bonds is considered a reasonable approximation of fair value.

31 Other interest bearing borrowings

	The Group 2014 €'000	2013 €'000
Amounts owed to:		
Shareholders	**5,091**	-
Parent company	**-**	13,236
Associate companies	**55**	71
Related companies	**180**	221
	5,326	13,528
Non-current liabilities		
Amounts owed to:		
Parent company	**-**	13,236
Current liabilities		
Amounts owed to:		
Shareholders	**5,091**	-
Associate companies	**55**	71
Related companies	**180**	221
	5,326	292

The carrying amount of other interest bearing borrowings is considered a reasonable approximation of fair value.

	The Company 2014 €'000	2013 €'000
Non-current liabilities		
Amounts owed to:		
Parent company	**-**	13,236
Current liabilities		
Amounts owed to:		
Shareholders	**5,091**	-

The terms of the amounts owed are as follows:

	€'000	Interest	Repayable by
At 31 December 2014			
Shareholders	**5,091**	3.5%	Due by the end of 2015
Associate companies	**55**	3 month Euribor + 2.0%	On demand
Related companies	**180**	6.0%	On demand
	5,326		
At 31 December 2013			
Parent company	13,236	5.0%	Due by the end of 2014
Associate companies	71	3 month Euribor + 2.0%	On demand
Related companies	221	6.0%	On demand
	13,528		

None of the loans is secured.

32 Deferred taxation

	The Group		The Company	
	2014	2013	2014	2013
	€'000	€'000	€'000	€'000
Tax effect of temporary differences relating to:				
Excess of tax base over carrying amount of tangible fixed assets	**34,589**	28,080	59	56
Unrelieved tax losses and unabsorbed capital allowances	**(25,803)**	(19,317)	(598)	-
Investment in intangible asset	**5,277**	5,686	-	-
Investment in subsidiary	**5,150**	5,150	4,525	12,246
Investment in associate	**24,006**	20,748	23,932	20,686
Tax effect on revaluation of land and buildings	**22,973**	35,485	-	-
Tax effect on revaluation of investment property	**16,997**	20,933	-	-
Provision for exchange differences	**(858)**	(651)	(57)	(49)
Provision for doubtful debts	**(531)**	(408)	-	-
Derivatives	**-**	(279)	-	-
Accrued charges	**932**	1,376	-	-
	82,732	96,803	27,861	32,939
The movement can be analysed as follows:				
Movement for the year	**14,071**	(2,903)	**(5,078)**	(5,402)
Recognised directly in equity				
Deferred tax on components of comprehensive income carried out at year end (note 9.2)	**(3,797)**	5,867	**(3,246)**	(6,095)
Recognised in profit or loss	**10,274**	2,964	**(8,324)**	(11,497)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of tax losses of certain subsidiaries. The tax losses expire as follows:

	2014 €'000	2013 €'000
Expiry		
2014	**-**	3,085
2015	**5,078**	3,375
2016	**-**	2,704
2017	**2,742**	1,703
2018	**592**	2,745
2019	**-**	535
	8,412	14,147

Deferred tax benefits arising out of certain tax losses which may become available for set-off against future taxable income have not been recognised in these financial statements as it cannot be determined with reasonable certainty whether the respective Group companies would be in a position to claim the right to utilise such losses before their expiry.

33 Trade and other payables

	The Group		The Company	
	2014 €'000	2013 €'000	2014 €'000	2013 €'000
Trade payables	**9,301**	10,591	**362**	394
Amounts owed to:				
Parent company	**1,256**	3,698	**67**	1,559
Subsidiary companies	**-**	-	**6,634**	8,548
Associate companies	**984**	702	**211**	-
Other related parties	**634**	763	**62**	202
Capital creditors	**164**	418	**-**	-
Other creditors	**2,138**	2,594	**260**	154
Accruals	**14,007**	14,805	**3,241**	4,641
Financial liabilities	**28,484**	33,571	**10,837**	15,498
Advance payments	**5,298**	7,715	**-**	-
Statutory liabilities	**782**	749	**91**	129
Total payables – current	**34,564**	42,035	**10,928**	15,627

The carrying amount of trade and other payables is considered a reasonable approximation of fair value.

34 Derivative financial instruments

	2014 €'000	2013 €'000
Interest rate swaps:		
Current	**-**	1,466

34.1 Terms

	2014 €'000	2013 €'000
Notional amount:		
matured in 2014	-	36,391

Interest rates:

2014 (Matured)	
Receive variable interest at the rate of	3 month Euribor
Pay fixed interest at the rate of	4.15% per annum

35 Cash flow adjustments

	The Group		The Company	
	2014 €'000	2013 €'000	2014 €'000	2013 €'000
Adjustments:				
Depreciation	**16,950**	22,223	**49**	21
Provision for doubtful debts	**851**	628	**-**	-
Fair value adjustment on derivative instruments	**(1,466)**	(1,789)	**-**	-
(Gain) Loss on disposal of property, plant and equipment	**(10)**	57	**-**	-
Amortisation of intangible asset	**1,440**	1,542	**151**	195
Net impairment reversal	**(2,081)**	(5,000)	**-**	-
Fair value adjustment on investment in subsidiaries	**-**	-	**22,061**	2,666
Fair value adjustment on investment properties	**15,391**	(571)	**-**	-
Share of results of associate companies	**14,537**	5,788	**-**	-
Movement in reimbursement of assets	**879**	833	**-**	-
Amortisation of transaction costs	**185**	189	**185**	189
Interest receivable	**(742)**	(1,171)	**-**	(80)
Interest payable	**14,178**	16,191	**-**	-
Provision for exchange difference	**547**	910	**-**	-
	60,659	39,830	**22,446**	2,991

36 Commitments

The Group	2014 €'000	2013 €'000
Capital expenditure		
Contracted for:		
Five Star Hotels Limited (Corinthia Hotel St.George's Bay, Malta)	**550**	-
Alfa Investimentos Turisticos Lda (Corinthia Hotel & Spa Lisbon)	**508**	500
IHI Benelux B.V. (Corinthia Hotel St. Petersburg)	**132**	500
IHI Hungary zrt (Corinthia Hotel Budapest)	**529**	250
IHI Towers sro (Corinthia Hotel Prague)	**646**	-
Corinthia Towers Tripoli Limited (Corinthia Hotel Tripoli)	**1,223**	-
IHI Benghazi Limited	**-**	880
Marina San Gorg Limited	**334**	150
	3,922	2,280
Authorised but not yet contracted for:		
Alfa Investimentos Turisticos Lda (Corinthia Hotel & Spa Lisbon)	**2,000**	1,700
IHI Benelux B.V. (Corinthia Hotel St. Petersburg)	**23,500**	3,500
IHI Hungary zrt (Corinthia Hotel Budapest)	**2,000**	1,000
IHI Towers sro (Corinthia Hotel Prague)	**600**	-
IHI Benghazi Limited	**-**	110
Medina Towers J.S.C.	**11,400**	11,400
Marina San Gorg Limited	**-**	150
Other investments	**1,500**	-
	41,000	17,860
	44,922	20,140

Operating leases
Non-cancellable operating lease rentals are as follows:

	2014 €'000	2013 €'000
Less than one year	**137**	137
Between one and five years	**565**	565
More than five years	**15,457**	15,594
	16,159	16,296

The above lease rentals arise on the temporary emphyteusis for a period of 99 years in relation to the land underlying the Corinthia Hotel St George's Bay, Malta.

During the year ended 2014, € 137,000 (2013 - €137,000) was recognised as an expense in the income statement in respect of operating leases.

37 Contingent liabilities

The Company, together with a related company, is a co-defendant in court proceedings against them for unpaid professional fees. The Company's share of this claim is estimated at €0.8 million. The Company believes that it has a strong defence in respect of this claim, which it is vigorously defending in court. Court proceedings are still at an early stage and therefore a possible outcome cannot be foreseen.

38 Related parties

The Group's related parties include its associates, key management, fellow subsidiaries and shareholders of the ultimate parent company.

None of the transactions incorporates special terms and conditions and, except as disclosed in note 12, no guarantees were given or received. Transactions with related companies are generally effected on a cost plus basis or on the basis of pre-agreed arrangements. Outstanding balances are usually settled in cash. Amounts owed by/to related parties are shown separately in notes 17, 19 and 33.

38.1 Related parties

	The Group		The Company	
	2014	2013	2014	2013
	€'000	€'000	€'000	€'000
Revenue				
Services rendered to:				
Parent company	**1,228**	775	**1,000**	600
Fellow subsidiaries	**1,353**	931	**1,193**	1,235
Associate companies	**3,426**	4,241	**591**	546
	6,007	5,947	**2,784**	2,381
Direct costs				
Charged by:				
Parent company	**(70)**	(70)	**-**	-
	(70)	(70)	**-**	-
Financing				
Interest receivable				
Parent company	**167**	-	**102**	-
Fellow subsidiaries	**-**	-	**2,031**	1,931
Associate companies	**446**	1,037	**431**	1,037
Interest payable				
Parent company	**(194)**	(875)	**(119)**	(798)
	419	162	**2,445**	2,170
Income	**6,356**	6,039	**5,229**	4,551

38.2 Transactions with key management personnel

In addition to the remuneration paid to the directors included in note 7, in the course of its operations the Group has a number of arrangements in place with its officers, executives and other related parties whereby concessions are made available for hospitality services rendered to them according to accepted industry norms.

In 2014 the remuneration of the executive directors and senior executives of the Company and its subsidiaries amounted to € 3.5 million (2013: € 3.2 million). The foregoing amount is all fixed remuneration. There are no variable remunerations nor share options.

39 Risk management objectives and policies

The Group is exposed to various risks through its use of financial instruments. The main types of risks are market risk, credit risk and liquidity risk, which result from both its operating and investing activities. The Group's risk management is coordinated at its head office, in close co-operation with the board of directors and focuses on actively securing the Group's short to medium term cash flows by minimising the exposure to financial markets. Long term financial investments are managed to generate lasting returns.

The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed to are described below. See also note 39.4 for a summary of the Group's financial assets and liabilities by category.

39.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date, as summarised below:

	The Group		The Company	
	2014	2013	2014	2013
	€'000	€'000	€'000	€'000
Classes of financial assets – carrying amounts				
Reimbursement assets	**21,687**	22,566	**-**	-
Investments in subsidiaries	**-**	-	**224,183**	246,244
Long term loans	**3,208**	44,332	**264,896**	273,984
Cash held by trustee	**7,967**	2,303	**7,967**	2,303
Trade and other receivables	**19,897**	28,218	**25,078**	60,388
Cash and cash equivalents	**19,480**	10,248	**4,730**	1,158
	72,239	107,667	**526,854**	584,077

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk.

The subsidiary companies within the Group have, over the years, conducted business with various corporates, tour operators and individuals located in different jurisdictions and, owing to the spread of the Group's debtor base, there is no concentration of credit risk.

The Group has a credit policy in place under which new customers are analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, where available, and in some cases bank references. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a cash basis.

In monitoring customer credit risk, customers are individually assessed. Customers that are graded as "high risk" are placed on a restricted customer list and future sales are only made on a prepayment basis.

The Group does not require collateral in respect of trade and other receivables. The Group establishes an allowance for doubtful recoveries that represents its estimate of losses in respect of trade and other receivables. See note 19.1 for further information on impairment of financial assets that are past due.

Cash at bank

The Group's cash is placed with quality financial institutions, such that management does not expect any institution to fail to meet repayments of amounts held in the name of the companies within the Group.

Management considers that all the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due. See note 19.1 for further information on impairment of financial assets that are past due.

39.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities as they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group actively manages its cash flow requirements. Each subsidiary company within the Group updates its cash flow on a monthly basis. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

At 31 December 2014 the Group has financial liabilities, including estimated interest payments, with contractual maturities which are summarised below:

	Current		Non-current	
	Within 6 months	6-12 months	2-5 years	More than 5 years
31 December 2014	**€'000**	**€'000**	**€'000**	**€'000**
Non-derivatives:				
Bank borrowings	9,048	9,515	95,632	87,897
Bonds	1,563	3,928	55,866	60,031
Parent company loan and other interest bearing borrowings	-	5,512	-	-
Bank overdraft	1,630	-	-	-
Trade and other payables	28,484	-	-	-
	40,725	**18,955**	**151,498**	**147,928**

This compares to the maturity of the Group's financial liabilities in the previous reporting periods is as follows

	Current		Non-current	
	Within 6 months	6-12 months	2-5 years	More than 5 years
31 December 2013	€'000	€'000	€'000	€'000
Non-derivatives:				
Bank borrowings	15,165	15,203	105,872	144,041
Bonds	4,875	3,928	21,960	96,693
Parent company loan and other interest bearing borrowings	-	666	13,326	-
Bank overdraft	4,757	-	-	-
Trade and other payables	33,578	-	-	-
Derivatives	742	720	-	-
	59,117	20,517	141,158	240,734

The above contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the balance sheet date.

In addition the Group maintains a credit facility of a €1.5 million secured overdraft available to IHI Hungary Zrt. Interest would be payable at the variable, overnight euribor plus 1.4% interest margin per annum.

This compares to maturity of the Company's financial liabilities in the previous reporting period as follows:

The Company

	Current		Non-current	
	Within 6 months	6-12 months	2-5 years	More than 5 years
31 December 2014	€'000	€'000	€'000	€'000
Non-derivatives:				
Bank borrowings	1,764	1,734	5,458	-
Bonds	1,563	3,928	55,866	60,031
Other interest bearing borrowings	-	5,512	-	-
Trade and other payables	10,837	-	-	-
	14,164	**11,174**	**61,324**	**60,031**

This compares to the maturity of the Company's financial liabilities in the previous reporting periods is as follows

	Current		Non-current	
	Within 6 months	6-12 months	2-5 years	More than 5 years
31 December 2013	€'000	€'000	€'000	€'000
Non-derivatives:				
Bank borrowings	1,600	1,571	9,000	522
Bonds	1,875	3,928	21,960	96,693
Other interest bearing borrowings	-	666	13,326	-
Trade and other payables	15,498	-	-	-
	18,973	6,165	44,286	97,215

39.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Foreign currency risk

The Group operates internationally and is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currency of group entities, the euro. The currencies giving rise to this risk are the Hungarian forint, the Russian rouble, the Czech crown, Libyan dinar and the Great Britain pound. In addition, the Group does not hedge its investments in its foreign subsidiaries and was similarly exposed to currency risk arising on the translation of the assets and liabilities of such subsidiaries where the functional currency at the subsidiary company level is other than the euro.

In respect of monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, when necessary, to address short-term mismatches.

Interest on borrowings is denominated in currencies that match the cash flows generated by the underlying operations of the Group. This provides an economic hedge and no derivatives are entered into.

(ii) Interest rate risk

The Group is exposed to changes in market interest rates through bank borrowings and related party loans at variable interest rates. The Group's interest bearing financial instruments at the reporting dates were as follows:

	The Group		The Company	
	2014 €'000	2013 €'000	2014 €'000	2013 €'000
Fixed rate instruments				
Financial assets other than cash at bank:				
Loan receivable	**3,208**	44,332	**20,816**	60,538
Financial liabilities:				
Bonds	**(88,912)**	(91,393)	**(88,912)**	(91,393)
Parent company loan and other interest-bearing borrowings	**(5,326)**	(13,457)	**(5,091)**	(13,236)
	(91,030)	(60,518)	**(73,187)**	(44,091)
Variable rate instruments				
Financial assets other than cash at bank:				
Non-current -				
Loans to related company	**-**	-	**54,052**	54,052
Financial liabilities:				
Bank borrowings	**(205,013)**	(215,533)	**(8,100)**	(11,200)
Other interest bearing liabilities	**-**	(71)	**-**	-
	(205,013)	(215,604)	**45,952**	42,852

The Group adopts a policy of ensuring adequate hedging against its exposure to changes in interest rates on interest-bearing borrowings due by the parent company and its subsidiaries, by entering into financial arrangements subject to fixed rates of interest whenever possible.

With a view to mitigating interest rate risk, the Group entered into interest rate swap agreements with financial institutions. Swaps are over-the-counter agreements between the two parties to exchange future cash flows based upon agreed notional amounts. Under these interest rate swap agreements, the Group agreed with the counterparties to exchange, at specified intervals, the difference between fixed-rate and floating-rate interest amounts.

The following table illustrates the sensitivity of results for the year to a reasonably possible change in interest rates of +/- 0.5%. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the market interest rates for each period and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	The Group		The Company	
	€'000	€'000	€'000	€'000
	+0.5%	-0.5%	+0.5%	-0.5%
Interest payable -				
31 December 2014	(447)	447	(25)	25
31 December 2013	(970)	970	(65)	65
Interest receivable -				
31 December 2014	-	-	-	-
31 December 2013	164	(164)	438	(438)

39.4 Summary of financial assets and liabilities by category

The carrying amounts of the Group's financial assets and liabilities as recognised at balance sheet date of the reporting periods under review may also be categorised as follows. See note 4.16 for explanations about how the category of financial instruments affects their subsequent measurement.

	The Group		The Company	
	2014	2013	2014	2013
	€'000	€'000	€'000	€'000
Non-current assets				
Investments at fair value through profit and loss	**-**	-	**224,183**	246,244
AFS investments at fair value through other comprehensive income	**-**	-	**220,991**	203,656
Reimbursement assets	**21,687**	22,566	**-**	-
Loans and receivables:				
Amounts due from group and related companies	**3,208**	44,332	**264,896**	273,984
Cash and cash equivalents	**7,967**	2,303	**7,967**	2,303
	32,862	69,201	**718,037**	726,187
Current assets				
Loans and receivables:				
Trade receivables	**9,473**	17,103	**-**	-
Other receivables	**10,424**	10,604	**25,078**	60,388
Cash and cash equivalents	**19,480**	10,248	**4,730**	1,158
	39,377	37,955	**29,808**	61,546
Non-current liabilities				
Financial liabilities measured at amortised cost:				
Bank borrowings	**182,552**	190,600	**5,000**	8,600
Bonds	**88,912**	88,893	**88,912**	88,893
Other interest bearing borrowings	**-**	13,236	**-**	13,236
	271,464	292,729	**93,912**	110,729
Current liabilities				
Financial liabilities measured at amortised cost:				
Bank borrowings	**22,461**	24,933	**3,100**	2,600
Bonds	**-**	2,500	**-**	2,500
Other interest bearing borrowings	**5,326**	292	**-**	-
Trade payables	**9,301**	10,591	**362**	394
Other payables	**5,176**	8,175	**7,234**	10,463
Accruals	**14,007**	14,805	**3,241**	4,641
Derivatives	**-**	1,466	**-**	-
	56,271	62,762	**13,937**	20,598

39.5 Financial instruments measured at fair value

The following table presents financial assets and liabilities measured at fair value in the balance sheet in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: based on information other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices); and
- Level 3: information for the asset or liability that is not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets and liabilities measured at fair value in the balance sheet are grouped into the fair value hierarchy as follows:

	The Group		The Company	
	2014	2013	2014	2013
	€'000	€'000	€'000	€'000
	Level 2		Level 3	
Assets				
Investments in subsidiaries (a)	-	-	224,183	246,244
Investments in associates (b)	-	-	220,991	203,656
	-	-	445,174	449,900
Liabilities				
Interest rate swaps (c)	-	(1,466)	-	-

Measurement of fair value

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

a) Investment in subsidiaries

The fair value of investment in subsidiaries have been determined by reference to the fair values of the underlying properties or enterprise value as outlined in note 14.1. Movements in level 3 are as indicated in note 14.1

b) Investment in associates

Investment in associates are accounted for as available-for-sale investments in the Company's balance sheet as outlined in note 16.2.

c) Interest rate swap agreements

Where derivatives are traded either on exchanges or liquid over-the-counter markets the Group uses the closing price at the reporting date. Normally, the derivatives entered into by the Group are not traded in active markets. The fair values of these contracts are estimated using a valuation technique that maximises the use of observable market inputs, eg market exchange and interest rates (level 2). Derivatives entered into by the Group are included in level 2 and consist of interest rate swap agreements.

There have been no transfers into or out of level 2 in the reporting period under review.

39.6 Fair value measurement of non-financial assets

The following table shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at 31 December 2014:

31 December 2014	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
Property, plant and equipment				
Corinthia St George's, Malta	-	-	27,557	27,557
Investment property				
Commercial Centre in St Petersburg	-	77,830	-	77,830
Commercial Centre in Tripoli	-	68,141	-	68,141
Apartment block in Lisbon	-	1,101	-	1,101
Site in Tripoli	-	29,603	-	29,603
	-	**176,675**	**27,557**	**204,232**

This compares to the hierarchy level used for non-financial assets measured at fair value in the previous reporting period is as follows:

31 December 2013	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
Property, plant and equipment				
Corinthia St George's, Malta	-	-	28,327	28,327
Marina Hotel, Malta	-	-	20,896	20,896
Investment property				
Commercial Centre in St Petersburg	-	87,400	-	87,400
Commercial Centre in Tripoli	-	73,800	-	73,800
Apartment block in Lisbon	-	1,161	-	1,161
Site in Tripoli	-	29,603	-	29,603
	-	191,964	49,223	241,187

Fair value of the Group's main property assets is estimated based on appraisals performed by independent, professionally-qualified property valuers. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the board of directors and audit committee at each reporting date.

Further information is set out below.

The appraisal for property, plant and equipment was carried out using a market approach that reflects observed prices for recent market transactions for similar properties and incorporates adjustments for factors specific to the asset in question, including hotel room count, location, encumbrances and current use.

The fair values of the Commercial Centres and Residential Block are estimated using an income approach which capitalises the estimated rental income stream, net of projected operating costs, using a discount rate derived from market yields implied by recent transactions in similar properties. When actual rent differs materially from the estimated rents, adjustments has been made to the estimated rental value. The estimated rental stream takes into account current occupancy level, estimates of future vacancy levels, the terms of in-place leases and expectations for rentals from future leases over the remaining economic life of the buildings. The office buildings are revalued annually on 31 December.

The most significant inputs, all of which are unobservable, are the estimated rental value, assumptions about vacancy levels, and the discount rate. The estimated fair value increases if the estimated rental increases, vacancy levels decline or if discount rate (market yields) decline. The overall valuations are sensitive to all three assumptions. Management considers the range of reasonably possible.

The reconciliation of the carrying amounts of non-financial assets classified within Level 3 is as follows:

	Property, plant and equipment €'000	Investment properties €'000
Balance as at 1 January 2014	49,223	191,964
Loss recognised in profit or loss:		
- movement in fair value of investment property	-	(15,391)
Net other movements – depreciation and additions	(770)	102
Asset value assessed through value-in-use	(20,896)	-
Balance as at 31 December 2014	27,557	176,675

	Property, plant and equipment €'000	Investment properties €'000
Balance as at 1 January 2013	50,661	191,393
Gains recognised in profit or loss:		
- movement in fair value of investment property	-	571
Gains recognised in other comprehensive income		
- movement in fair value of property, plant and equipment	-	-
Net other movements – depreciation and additions	(1,438)	-
Balance as at 31 December 2013	49,223	191,964

40 Ultimate controlling party

The Group's ultimate parent company is CPHCL, the registered office of which is 22, Europa Centre, Floriana FRN 1400, Malta.

CPHCL prepares the consolidated financial statements of the group of which IHI and its subsidiaries form part. These financial statements are filed and are available for public inspection at the Registry of Companies in Malta.

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Report on the financial statements

We have audited the accompanying consolidated financial statements of International Hotel Investments p.l.c. and the individual Company financial statements for the year ended 31 December 2014 set out on pages FS1 to FS66, which comprise the Group income statement, the Group and Company statements of comprehensive income, the Group and Company balance sheets, the Group and Company statements of changes in equity and the Group and Company statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Group's consolidated financial statements and the Company's financial statements give a true and fair view of their financial position as at 31 December 2014, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, and have been properly prepared in accordance with the requirements of the Companies Act, Cap 386.

Report on other legal and regulatory requirements

We also have responsibilities

- under the Companies Act, Cap 386 to report to you if, in our opinion:
  - the information given in the directors' report is not consistent with the financial statements,
  - the company has not kept proper accounting records,
  - the company's financial statements are not in agreement with the accounting records,
  - we have not received all the information and explanations we require for our audit,
  - certain information required by the Act regarding directors' remuneration is not disclosed in the financial statements, in which case we are required to include the required particulars in a statement in our report.

- under the Listing Rules to review the statement made by the directors that the business is a going concern together with supporting assumptions or qualifications as necessary.

We have nothing to report to you in respect of these responsibilities.

Mark Bugeja (Partner) for and on behalf of

GRANT THORNTON

29 March 2015