

CHAIRMAN'S STATEMENT

Results

In the 28 weeks to 17 August 2014 turnover was £8,559,808 (2013: £8,228,186). Over the same period EBITDA (earnings before interest, tax and depreciation) increased 21.5% to £1,331,527 and operating profit increased 47.4% to £791,498.

Revpar (accommodation revenue per available room) increased 8.3% with occupancy up 8.8% and average room rate down 0.5%.

Administration expenses increased 33.3% partly due to the Chairman being paid a salary in this financial year. The increase is also partly due to the effect of business rates refunds received in the previous year. Depreciation and amortisation decreased 3.3%.

Savings in financial charges through the falling away of the swap on 11 April 2014, together with less net debt, produced £113,540 less finance expenses in the period under review.

Excluding the change in the fair value of the financial instrument (swap), profit before tax increased to £396,358 from £28,302 last year.

Profit before tax was £555,419 compared to a profit of £202,136 last year.

Corporation tax has been provided at an effective rate of 25%. Basic earnings per share were 3.0p compared with 1.1p in the comparative period on a weighted average of 14,012,123 (14,012,123) shares in issue.

Finance

On 17 August 2014 net debt stood at £11,330,053 representing loans totalling £11,203,872 and an overdraft of £271,607 less £145,426 cash at bank. Gearing on shareholders' funds was 49.6% with interest covered 1.1 times. Net debt decreased by £379,681 compared with the previous year end.

Capital Expenditure

We spent £284,021 in the period (2013: £276,226). The majority has been spent on the complete refurbishment of all the bedroom corridors at the Crown and Mitre in Carlisle. Six bedrooms have been renovated at the Bull in Peterborough now completing the refurbishment of the bedroom stock at the hotel. We continue to improve the fabric of our product and plan to spend over £500,000 in the current financial year on capital expenditures in addition to a significant sum expensed to the Income Statement.

Shareholders

We are always delighted to welcome shareholders to our hotels where they can see for themselves the progress we have made, whilst enjoying a beneficial discount of 50% of our rack rate tariff, using a special reservations number 0207 266 1100 or e-mail info@peelhotel.com. Shareholders can keep in touch with progress in the company and various promotional activities by visiting our website www.peelhotels.co.uk

The Future

The sustained improvement in EBITDA expected, when I wrote my statement in last year's Annual Report, has eventuated. This, together with a significantly lesser financial cost, has produced a creditable pre-tax profit in the interim period ended 17 August 2014. There is no reason not to expect this trend to continue and therefore shareholders can expect, after several years of disappointing results, a relative improvement in the fortunes of their Group.

Robert Peel
Chairman
8 October 2014

DIRECTORS AND ADVISERS

Directors

Robert Edmund Guy Peel	Executive Chairman
Nicholas David Lawton Parrish	Financial Director
Clement John Govett	Non-executive Director
Keith Peter Benham	Non-executive Director
Norbert Paul Gottfried Petersen	Non-executive Director

Secretary

Thrings LLP

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Registered Office

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Company registration number 3473990

Auditor

Grant Thornton UK LLP

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Bankers

Royal Bank of Scotland Plc

280 Bishopsgate, London EC2M 4RB

Registrars

Computershare Services Plc

PO Box No 82, The Pavilions, Bridgewater Road, Bristol BS99 7NH

Solicitors

Thrings LLP

Kinnaird House, 1 Pall Mall East, London SW1Y 5AU

Stockbroker

Peel Hunt LLP

Moor House, 120, London Wall, London EC2Y 5ET

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the period ended 17 August 2014

Note	Unaudited 28 weeks ended 17/08/2014 £	Unaudited 28 weeks ended 18/08/2013 £	Audited Year ended 02/02/2014 £
Revenue	8,559,808	8,228,186	15,509,911
Cost of sales	(6,877,342)	(6,869,472)	(12,971,447)
Gross profit	1,682,466	1,358,714	2,538,464
Administration expenses	(350,939)	(263,195)	(558,084)
Depreciation	(540,029)	(558,537)	(1,050,753)
Operating profit	791,498	536,982	929,627
Finance income	—	—	414
Finance expense	(395,140)	(508,680)	(932,822)
Fair value movement on derivative	159,061	173,834	344,644
Profit / (loss) before tax	555,419	202,136	341,863
Income tax	2 (138,855)	(50,534)	47,610
Profit and total comprehensive income for the period attributable to owners	416,564	151,602	389,473
Earnings per share			
Basic & diluted (pence)	3 3.0	1.1	2.8

GROUP STATEMENT OF CHANGES IN EQUITY

for the period ended 17 August 2014

28 weeks ended 18 August 2013

Unaudited	Share Capital £	Share premium account £	Profit and loss account £	Total £
Balance brought forward at 4 February 2013	1,401,213	9,743,495	10,908,886	22,053,594
Profit and total comprehensive Income for the period	–	–	151,602	151,602
Balance at 18 August 2013	1,401,213	9,743,495	11,060,488	22,205,196

12 months ended 2 February 2014

Audited	Share Capital £	Share premium account £	Profit and loss account £	Total £
Balance brought forward at 4 February 2013	1,401,213	9,743,495	10,908,886	22,053,594
Profit and total comprehensive income for the period	–	–	389,473	389,473
Balance at 2 February 2014	1,401,213	9,743,495	11,298,359	22,443,067

28 weeks ended 17 August 2014

Unaudited	Share Capital £	Share premium account £	Profit and loss account £	Total £
Balance brought forward at 3 February 2014	1,401,213	9,743,495	11,298,359	22,443,067
Profit and total comprehensive income for the period	–	–	416,564	416,564
Balance at 17 August 2014	1,401,213	9,743,495	11,714,923	22,859,631

GROUP BALANCE SHEET

at 17 August 2014

	17/08/2014 Unaudited £	18/08/2013 Unaudited £	02/02/2014 Audited £
Assets			
Non-current assets			
Property, plant and equipment	36,252,290	36,755,235	36,506,121
Deferred tax asset	31,813	115,852	31,813
Total non-current assets	36,284,103	36,871,087	36,537,934
Current assets			
Inventories	106,783	107,377	108,670
Trade and other receivables	501,854	486,768	364,761
Prepayments	909,741	814,370	749,942
Cash at bank and in hand	145,426	121,897	195,015
Total current assets	1,663,804	1,530,412	1,418,388
Total assets	37,947,907	38,401,499	37,956,322
Equity and liabilities			
Equity attributable to owners			
Share capital	1,401,213	1,401,213	1,401,213
Share premium	9,743,495	9,743,495	9,743,495
Retained earnings	11,714,923	11,060,488	11,298,359
Total equity	22,859,631	22,205,196	22,443,067
Liabilities			
Non-current			
Borrowings (due after one year)	10,627,818	11,207,482	10,844,199
Deferred tax liabilities	982,306	1,182,914	982,306
Non-current liabilities	11,610,124	12,390,396	11,826,505
Current			
Trade and other payables	2,408,187	2,459,160	2,383,690
Borrowings (due within one year)	847,661	914,650	1,060,550
Current tax liabilities	222,304	102,226	83,449
Derivative financial instruments	–	329,871	159,061
Current liabilities	3,478,152	3,805,907	3,686,750
Total liabilities and equity	37,947,907	38,401,499	37,956,322

GROUP CASH FLOW STATEMENT

for the Period ended 17 August 2014

	Unaudited 17/08/2014 £	Unaudited 18/08/2013 £	Audited 02/02/2014 £
Cash flows from operating activities			
Profit for the period	416,564	151,602	389,473
Adjustments for:			
Finance income	–	–	(414)
Finance expense	395,140	508,680	932,822
Fair value movement on derivative	(159,061)	(173,834)	(344,644)
Income tax expense/(income)	138,855	50,534	(47,610)
Depreciation	540,029	558,537	1,050,753
Operating profit before changes in working capital and provisions	1,331,527	1,095,519	1,980,380
UK corporation tax paid	–	–	(37,202)
(Increase)/decrease in trade and other receivables	(252,899)	(161,812)	14,524
Increase in trade and other payables	107,390	205,919	165,423
Decrease/(increase) in inventories	1,887	(7,848)	(9,141)
Net cash from operating activities	1,187,905	1,131,778	2,113,984
Cash flows from investing activities			
Acquisition of property, plant and equipment	(284,021)	(276,226)	(519,328)
Net cash from investing activities	(284,021)	(276,226)	(519,328)
Cash flows from financing activities			
Interest paid	(447,557)	(513,693)	(1,042,552)
Loan repayments	(293,027)	(283,027)	(566,054)
Net cash from financing activities	(740,584)	(796,820)	(1,608,606)
Net increase /(decrease) in cash and cash equivalents	163,300	58,832	(13,950)
Cash and cash equivalents at the beginning of the period	(289,481)	(275,531)	(275,531)
Cash and cash equivalents at the end of the period	(126,181)	(216,699)	(289,481)
For the purposes of the cash flow statement, cash and cash equivalents comprise:			
Cash and bank balances	145,426	121,897	195,015
Bank overdraft	(271,607)	(338,596)	(484,496)

NOTES TO THE INTERIM RESULTS

for the period ended 17 August 2014

1. Basis of accounting

The interim financial information has been prepared on the basis of the recognition and measurement requirements of adopted IFRSs as at 17 August 2014 that are effective (or available for early adoption) at 1 February 2015. Based on these adopted IFRSs, the Directors have applied the accounting policies, which they expect to apply when the annual IFRS financial statements are prepared for the year ending 1 February 2015.

The group has chosen not to adopt IAS 34 (Interim Financial Statements) in preparing these interim financial statements and therefore the interim financial information is not in full compliance with International Financial Reporting Standards.

The financial information set out in this interim report does not constitute statutory accounts as defined in sections 434 and 435 of the Companies Act 2006. The figures for the year ended 2 February 2014 have been extracted from the statutory financial statements which have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain a statement under section 498(2) and 498(3) of the Companies Act 2006.

The group's accounting policies remain as stated in the group's full annual accounts for the year ended 2 February 2014.

2. Taxation

Tax has been provided at a rate of 25% which represents the expected effective rate for the full year.

3. Earnings per share

Earnings per share are based on the profit after taxation and on the weighted average number of shares in issue during the period.

	28 weeks ended 17/8/2014 Unaudited	28 weeks ended 18/8/2013 Unaudited	Year ended 2/2/2014 Audited
Average No. shares - Basic	14,012,123	14,012,123	14,012,123
- Diluted	14,012,123	14,012,123	14,012,123

INDEPENDENT REVIEW REPORT TO PEEL HOTELS PLC

Introduction

We have been engaged by the Company to review the financial information in the half-yearly financial report for the 28 weeks ended 17 August 2014 which comprises the Group Statement of Comprehensive Income, the Group Statement of Changes in Equity, the Group Balance Sheet, the Group Cash Flow Statement, and the related notes.

We have read the other information contained in the half yearly financial report which comprises only the Chairman's Statement and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company's members, as a body, in accordance with guidance contained in ISRE (UK and Ireland) 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'. Our review work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our review work, for this report, or for the conclusion we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The AIM rules of the London Stock Exchange require that the accounting policies and presentation applied to the financial information in the half-yearly financial report are consistent with those which will be adopted in the annual accounts having regard to the accounting standards applicable for such accounts.

As disclosed in Note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The financial information in the half-yearly financial report has been prepared in accordance with the basis of preparation in Note 1.

Our responsibility

Our responsibility is to express a conclusion on the financial information in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial information in the half-yearly financial report for the 28 weeks ended 17 August 2014 is not prepared, in all material respects, in accordance with the basis of accounting described in Note 1.

GRANT THORNTON UK LLP
AUDITOR
LEEDS
8 October 2014