The Hotel Corporation Plc

Half-yearly Financial Report and Unaudited Condensed Financial Statements

For The Six Months Ended 30 June 2012

The Hotel Corporation Plc

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Chairman's Statement

I write to report on the unaudited interim results for the first six months of the current year of The Hotel Corporation plc ("the Company"), its subsidiary Puma Hotels plc and its subsidiaries ("PHP" or "Puma"), together "the Group".

The Company's principal asset comprises its interest in PHP and this statement therefore addresses the results of both the Company and the Group. For consistency with previous periods, the consolidated balance sheet of PHP, as at 30 June 2012, the consolidated profit and loss account, the consolidated statement of total recognised gains and losses and the consolidated cash flow statement of PHP for the six months ended 30 June 2012 are also provided as an appendix to this report. I recommend that they be read in conjunction with the results that follow.

The overall result for the Group for the first six months of the current year was a profit of £19.5m reflecting the receipt of the net early termination fee of £20.3m (£22.3m less £2m business purchase cost) from Barceló and approximately two months of subsequent operational trading results from PHP after acquiring back the operational control of its hotels on 25th April 2012. The comparison with the prior year/period results for the Group is therefore complicated by such events.

Results of the Company

Revenue for the period, including bank interest, bond interest and dividends receivable from the investment in PHP, was £1.4m (2011H1: £1.4m). Actual income received from PHP was however nil, following the decision by PHP in December 2011 to defer shareholder bond interest and preference share dividends until further notice. A provision of £1.4m has therefore been made within administrative expenses. Following administrative expenses, operating losses including bank interest was £0.1m (2011H1: £1.3m profit). Results for the period led to both basic and diluted loss per share of 0.17p (2011H1: total earnings per share ("eps"), both basic and diluted of 2.64p).

The Company's net asset value per share ("NAV"), as at 30 June 2012 is 1.84p (2011H1: 131.4p). The Company continues to value its investment in PHP at nil.

Consolidated Results of the Group

Since 25 April 2012 the Group's principal activities have changed from receiving rental lease income from Barceló to taking back the operational control of the hotels. This makes it difficult to compare the results between the first six months of 2012 and 2011 as it will not be comparing like with like. As the lease operations are now discontinued, lease income from Barceló and related lease exit costs have been presented under discontinued operations (see note 3). It is noted that the comparative statement of comprehensive income is re-presented as if the lease operation had been discontinued from the start of the comparative year.

Revenue from discontinued operations for the period to 24 April includes £8.5m (2011H1: £15.4m) rental income and £22.3m (2011H1: £nil) gross early termination fees. Operating profit for the period for discontinued operations, including lease exit costs of £0.9m (2011H1: £nil), was £29.8m (2011H1: £15.4m). Basic earnings per share for discontinued operations was 29.9p (2011H1: 15.4p) and diluted earnings per share was calculated as anti-dilutive (2011H1: anti-dilutive).

Chairman's Statement (continued)

Following the resumption of operational control of the hotels, revenue was £17.5m (2011H1: £nil) with costs of sales £1.8m (2011H1: £nil). After deducting administrative expenses of £12.4m (2011H1: £1.7m) operating profit amounted to £3.3m (2011H1: £1.7m loss). After finance costs, interest income, a write down in goodwill and the movement in interest rate swaps the total loss before tax was £10.3m (2011H1: £12.5m loss). Basic loss per share for continuing operations was 9.0p (2011H1: (8.2p)) and diluted loss per share was calculated as 9.9 p (2011H1:9.1p).

As required by International Financial Reporting Standards (IFRS), the consolidated statement of financial position of the Group takes account of the fair value of interest rate swaps. The resultant Consolidated Net Liabilities as at 30th June 2012 are £(149.4m) (2011H1: Net Assets of £77.0m).

Dividend

The Directors do not recommend an interim dividend (2011H1: 2.0p).

Prospects

The upheaval associated with the handover from Barceló has presented a tough challenge for the Puma management team to re-establish itself during a time of severe trading conditions in the UK regional hotel sector. Puma has also agreed with its Bankers, IBRC (formerly Anglo Irish Bank Limited), an option to extend its current debt facility until 31 December 2013, subject to meeting certain conditions which, against the backdrop of an uncertain market the Board of Puma Hotels is actively working to seek to meet. We look towards progress being made by the Puma management team in restoring the trading performance of the business.

Barclay Douglas
Chairman
14 September 2012

The Hotel Corporation Plc

Extract from The Review of Operations and Financial Performance of Puma Hotels plc Six Months Ended 30 June 2012

Introduction

The period under review saw significant changes in the operations of Puma Hotels plc ("Puma Hotels" or "the Group"). As previously reported, the leases with Barceló Hotels and Resorts ("Barceló") were terminated on 25 April 2012 and from this time the hotels have been operated by the Group. This statement comments on the activities of the Group both pre and post the lease termination.

Financial Performance

I am pleased to report that the Group generated a profit of £16.0m for the first half (2011H1: Loss of £0.3m). This significant increase in profitability was driven by the lease termination fee of £22.3m[1] received from Barceló. The receipt of this termination fee allowed the Group to reduce its senior debt facility by approximately £20m. In making further comment on the Group's performance, the operating activities are broken down to highlight three key areas:

- The period to 25 April – Lease rental received from Barceló
- The period from 25 April to 30 June – Hotels directly operated by the Group
- The termination payment received from Barceló on 25 April

	Pre 25 April 2012 £'000	Post 25 April 2012 £'000	**Six months 30 June 2012 £'000**	Six months 30 June 2011 £'000
TURNOVER	8,481	17,478	**25,959**	15,373
Cost of sales	-	(1,792)	**(1,792)**	-
GROSS PROFIT	8,481	15,686	**24,167**	15,373
Administrative/operating expenses	(513)	(11,522)	**(12,035)**	(1,831)
Goodwill write-off	-	-	**(2,764)**	-
OPERATING PROFIT	7,968	4,164	**9,368**	13,542
Interest receivable and similar income			**24**	23
Bank interest payable and similar charges			**(11,995)**	(11,158)
Shareholder finance costs			**(2,683)**	(2,683)
Lease termination fee received			**22,250**	-
Lease termination costs			**(920)**	-
NET PROFIT			**16,044**	(276)

[1] On completion of the lease transfer agreement on 25 April, a net lease termination fee of £20.3m (£22.3m less £2.0m business purchase cost) was paid by Barceló – see next page for further details.

The Hotel Corporation Plc

Extract from The Review of Operations and Financial Performance of Puma Hotels plc – continued

The Group's financial performance during the period was as follows:

Total Group Result

- The net profit of £16.0m (2011H1: Loss of £0.3m) includes the effect of the termination fee received from Barceló.
- The increase in interest payable during 2012 resulted from the net impact of:
    - The step up of the swap on £182.3m from 3.33% during 2011 to 3.945% in 2012;
    - The £0.4m of swap break costs incurred on 25 April;
    - The reduction in the principal balance of the facility from 25 April by £19.8m.
- Shareholder finance costs remained unchanged and comprised £2.0m (2011H1: £2.0m) in relation to bondholders of the Group's deep discounted bonds and £0.7m (2011H1: £0.7m) relating to interest on the convertible preference shares.
- The shareholder finance amounts due on 30 June 2012 were not paid due to the reduction in income to the Group. As with the shareholder payments due on 31 December 2011, these amounts have been deferred until further notice.

Lease Income

- The lease income received by the Group up to 25 April was on the basis of a reduced annual rental at a rate of £27.0m (2011H1: £31.0m). As previously announced, this reduced rent level was agreed with Barceló in the standstill agreements signed on 16 December 2011 and 17 February 2012.

Termination of Leases

- On completion of the lease transfer agreement on 25 April, a net lease termination fee of £20.3m[2] was paid by Barceló. This termination fee was utilised by the Group to reduce the balance of the senior debt facility due to Irish Bank Resolution Corporation Limited ("IBRC") by £19.8m and to pay £0.4m of interest rate swap break costs associated with the reduction in the facility.
- These swap break costs and the bank arrangement fees payable during the period of £0.25m are included in the "Bank interest payable and similar charges".
- Lease termination costs included:
    - Legal, accounting and tax fees incurred by the Group and IBRC;
    - Fees paid to Chardon Management Ltd ("Chardon") for transitional support services.

Hotel Operating Income

- The results achieved in the period from 25 April to 30 June against the same period in 2011 (under Barceló's management) were:

	2012	**2011**	**Variance**
Occupancy	69.6%	70.6%	(1.5%)
Average Room Rate	£69.38	£70.19	(1.1%)
RevPAR	£48.26	£49.54	(2.6%)
Total Revenue	£17.5m	£17.8m	(1.7%)

- These trading results demonstrate that our team has effectively mitigated the operational and logistical challenges that arise in taking over a business of this scale

[2] The net payment made by Barceló on exit was £20.3m. As a result of the structure of the business transfer agreement, a sum of £2.0m was also "paid" by Puma Hotels for the business transferred and therefore the gross exit payment to be made by Barceló was £22.3m.

to achieve an encouraging level of performance in an operating environment that has continued to weaken.

Termination of leases with Barceló and new management arrangements

As previously announced the Group was able to successfully negotiate a transfer agreement with Barceló which provided for the termination of the leases on 25 April 2012 and the payment to Puma Hotels of a net sum of £20.3m (excluding VAT) in respect of the early termination of the leases.

The agreement also provided for the orderly handover of the operations of the hotels from Barceló to Puma Hotels. Prior to the grant of the leases in 2007, the Group itself operated the hotels through the head office infrastructure and team which it established in Hinckley. This head office team and all hotel employees were transferred back to the Group upon completion of the agreement. From the date of signing the agreement and the completion date of 25 April, the Puma Hotels' team was on-site, at the head office and at the hotels, to affect an orderly transition.

The existing hotels team has been augmented through a number of key appointments including Paul Nisbett as Commercial and Finance Director and Nick Gamble as Group Operations Director. Paul brings significant experience in the regional UK hotel sector where he has held senior roles such as COO of Principal Hayley and Commercial and Finance Director at Malmaison. Nick also brings excellent operational experience to the Group having held key positions at De Vere Hotels and Malmaison .

We are delighted to have also recently appointed Fredrik Korallus as our new Chief Executive Officer. Fredrik will commence his role on 8 October having previously held a number of senior positions at Rezidor and Carlson, including Carlson's COO for The Americas and EVP Global Revenue Generation. We believe that Fredrik's particular expertise in sales, marketing and revenue management will bring added dimension to the group.

In addition, Puma Hotels appointed Chardon, a leading UK independent hotel management company, to work with our management team from April to 3 September to assist in managing the transition of operations to Puma Hotels. These transitional arrangements have now been completed.

Since taking over the management of the hotels, we have implemented our operational and branding strategy which is to focus on the individual strengths of each of our hotels in their local and regional markets. We have re-launched the hotels as the "Puma Hotels Collection" allowing the Group to align operating standards and to achieve sales and marketing synergies, whilst emphasising the unique nature of each property.

Despite trading conditions remaining challenging with many provincial UK markets showing a decline year-on-year, our team has been very effective in mitigating the challenges that arise in taking over a business of this scale.

Property Valuation

The valuation of the hotel properties remained at the level shown in the 2011 year end accounts which used the external professional valuation completed by Christie + Co at the end of March 2012. It reflected the Group's direct exposure to the UK provincial hotel sector following the termination of the leases to Barceló. Trading in the sector remains challenging, thereby leading to significantly lower cashflows from operations compared with the previous rent level paid by Barceló. The Group's assets comprise a significant portfolio of hotels, some of which occupy large areas of land and many of which are very well located in their regional centres. Given that a large number of the hotels also benefit from substantial planning consents, the appropriate level of management and investment over time should generate value enhancement as the regional economy improves.

Operating Company Balances

As a result of the Group taking back operational control of the hotels, the Group's Balance Sheet now includes balances associated with hotel operations including trade debtors, stocks, operating fixed assets and a greater level of trade creditors, including tax balances.

The Property assets previously reflected as investment properties are now classified as land and buildings as the Group is now operating the properties.

Senior debt facility arrangements with Irish Bank Resolution Corporation Limited ("IBRC")

When signing the transfer agreement with Barceló, Puma Hotels agreed with its bankers, IBRC (formerly Anglo Irish Bank Limited), an option to extend its current debt facility until 31 December 2013, subject to meeting certain conditions. Against the backdrop of an uncertain market, the Board is actively working to seek to meet these conditions.

The Group utilised the £20.3m payment from Barceló to reduce the balance of the senior debt facility. At the same time, IBRC provided a working capital facility of £7.0m for 2012, rising to £10.3m in 2013 if the option to extend the senior facility is exercised. The purpose of the working capital facility is to fund the Group's working capital and its capital expenditure requirements.

Our employees

On behalf of the Board, I would like to welcome all our employees to the Group and to thank each person for their dedication and commitment during this period of transition and to delivering excellent service to our guests.

Strategy and Prospects

The regional UK hotel sector continues to be impacted by the severe conditions prevailing in the UK and global economies and this challenging trading environment is expected to continue in the near term. I am however very encouraged by our team's performance in taking over and stabilising the management of the hotels in a relatively short period. The team has effectively mitigated the challenges that arise in taking over a business of this scale and we can now look forward to focusing our efforts on enhancing the service provided to our guests and thereby realising the Group's trading potential in this tough economic environment.

Strategically, the Board's priority remains its firm commitment to the task of seeking to re-create shareholder value.

Howard Shore
Chairman – Puma Hotels plc
14 September 2012

The Hotel Corporation Plc

INDEPENDENT REVIEW REPORT TO THE HOTEL CORPORATION PLC

We have been engaged by Hotel Corporation PLC (“the Company”) and its subsidiaries (together “the Group”) to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2012 which comprise the consolidated and company statements of comprehensive income, statements of financial position, statements of changes in equity, cash flow statements and related notes 1 to 18. We have read the other information contained in the half-yearly financial report 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 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. Our work has been undertaken so that we might state to the Company those matters we are required to state to it 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, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the AIM Rules of the London Stock Exchange.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as issued by the International Accounting Standards Board (“IASB”). The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as issued by the IASB.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements 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 inquiries, 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 condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2012 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as issued by the IASB and the AIM Rules of the London Stock Exchange.

INDEPENDENT REVIEW REPORT TO THE HOTEL CORPORATION PLC (continued)

Emphasis of Matter – Going Concern of PHP

In arriving at our review conclusion, which is not modified, we have considered the adequacy of the disclosure made in Note 1 to the financial statements considering PHP's ability to continue as a Going Concern.

PHP is in a net liability and net current liability position which results in the Group also being in a net liability and net current liability position. PHP is reliant on continued support from its senior lender. As more fully explained in Note 1 of the financial statements, from the date of signing these financial statements to 31 December 2012, and then beyond that date to 31 December 2013, PHP is required to meet certain conditions in relation to its senior and revolving credit facilities some of which relate to unpredictable market activity.

The existence of these conditions indicates a material uncertainty that may cast significant doubt about PHP's ability to continue as a going concern. The financial statements do not include any adjustments, which would result if PHP was unable to continue as a going concern.

PHP has limited recourse to the Company which is solvent and able to continue trading even in the absence of any income generated from its investment in PHP, and on that basis the Directors of the Company have concluded that it is appropriate to prepare these financial statements on a going concern basis.

Emphasis of Matter – Carrying value of investments in Company financial statements

Also, in arriving at our review conclusion, which is not modified, we have considered the adequacy of the disclosures made in note 11 to the financial statements concerning the fair value estimate in respect of the Company's investment in PHP.

As explained in Note 11, the Directors have estimated the total fair value of the investment to be £nil as of 30 June 2012 in accordance with the valuation methodology detailed in note 11. However, the Directors are of the opinion that significant uncertainty exists in relation to this estimate in the current period, which may be greater than £nil, due to the uncertainty over the going concern considerations of PHP as detailed in Note 1, the future impact of which are currently unknown. The estimated value may therefore differ materially from the value that would have been realised had a disposal of the investment been made between a willing buyer and seller. It is not possible to quantify such uncertainties.

Deloitte LLP
Chartered Accountants
Douglas, Isle of Man
14 September 2012

Notes: A review does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the financial information since first published. These matters are the responsibility of the directors but no control procedures can provide absolute assurance in this area.

Legislation in the Isle of Man governing the preparation of financial information differs from legislation in other jurisdictions.

The Hotel Corporation Plc

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30th June 2012

	Note	Six Months Ended 30 June 2012 (Unaudited) £'000	Six Months Ended 30 June 2011 (Unaudited) Restated* £'000	Year Ended 31 December 2011 (Audited) Restated* £'000
Continuing Operations				
Revenue	5	17,478	-	-
Cost of sales		(1,792)	-	-
Gross Profit		15,686	-	-
Administrative expenses		(12,424)	(1,665)	(3,055)
Operating Profit		3,262	(1,665)	(3,055)
Goodwill impairment	4	(2,000)	-	-
Bank interest receivable		30	26	48
Change in fair value of interest rate swaps		1,837	1,623	3,164
Interest payable		(13,448)	(12,436)	(25,083)
(Loss) before tax		(10,319)	(12,452)	(24,926)
Tax	6	-	2,913	28,919
Profit/(Loss) after tax for the period/year from continuing operations		**(10, 319)**	**(9,539)**	**3,993**
Discontinued operations				
Profit/(Loss) for the period from discontinued operations	3	29,810	15,373	(243,065)
Profit/(Loss) and total comprehensive income for the period/year		**19,491**	**5,834**	**(239,072)**
Attributable to:				
Owners of the Company		10,392	3,572	(118,051)
Non controlling interest	15	9,099	2,262	(121,021)
		19,491	**5,834**	**(239,072)**
(Loss)/Earnings per share				
Basic from continuing operations	7	(9.0p)	(8.2p)	6.6p
Diluted from continuing operations	7	(9.9p)	(9.1p)	N/A
Basic from continuing and discontinued operations	7	20.9p	7.2p	(237.0p)
Diluted from continuing and discontinued operations	7	N/a	N/a	(252.6p)

*The comparatives have been restated to reflect the requirements of IFRS5 'Non-Current Assets Held for Sale and Discontinued Operations, see note 3.

The Hotel Corporation Plc

Condensed Consolidated Statement of Financial Position
As At 30 June 2012

	Note	30 June 2012 (Unaudited) £'000	30 June 2011 (Unaudited) £'000	31 December 2011 (Audited) £'000
Assets				
Non-Current Assets				
Intangible assets- Goodwill		-	28,382	-
Investment property	9	-	458,490	213,500
Property plant and equipment	10	213,734	-	-
		213,734	486,872	213,500
Current Assets				
Inventory		551	-	-
Trade and other receivables		6,612	363	2,284
Cash and Cash Equivalents		15,564	12,003	9,471
		22,727	12,366	11,755
Total assets		236,461	499,238	225,255
Current Liabilities				
Borrowings	13	314,309	-	332,212
Trade and other payables		25,561	14,581	14,106
Fair Value of Interest Rate Swaps	12	3,594	2,252	5,222
		343,464	16,833	351,540
Net current liabilities		**(320,737)**	**(4,467)**	**(339,785)**
Non-Current Liabilities				
Borrowings	13	16,600	348,870	16,600
Preference shares	13	8,230	8,230	8,230
Fair Value of Interest Rate Swaps	12	17,575	22,295	17,784
Deferred Tax Liabilities		-	26,006	-
		42,405	405,401	42,614
Total Liabilities		**(385,869)**	**(422,234)**	**(394,154)**
Net (Liabilities)/Assets		**(149,408)**	**77,004**	**(168,899)**
Capital & Reserves				
Share Capital	14	2,491	2,491	2,491
Share Premium Account		11,015	11,015	11,015
Retained Earnings		(57,837)	54,391	(68,229)
Equity attributable to owners of the Company		**(44,331)**	**67,897**	**(54,723)**
Non controlling interest	15	(105,077)	9,107	(114,176)
Total Equity		**(149,408)**	**77,004**	**(168,899)**

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Barclay Douglas
Director
14 September 2012

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David Craine
Director

The Hotel Corporation Plc

Condensed Consolidated Statement of Changes in Equity
As at 30 June 2012

	Share Capital £'000	Share Premium Account £'000	Retained Earnings £'000	Non controlling interest £'000	Total £'000
Balance at 01 January 2012	**2,491**	**11,015**	**(68,229)**	**(114,176)**	**(168,899)**
Profit and total comprehensive income for the period	-	-	10,392	9,099	19,491
Dividends	-	-	-	-	-
Balance at 30 June 2012 (Unaudited)	**2,491**	**11,015**	**(57, 837)**	**(105,077)**	**(149,408)**

	Share Capital £'000	Share Premium Account £'000	Retained Earnings £'000	Non controlling interest £'000	Total £'000
Balance at 01 January 2011	**2,491**	**11,015**	**52,114**	**6,845**	**72,465**
Profit and total comprehensive income for the period	-	-	3,572	2,262	5,834
Dividends	-	-	(1,295)	-	(1,295)
Balance at 30 June 2011 (Unaudited)	**2,491**	**11,015**	**54,391**	**9,107**	**77,004**

	Share Capital £'000	Share Premium Account £'000	Retained Earnings £'000	Non controlling interest £'000	Total £'000
Balance at 01 January 2011	**2,491**	**11,015**	**52,114**	**6,845**	**72,465**
Loss and total comprehensive income for the period	-	-	(118,051)	(121,021)	(239,072)
Dividends	**-**	-	(2,292)	-	(2,292)
Balance at 31 December 2011 (Audited)	**2,491**	**11,015**	**(68,229)**	**(114,176)**	**(168,899)**

The Hotel Corporation Plc

Condensed Consolidated Cash Flow Statement
For the six months ended 30 June 2012

	Notes	Six Months Ended 30 June 2012 (Unaudited) £'000	Six Months Ended 30 June 2011 (Unaudited) £'000	Year Ended 31 December 2011 (Audited) £'000
Net cash Inflow From Operating Activities	16	**34,291**	**14,291**	**28,101**
Investing activities				
Interest Paid		(10,911)	(12,436)	(26,488)
Interest receivable		30	26	48
Additions of investment properties		(28)	(169)	(1,235)
Acquisition of hotel operating business	4	614	-	-
Net cash used in Investing activities		(10,295)	(12,579)	(27,675)
Financing activities				
Dividends paid	8	-	(1,295)	(2,292)
New term loan issue costs		-	-	(249)
Loan Repaid		(17,903)	-	-
Net cash outflow from financing activities		(17,903)	(1,295)	(2,541)
Net increase/(decrease) in cash and cash equivalents		6,093	417	(2,115)
Cash and cash equivalents at beginning of period/year		9,471	11,586	11,586
Cash and cash equivalents at end of period/year		15,564	12,003	9,471

The Hotel Corporation Plc

Company Statement of Comprehensive Income
For the six months ended 30 June 2012

	Notes	Six Months ended 30 June 2012 (Unaudited) £'000	Six Months ended 30 June 2011 (Unaudited) £'000	Year ended 31 December 2011 (Audited) £'000
Continuing Operations				
Revenue	5	1,405	1,405	2,810
Administrative expenses		(1,497)	(95)	(1,617)
Operating Loss/(Profit)		(92)	1,310	1,193
Bank interest receivable		6	3	8
Investment write down		-	-	(63,328)
Loss/(Profit) before tax		(86)	1,313	(62,127)
Taxation	6	-	-	-
(Loss)/Profit after taxation and total comprehensive (loss)/income for the period/year		**(86)**	**1,313**	**(62,127)**
(Loss)/Earnings per Share				
Basic and diluted	7	(0.17p)	2.64p	(124.7p)

The Hotel Corporation Plc

Company Statement of Financial Position
As At 30 June 2012

	Notes	30 June 2012 (Unaudited) £'000	30 June 2011 (Unaudited) £'000	31 December 2011 (Audited) £'000
Non-Current Assets				
Investments	11	-	63,328	-
Current Assets				
Trade and other receivables		7	6	5
Cash and Cash Equivalents		951	2,117	1,031
		958	2,123	1,036
Total assets		958	65,451	1,036
Liabilities				
Current Liabilities				
Trade and other payables		40	10	32
Net Assets		918	65,441	1,004
Capital and Reserves				
Share Capital	14	2,491	2,491	2,491
Share Premium Account		11,015	11,015	11,015
Retained Earnings		(12,588)	51,935	(12,502)
Equity attributable to owners of the Company		918	65,441	1,004

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Barclay Douglas
Director
14 September 2012

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David Craine
Director

The Hotel Corporation Plc

Company Statement of Changes in Equity
For the six months ended 30 June 2012

	Share Capital	Share Premium Account	Retained Earnings	Total
	£'000	£'000	£'000	£'000
Balance at 01 January 2012	**2,491**	**11,015**	**(12,502)**	**1,004**
Loss for the period	-	-	(86)	(86)
Dividends	-	-	-	-
Balance at 30 June 2012 (Unaudited)	**2,491**	**11,015**	**(12,588)**	**918**

	Share Capital	Share Premium Account	Retained Earnings	Total
	£'000	£'000	£'000	£'000
Balance at 01 January 2011	**2,491**	**11,015**	**51,917**	**65,423**
Profit for the period	-	-	1,313	1,313
Dividends	-	-	(1,295)	(1,295)
Balance at 30 June 2011 (Unaudited)	**2,491**	**11,015**	**51,935**	**65,441**

	Share Capital	Share Premium Account	Retained Earnings	Total
	£'000	£'000	£'000	£'000
Balance at 01 January 2011	**2,491**	**11,015**	**51,917**	**65,423**
Loss for the period	-	-	(62,127)	(62,127)
Dividends	-	-	(2,292)	(2,292)
Balance at 31 December 2011 (Audited)	**2,491**	**11,015**	**(12,502)**	**1,004**

The Hotel Corporation Plc

Company Cash Flow Statement
For the six months ended 30 June 2012

	Notes	Six Months Ended 30 June 2012 (Unaudited) £'000	Six Months Ended 30 June 2011 (Unaudited) £'000	Year Ended 31 December 2011 (Audited) £'000
Net cash (outflow)/inflow from Operating Activities	16	**(86)**	**1,300**	**1,206**
Investing activities				
Interest received		6	3	8
Net cash used in Investing activities		6	3	8
Financing activities				
Dividends paid	8	-	(1,295)	(2,292)
Net cash outflow from financing activities		-	(1,295)	(2,292)
Net (decrease)/ increase in cash and cash equivalents		(80)	8	(1,078)
Cash and cash equivalents at beginning of period/year		1,031	2,109	2,109
Cash and cash equivalents at end of period/year		951	2,117	1,031

Notes to the Financial Statements
For the six months ended 30 June 2012

1. Accounting policies

Basis of Preparation

The annual financial statements of The Hotel Corporation Plc are prepared in accordance with International Financial Reporting Standards (IFRS). The condensed set of financial statements included in this half yearly financial report have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", as issued by the International Accounting Standards Board.

The comparative statement of comprehensive income has been re-presented as if the discontinued operations during the current period had been discontinued from the start of the comparative periods (see note 3).

Due to the changes in activities, as described in the Chairman's Statement, apart from the policies stated below, the significant accounting policies and estimation techniques adopted by the Group for the period ended 30 June 2012 are consistent with those adopted by the Group for the annual financial statements for the year ended 31 December 2011 including those regarding business combinations, goodwill and goodwill impairment.

Property, plant and equipment

Land and buildings were previously recognised in accordance with IAS 40, Investment Property. From 25 April 2012 land and buildings were recognised in accordance with IAS 16 Property, plant and equipment.

Land and buildings held for use in the supply of goods and services, or for administrative purposes, are stated in the balance sheet at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the financial statement position date.

Any revaluation increase arising on the revaluation of such land and buildings is credited to the properties revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate.

Notes to the Financial Statements (continued)
For the six months ended 30 June 2012

1. Accounting policies (continued)

No depreciation is provided on freehold land. Depreciation is provided on all tangible fixed assets, other than freehold land, on a straight line basis calculated to write off the cost or valuation, less estimated residual value, over their estimated useful economic lives as follows:

Leasehold land and property	over remaining life of the lease
Freehold property	up to 50 years
Plant and machinery	15 to 20 years
Furniture, fittings, equipment and motor vehicles	5 to 15 years

It is the Group's policy to periodically revalue its fixed assets and recognise the assets at the revalued amount.

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and seal, and a reasonable profit margin based on the effort required to complete and sell the inventories.

Revenue Recognition

Following a change in the principal activity of the Group from 25 April 2012, revenue recognised has changed from rental lease income to revenue derived from goods and services sold.

Revenue is the value of goods and services sold to third parties as part of the Group's trading activities, after deducting discounts and sales based taxes. Owner hotel revenue, including the rental of rooms and food and beverage sales from a network of hotels, is recognised when rooms are occupied and food and beverages are sold.

Pension Scheme Arrangements

The Group operates a defined contribution pension scheme. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting year.

1. Accounting policies (continued)

Going Concern

The Company has adequate financial resources. In considering the ability of the Company to continue as a Going Concern the directors have considered the Company cashflow forecasts. These cashflow forecasts indicate that the Company has sufficient resources to meet its ongoing operating expenses into the foreseeable future. It also has resources to invest in other opportunities if they were to arise and if investment was considered appropriate by the Directors and therefore the Directors are of the view that the Company still has a trade even though there is uncertainty associated with the going concern of its subsidiary company, Puma Hotels Plc and its subsidiary companies (together “PHP”). As a consequence, the Directors believe that the Company is well placed to manage its business risks satisfactorily.

The Board has also undertaken a recent and thorough review of PHP’s forecasts and associated risks and sensitivities. The extent of this review reflects the uncertain economic outlook for the UK economy, the specific risks associated with the hotel sector and the fact that PHP is in a net liabilities position. Although PHP is in a net liability and net current liability position, PHP’s operations are profitable and operational profits are forecast to increase over the medium term, thereby enhancing the current level of positive cash flows. However in order for PHP to fully meet its debt service obligations in relation to its senior facility, a revolving credit facility was made available by the senior lender in April 2012 when an amended facility agreement was signed by PHP post the termination of the lease agreement and the transfer of the operations of the hotels to PHP. In prior years when PHP’s activities related to the holding of investment property, PHP was able to meet all of its obligations, including any payments to the bank under the facility agreement, from the rent received from its tenant. Although the termination of the lease arrangements in April 2012 has resulted in a lower level of net income to PHP, PHP’s operations as a direct hotel operator are forecast to remain profitable and cashflow positive before deducting interest payable on its debt facilities.

Based on the current terms of the senior facility, in order for this facility and the revolving credit facility to continue to be made available from the date of signing these financial statements to 31 December 2012, and then beyond that date to 31 December 2013, PHP are required to meet certain conditions in relation to the senior and revolving credit facilities some of which relate to unpredictable market activity. The PHP Directors believe they can either meet these conditions, or can successfully renegotiate terms with the senior lender for PHP or another lender.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about PHP’s ability to continue as a going concern and therefore PHP may be unable to realise assets and / or discharge liabilities in the normal course of business. These financial statements do not include any adjustments that would result if PHP was unable to continue as a going concern.

After making such enquiries as necessary, and considering the uncertainties described above, the Directors have a reasonable expectation that PHP has adequate resources to continue in operational existence for the foreseeable future. Also because PHP has limited recourse to the Company which is solvent and able to continue trading even in the absence of any income generated from its investment in PHP, the Directors have concluded that the Company is a going concern. Accordingly, they continue to adopt the going concern basis in preparing the interim financial statements.

Notes to the Financial Statements (continued)
For the six months ended 30 June 2012

2. Business and geographical segments

Prior to the takeover of the hotel operations on 25 April 2012 the Group's turnover, loss before taxation and net assets was derived from its principal activity, the rental under an operating lease with Barceló of its portfolio of hotels within the UK. From 25 April 2012 the Groups loss before taxation and net assets is derived from the operations of hotels within the UK. The Board regularly receive information regarding the sole operating segment and therefore consider the results and performance disclosed in the financial statements is appropriate to comply with IFRS 8.

3. Discontinued Operations

In April 2012 PHP announced the early termination of the leases with Barceló following the takeover of the hotel operations on 25 April 2012. Activities prior to this date therefore fall within the definition of discontinued operations and have been presented as a discontinued operation within these financial statements. Continuing operations now relate to the operation of hotels, which commenced on 25th April 2012.

No assets or liabilities have been disposed of following the change in principal operations. The properties held by the group have been transferred from investment property to property, plant and equipment as the group is now using the properties for the supply of goods and services.

Comparative information presented in the financial statements has been restated to segregate the continuing and discontinuing income and expenses.

The impact of these restatements was to remove the lease income for the six months ended 30 June 2011 and for the year ended 31 December 2011 from revenue and to recognise this as part of the discontinued operations profit/(loss) as follows:

Results of discontinued operations

	(Unaudited) Six Months ended 30 June 2012 £'000	(Unaudited) Six Months ended 30 June 2011 £'000	(Audited) Year ended 31 December 2011 £'000
Property rental income from lease agreements with Barceló Hotels and resorts	8,480	15,373	31,373
Early lease termination income	22,250	-	-
Lease termination costs	(920)	-	-
Change in fair value of investment property	-	-	(246,056)
Goodwill Impairment	-	-	(28,382)
Profit/(loss) for the period/year	29,810	15,373	(243,065)
Basic earnings/(loss) per share	29.9p	15.4p	(243.6p)

3. Discontinued Operations (continued)

Diluted earnings for discontinued operations has been calculated for the six months ended 30 June 2012 and the year ended 31 December 2011, however the impact of the potential ordinary shares is non dilutive. Diluted loss per share for 30 June 2011 is calculated at 260p.

Cash flows from discontinued operations

	(Unaudited) Six Months ended 30 June 2012 £'000	(Unaudited) Six Months ended 30 June 2011 £'000	(Audited) Year ended 31 December 2011 £'000
Net cash from operating activities	25,830	15,373	(243,065)
Net cash flows for the year	25,830	15,373	(243,065)

4. Acquisition of business operations

As a result of the termination of the leases with Barceló, on 25 April 2012 the Group acquired the hotel operations, which had previously been operated by Barceló. The Business combination of the hotel operations meets the definition of a business combination under IFRS 3, Business Combinations. In the period from 25 April 2012 to 30 June 2012 the hotel operations contributed revenue of £17,478,000 to the Groups results.

The amounts recognised in respect of identifiable assets acquired and liabilities assumed are as set out in the table below:

	£'000
Financial assets	**918**
Inventory	**535**
Property, plant and equipment	**208**
Financial liabilities	**(4,275)**
Total identifiable net liabilities	**(2,614)**
Goodwill	**2,000**
Total consideration (Net receipt from Barceló)	**(614)**
Satisfied by:	
Cash	**614**
Net Cash inflow arising on acquisition	**614**

The Hotel Corporation Plc

Notes to the Financial Statements (continued)
For the six months ended 30 June 2012

4. Acquisition of business operations (continued)

The goodwill of £2m arising from the acquisition recognises that the Group has assumed a total value of liabilities in excess of the net consideration received from Barceló. The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The Directors have performed an impairment review in accordance with the accounting policies set out in the annual financial statements. The goodwill recognised at the date of the acquisition of the hotel operations has been written down to nil by the board of directors of PHP after consideration of the net liabilities of PHP as at 30 June 2012 of £160.6m, (under United Kingdom Generally Accepted Accounting Practice) and the uncertainties in relation to going concern as disclosed in note 1. The impairment has resulted in a goodwill write down of £2m which has been recognised in the statement of comprehensive income.

Acquisition-related costs

The group incurred acquisition-related costs of £297,000 relating to external legal fees and due diligence costs. The legal fees and due diligence costs have been included in administrative expenses in the Group's consolidated statement of comprehensive income.

If the acquisition of the portfolio of hotels had been completed on the first day of the financial year, revenue and operating profit of the Group for the period would have been as follows:

	(Unaudited) Six Months ended June Group 2012 £'000
Revenue	**40,627**
Operating profit	**36,426**

Notes to the Financial Statements (continued)
For the six months ended 30 June 2012

5. Revenue

An analysis of the Group's and Company's revenue and operating profit/(loss) is as follows:

	(Unaudited) Six Months ended				(Audited) Year ended	
Continuing Operations	**30 June 2012 Group £'000**	**30 June 2011 Group £'000**	**30 June 2012 Company £'000**	**30 June 2011 Company £'000**	**31 December 2011 Group £'000**	**31 December 2011 Company £'000**
Rendering of services and goods	**17,478**	-	**-**	-	-	-
	17,478	-	**-**	-	-	-
Bond interest	**-**	-	**993**	993	-	1,986
Preference share dividend	**-**	-	**412**	412	-	824
Total revenue	**17,478**	-	**1,405**	1,405	-	2,810
Operating Profit/(loss)	**3,262**	**(1,665)**	**(92)**	1,310	(3,055)	1,193

For an analysis of revenue and profit/(loss) in relation to discontinued operations for the Group refer to note 3.

6. Group and Company Group Tax on loss on ordinary activities

Group Tax on loss on ordinary activities

During the 6 month period, there has been no change to the deferred tax liability, which remains at £nil. Reasons for the movement in prior periods are set out below.

	(Unaudited) Six Months ended		(Audited) Year ended
	30 June 2012 £'000	**30 June 2011 £'000**	**31 December 2011 £'000**
Effect of change in rate	**-**	1,354	-
Movement in tax base of balance sheet items	**-**	1,559	-
Origination and reversal of timing differences	**-**	-	28,919
	-	2,913	28,919

As at 30 June 2012 the Group continues not to recognise deferred tax assets in relation to the fair value of the interest swap liabilities and the revaluation of land and buildings.

The Hotel Corporation Plc

Notes to the Financial Statements (continued)
For the six months ended 30 June 2012

6. Group and Company Group Tax on loss on ordinary activities (continued)

Company tax on loss on ordinary activities

A 0% rate of corporate income tax is applicable to the Company's income and therefore no provision for liability to Manx income tax has been included in these financial statements.

7. (Loss)/Earnings per Share from continuing and discontinued operations

(Loss)/Earnings per share from discontinued operations are detailed in note 3. The calculation of the basic and diluted earnings per share is based on the following data:

Continuing operations

(Loss)/Earnings : Company	(Unaudited) Six Months ended 30 June 2012 £'000	(Unaudited) Six Months ended 30 June 2011 £'000	(Audited) Year ended 31 December 2011 £'000
(Loss)/earnings for the purposes of basic earnings per share being net profit attributable to owners of the Company	(86)	1,313	(62,127)

(Loss)/Earnings: Group	(Unaudited) Six Months ended 30 June 2012 £'000	(Unaudited) Six Months ended 30 June 2011 £'000	(Audited) Year ended 31 December 2011 £'000
(Loss)/Earnings for the purposes of basic earnings per share being net loss attributable to owners of the Company	(4,491)	(4,105)	3,298

Number of Shares	(Unaudited) Six Months ended 30 June 2011 No.	(Unaudited) Six Months ended 30 June 2010 No.	(Audited) Year ended 31 December 2010 No.
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	49,819,050	49,819,050	49,819,050

The Hotel Corporation Plc

Notes to the Financial Statements (continued)
For the six months ended 30 June 2012

7. (Loss)/Earnings per Share from continuing and discontinued operations (continued)

(Loss)/Earnings per Share – continuing operations: Company

Basic and Diluted	(0.17p)	2.64p	(124.7p)

(Loss)/Earnings per Share – continuing operations: Group

Basic	(9.0p)	(8.2p)	6.6p
Diluted	(9.9p)	(9.1p)	N/A

Diluted earnings have been calculated for the year ended 31 December 2011, however the impact on the potential ordinary shares is non-diluted.

Continuing and discontinued operations combined Earnings : Group

	(Unaudited) Six Months ended 30 June 2012 £'000	(Unaudited) Six Months ended 30 June 2011 £'000	(Audited) Year ended 31 December 2011 £'000
Earnings/(Loss) for the purposes of basic earnings per share being net profit/(loss) attributable to owners of the Company	10,392	3,572	(118,051)

Earnings/(Loss) per Share – continuing and discontinued operations combined: Group

Basic	20.9p	7.2p	(237.0p)
Diluted	N/a	N/a	(252.6p)

Diluted earnings have been calculated for the six months ended 30 June 2012 and 30 June 2011, however the impact upon the potential ordinary shares is non dilutive.

8. Dividends

The Directors do not recommend the payment of an interim dividend in respect of the period to 30 June 2012.

The Hotel Corporation Plc

Notes to the Financial Statements (continued)
For the six months ended 30 June 2012

9. Investment Property: Group only

Fair Value	30 June 2012 (Unaudited) £'000	30 June 2011 (Unaudited) £'000	31 December 2011 (Audited) £'000
At beginning of year/period	213,500	458,321	458,321
Additions	-	169	1,235
Transfer to property, plant and equipment	(213,500)	-	-
Decrease in fair value during the year	-	-	(246,056)
At period/year end	-	458,490	213,500

As detailed in note 1, land and buildings were previously recognised under investment property. On 25 April 2012 the land and buildings were transferred from investment property and into property, plant and equipment when the group began using the properties for the supply of goods and services. Note 10 details the fair value of the property, plant and equipment.

10. Property, plant and equipment: Group only

Fair Value	30 June 2012 (Unaudited) £'000	30 June 2011 (Unaudited) £'000	31 December 2011 (Audited) £'000
At beginning of period/year	-	-	-
Transfer from investment property	213,500	-	-
Additions	234	-	-
At period/year end	213,734	-	-

The value of the Group's property, plant and equipment at 30 June 2012 has been arrived at on the basis of a valuation carried out at March 2012 performed by Christie & Co. Chartered Surveyors who valued the properties at £211.5m on the basis of market value. The valuation, which conforms to International Valuation Standards, was arrived at by reference to market evidence of transaction prices for similar properties. A further £2m has been included in the value in respect of land assets excluded from the external valuation and land continues to be valued at director's valuation.

The Hotel Corporation Plc

.Notes to the Financial Statements (continued)
For the six months ended 30 June 2012

11. Investments

Company Investments

Classified as:	(Unaudited) 30 June 2012 £'000	(Unaudited) 30 June 2011 £'000	(Audited) 31 December 2011 £'000
Investment at Fair Value	-	46,778	-
Bonds Held to Maturity	-	16,550	-
	-	63,328	-

	(Unaudited) 30 June 2012 £'000	(Unaudited) 30 June 2011 £'000	(Audited) 31 December 2011 £'000
Investments at Fair Value			
Fair value at start of period/year	-	46,778	63,328
Investments made during period/year	-	-	-
Decrease in fair value during period/year	-	-	(63,328)
Fair value at end of period/year	-	46,778	-

The investment at 30 June 2012 includes an investment in convertible preference shares of £nil (2011: £11,770,000). The Company holds 11,770,000 preference shares of £1 each in Puma Hotels plc ("PHP").

It also includes an investment in ordinary shares of £nil (2011: £35,008,000). The Company holds 16,550,000 ordinary shares of £1 par value in (PHP). These ordinary shares amount to 49.92% of the issued share capital of that company. The investments represent investments in unsecured deep discount bonds issued by Puma Hotels (Finance) plc, a subsidiary of Puma Hotels plc, maturing at nominal value on 31 December 2012. The bonds have a coupon rate of 12%.

In determining the fair value attributable to the ordinary shares and convertible preference shares in PHP, the Directors drew upon the discounted future net cash flows arising from PHP and utilised that net asset value for each share.

Following a review using the above method, the directors have concluded that there is no change in the £nil fair value of the investment since 31 December 2011 and therefore the balance as at 30 June 2012 remains unchanged.

As detailed in note 1, significant uncertainty exists in relation to PHP's ability to continue as a going concern. However, the Company has been informed by PHP that they have the continuing support of their senior lenders in relation to a recovery plan to continue to trade and the plan is supported by a detailed cash flow and budget forecast covering the period from 2012 to 2014.

Notes to the Financial Statements (continued)
For the six months ended 30 June 2012

The Directors of the Company have also prepared a discounted cash flow valuation. Should the forecasts prove to be achievable and PHP continue to receive support from their senior lender into the foreseeable future then there may be future value in the investment in PHP; therefore the Company continues to hold the investment to protect shareholders value. However, due to the significant uncertainty described above, the Directors believe that the fair value of the investment in PHP should be £nil as at 30 June 2012. The Directors therefore recognise that there is a significant level of uncertainty relating to this fair value estimate, which may be greater than £nil.

The investments disclosed above are shown in the Company statements only. The investments represent holdings within the subsidiary, PHP, hence the balances are eliminated upon consolidation.

12. Fair Value of Interest Rate Swaps

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balances at the end of the financial period.

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at the reporting date:

Outstanding	**Notional principal value**			**Fair value**		
	30 June 2012 £'000	**30 June 2011 £'000**	**31 December 2011 £'000**	**30 June 2012 £'000**	**30 June 2011 £'000**	**31 December 2011 £'000**
<1 year	182,345	182,345	182,345	(3,594)	(2,252)	(5,222)
1 to 2 years	-	182,345	-	-	(5,062)	-
2 to 5 years	150,000	150,000	150,000	(17,575)	(17,233)	(17,784)
				(21,169)	(24,547)	(23,006)

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is three months LIBOR. The Group will settle the difference between the fixed and floating interest rate on a net basis.

Notes to the Financial Statements (continued)
For the six months ended 30 June 2012

13. Group Borrowings

	30 June 2012 (Unaudited) £'000	30 June 2011 (Unaudited) £'000	31 December 2011 Audited £'000
Secured borrowing			
Bank loans	314,601	332,345	332,345
Accrued finance cost	(292)	(75)	(133)
	314,309	332,270	332,212
Unsecured borrowing			
Bonds	16,600	16,600	16,600
Total borrowings	330,909	348,870	348,812
Current borrowings	314,309	-	332,212
Non-Current borrowings	16,600	348,870	16,600
Total borrowings	330,909	348,870	348,812
7% convertible preference share	8,230	8,230	8,230

The other principal features of the Group's borrowings are as follows:

i) Under the terms of the original facility it was due to expire on 31 December 2012. On 2 April 2012, an option to extend the bank facility until 31 December 2013 subject to meeting certain conditions as detailed in note 1, Going Concern, was agreed. This is still secured by fixed charges over the properties within the Group. All loans bear interest at variable rates based on LIBOR but are subject to the interest rate protection instruments. All the bank loans are fully drawn down. The borrowings are secured against the property, plant and equipment included in note 10.

ii) The Group has no finance lease obligations.

iii) The final redemption date for the bonds is dependent on the issuer Puma Hotels (Finance) plc issuing a redemption notice. This redemption notice cannot be issued without the approval of Irish Bank Resolution Corporation Limited ("IBRC") PHP's senior lender or until such time that all liabilities to IBRC have been fully discharged. The bonds therefore have no fixed maturity date and a coupon rate of 12%. They are not secured against any of the assets of the Group.

14. Share Capital

The total number of Ordinary Shares of £0.05 in issue and fully paid at 30 June 2012 was 49,819,050. During the six month period there has been no further issue of shares.

Notes to the Financial Statements (continued)
For the six months ended 30 June 2012

15. Non controlling Interest

	30 June 2012 Unaudited £'000	30 June 2011 Unaudited £'000	31 December 2011 Audited £'000
Balance at 1 January	(114,176)	6,845	6,845
Share of profit/(loss) for the period/year	9,099	2,262	(121,021)
Balance at period/year end	(105,077)	9,107	(114,176)

Included within the balance of non-controlling interest is the share of the results of the other Ordinary and Founder Shareholders of PHP; Preference Shareholders are excluded.

The rights attached to the Founder Shareholders result in them receiving a variable share of the profit or loss of PHP dependant on a certain level of reserves within PHP. There is no liability recognised for this at 30 June 2012.

The Hotel Corporation Plc

Notes to the Financial Statements (continued)
For the six months ended 30 June 2012

16. Notes to the Statement of Cash Flows

Reconciliation of Profit/(Loss) from Operations to Net Cash from Operating Activities.

Group	Six months ended June 2012 (Unaudited) £'000	Six months ended June 2011 (Unaudited) £'000	Year ended 31 December 2011 (Audited) £'000
Profit from Operations	3,262	(1,665)	(3,055)
(Increase)/Decrease in Inventory	(16)	-	-
(Increase)/Decrease in Receivables	(3,410)	(47)	(1,968)
Increase /(Decrease) in Trade and other payables	4,645	438	(37)
Amortisation of debt issue costs	-	-	383
Unamortised bank arrangement fee	-	192	-
Operating profit from discontinued operations	29,810	15,373	(243,065)
Impairment loss recognised on trade receivables	-	-	1,405
Goodwill Impairment	-	-	28,382
Loss on change in fair value of investment property	-	-	246,056
Net cash inflow/outflow from operating activities	34,291	14,291	28,101

Company	Six months ended June 2012 (Unaudited) £'000	Six months ended June 2011 (Unaudited) £'000	Year ended 31 December 2011 (Audited) £'000
(Loss)/Profit from Operations	(92)	1,310	1,193
Decrease/(increase) in Receivables	(2)	3	4
(Decrease)/Increase in Trade and other payables	8	(13)	9
Net cash (outflow)/inflow from operating activities	(86)	1,300	1,206

16. Notes to the Statement of Cash Flows (continued)

Cash and cash equivalents (which are presented as a single class of assets on the face of the statement of financial position for both the Group and Company) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

17. Immediate and Ultimate Controlling Party

In the opinion of the Directors there is no immediate and ultimate controlling party.

18. Related Party Transactions

The Group has been involved in transactions with companies within the Shore Capital Group, the management entity of Puma Hotels plc:

	Profit and loss charge in the period	Outstanding creditor at the period end
	£'000	£'000
Management fees charged by Shore Capital Limited to Puma hotels plc	158	94

As a result of amendments made during this period, the management fee charged by Shore Capital Limited was based on 15 basis points of gross asset value per annum, (2011: Fee based on 60 basis points of gross asset value per annum). The agreement also includes provision for a performance fee which is linked to future commercial activity.

Appendix Information relating to Puma Hotels plc ("Puma")

The profit and loss account of Puma for the period ended 30 June 2012 together with the balance sheet, the statement of total recognised gains and losses and the cash flow statement as at 30 June 2012 are provided on pages 36 to 39 and have been prepared in accordance with applicable United Kingdom Generally Accepted Accounting Practice. These are extracted from the reviewed interim financial statements of Puma as at 30 June 2012. This additional information does not form part of the reviewed group interim financial statements and is for information only. The review report of Puma was not modified, but did draw attention by way of emphasis of matter relating to significant uncertainty over going concern.

The Hotel Corporation Plc

Appendix

Puma Hotels plc
Consolidated Profit and Loss Account
Six Months Ended 30 June 2012

	Unaudited Six months ended 30 June 2012 £'000	Unaudited Six months ended 30 June 2011 Restated* £'000	Audited Year ended 31 December 2011 Restated* £'000
TURNOVER			
Existing operations	**-**	-	-
Acquisitions	**17,478**	-	-
Continuing operations	**17,478**	-	-
Discontinued operations	**8,481**	15,373	31,373
Total turnover	**25,959**	15,373	31,373
Cost of sales	**(1,792)**	-	-
GROSS PROFIT	**24,167**	15,373	31,373
Other administrative expenses	**(12,035)**	(1,831)	(3,363)
Administrative expenses - exceptional (Deficit on revaluation of properties)	**-**	-	(168,589)
Administrative expenses - exceptional (Goodwill write-off)	**(2,764)**	-	(6,920)
Total administrative expenses	**(14,799)**	(1,831)	(178,872)
OPERATING PROFIT/(LOSS)			
Existing operations	**(728)**	(1,831)	(3,363)
Acquisitions	**1,615**	-	-
Continuing operations	**887**	(1,831)	(3,363)
Discontinued operations	**8,481**	15,373	(144,136)
Total operating profit/(loss)	**9,368**	13,542	(147,499)
Discontinued Operation Lease Termination fee received	**22,250**	-	-
Discontinued Operation Lease Termination Costs	**(920)**	-	-
Profit/(loss) on Ordinary activities before finance charges	**30,698**	13,542	(147,499)
Interest receivable and similar income	**24**	23	40
Bank interest payable	**(11,995)**	(11,158)	(22,515)
Shareholder finance costs	**(2,683)**	(2,683)	(5,378)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	**16,044**	(276)	(175,352)
Tax on (loss) / profit on ordinary activities	**-**	-	-
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL PERIOD	**16,044**	(276)	(175,352)

* The comparatives have been restated to reflect the requirements of FRS 3 "Reporting Financial Performance".

The Hotel Corporation Plc

Appendix

Puma Hotels plc
Consolidated Balance Sheet
As at 30 June 2012

	Unaudited As at 30 June 2012 £'000	Unaudited As at 30 June 2011 £'000	Audited As at 31 December 2011 £'000
Fixed assets			
Intangible assets – Goodwill	**-**	7,179	-
Tangible assets	**213,734**	458,491	213,500
	213,734	465,670	213,500
Current Assets			
Stock	**551**	-	-
Debtors	**6,605**	357	2,279
Cash at bank and in hand	**14,613**	9,886	8,440
	21,769	10,243	10,719
Creditors amounts falling due within one year	**(342,931)**	(14,572)	(347,691)
Net current liabilities	**(321,162)**	(4,329)	(336,972)
Total assets less current liabilities	**(107,428)**	461,341	(123,472)
Creditors amounts falling due after more than one year	**(53,150)**	(385,420)	(53,150)
Provision for liabilities	**-**	-	-
Net (liabilities)/assets	**(160,578)**	75,921	(176,622)
Capital and reserves			
Called up share capital	**1,658**	1,658	1,658
Share premium account	**32,137**	32,137	32,137
Revaluation reserve	**721**	78,188	721
Profit and loss account	**(195,094)**	(36,062)	(211,138)
Shareholders' (deficit)/funds	**(160,578)**	75,921	(176,622)

The Hotel Corporation Plc

Appendix

Puma Hotels plc
Consolidated Statement of Total Recognised Gains and Losses
Six Months ended 30 June 2012

	Unaudited Six months ended 30 June 2012 £'000	Unaudited Six months ended 30 June 2011 £'000	Audited Year ended 31 December 2011 £'000
Profit/(Loss) for the financial period	**16,044**	(276)	(175,352)
Reversal of previous surplus recognised on revaluation of properties	**-**	-	(77,467)
Total recognised profit/(loss) relating to the period/year	**16,044**	(276)	(252,819)

The Hotel Corporation Plc

Appendix

Puma Hotels plc
Consolidated Cashflow statement
Six Months ended 30 June 2012

	Unaudited Period ended 30 June 2012 £'000	Unaudited Period ended 30 June 2011 £'000	Audited Year ended 31 December 2011 £'000
Net cash inflow from operating activities	**36,213**	13,842	24,714
Returns on investments and servicing of finance			
Interest received	**24**	23	40
Interest paid & similar charges	**(11,893)**	(13,287)	(24,307)
Net cash outflow from returns on investments and servicing of finance	**(11,869)**	(13,264)	(24,267)
Taxation			
Corporation tax paid	**-**	-	-
Capital expenditure			
Purchase of tangible fixed assets	**(27)**	(169)	(1,235)
Acquisitions and disposals			
Purchase of hotel operating business	**(150)**	-	-
Net cash outflow from capital expenditure and financial investment	**(177)**	(169)	**(1,235)**
Net cash inflow/(outflow) before financing	**24,167**	409	(788)
Financing			
Issue of preference share capital	**-**	-	-
Revolving Facility drawdown	**2,083**	-	-
Term loans repaid	**(19,827)**	-	-
Bonds repaid	**-**	-	-
Term loan issue costs	**(250)**	-	(249)
Net cash inflow from financing	**(17,994)**	-	(249)
Increase / (decrease) in cash	**6,173**	409	(1,037)