

CHAIRMAN'S STATEMENT

Results

In the 28 weeks to 16 August 2015 hotel revenues increased 4.6% to £8,951,062 (2014: £8,559,808). Hotel gross profit before depreciation and Group administration increased 2.5% to £1,724,721 (2014: £1,682,466). Over the same period EBITDA (earnings before interest, tax and depreciation) increased 0.5% to £1,338,073 (2014: £1,331,527) and operating profit increased 1.9% to £806,605 (2014: £791,498)

Revpar (accommodation revenue per available room) increased 7.1% with occupancy up 3.5% and average room rate up 3.5%.

Administration expenses increased 10.2%. Depreciation decreased 1.6% but the £531,468 depreciated, was significantly less than capital expended, during the period.

Savings in financial charges through the termination of the swap on 11 April 2014 together with less net debt produced £85,964 less finance expenses in the period under review.

Excluding the change in the fair value of the financial instrument (swap), profit before tax increased 25.5% to £497,429 (2014: £396,358).

Profit before tax was £497,429 compared to a profit of £555,419 last year. (The profit last year included the change in fair value of the swap of £159,061).

Corporation tax has been provided at an effective rate of 21%. Basic earnings per share were 2.8p compared with 3.0p in the comparative period on a weighted average of 14,012,123 (14,012,123) shares in issue.

Finance

On 16 August 2015 net debt stood at £10,294,872 representing loans totalling £10,510,803 less £215,931 cash at bank. Gearing on Shareholders' funds was 44.1% with interest covered 2.6 times. Net debt decreased by £592,872 compared with the previous year end.

Capital expenditure

We spent £387,521 in the period (2014: £284,021) broadly spread over our portfolio. Our strategy continues to be one of continual improvement in the standards offered in our portfolio of hotels whilst at the same time maintaining the fabric of our buildings. We plan to spend over £600,000 on capital expenditure in the current year 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

Non-executive Director

John Govett, who has been with the Company since 23 February 1998 as a Non-executive Director, has asked to step down from the Board with effect from the publication of the half year results. John's contribution to Peel Hotels over the years has been immeasurable and we will greatly miss him. I am sure all our Shareholders would join with me in wishing him a long, healthy and happy retirement.

CHAIRMAN'S STATEMENT

The Future

Cost pressures, both payroll and operating expenses, have to an extent nullified the excellent growth achieved in Revpar in the period. However cash flow is strong and we continue to decrease our net debt and thereby reduce the costs of finance on an ongoing basis.

We intend to improve our return on sales in the coming months and we expect another year of satisfactory progress.

Robert Peel
Chairman
29 September 2015

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

No. 1 Whitehall Riverside, Leeds, LS1 4BN

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 28 weeks ended 16 August 2015

	Note	Unaudited 28 weeks ended 16/08/2015 £	Unaudited 28 weeks ended 17/08/2014 £	Audited Year ended 01/02/2015 £
Revenue		8,951,062	8,559,808	16,454,241
Cost of sales		(7,226,341)	(6,877,342)	(13,257,916)
Gross profit		1,724,721	1,682,466	3,196,325
Administration expenses		(386,648)	(350,939)	(723,129)
Depreciation		(531,468)	(540,029)	(1,018,715)
Operating profit		806,605	791,498	1,454,481
Finance income		–	–	12,539
Finance expense		(309,176)	(395,140)	(666,678)
Fair value movement on derivative		–	159,061	159,061
Profit before tax		497,429	555,419	959,403
Income tax	2	(104,460)	(138,855)	(224,939)
Profit and total comprehensive income for the period attributable to owners		392,969	416,564	734,464
Earnings per share				
Basic & diluted (pence)	3	2.8	3.0	5.24

GROUP STATEMENT OF CHANGES IN EQUITY

for the 28 weeks ended 16 August 2015

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

12 months ended 1 February 2015

Audited

	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	–	–	734,464	734,464
Balance at 1 February 2015	1,401,213	9,743,495	12,032,823	23,177,531

28 weeks ended 16 August 2015

Unaudited

	Share Capital £	Share premium account £	Profit and loss account £	Total £
Balance brought forward at 2 February 2015	1,401,213	9,743,495	12,032,823	23,177,531
Profit and total comprehensive income for the period	–	–	392,969	392,969
Transactions with owners				
Dividend	–	–	(210,182)	(210,182)
Balance at 16 August 2015	1,401,213	9,743,495	12,215,610	23,360,318

GROUP BALANCE SHEET

at 16 August 2015

	16/08/2015 Unaudited £	17/08/2014 Unaudited £	01/02/2015 Audited £
Assets			
Non-current assets			
Property, plant and equipment	35,948,930	36,252,290	36,092,877
Deferred tax asset	–	31,813	–
Total non-current assets	35,948,930	36,284,103	36,092,877
Current assets			
Inventories	110,015	106,783	103,288
Trade and other receivables	485,168	501,854	273,398
Prepayments	902,215	909,741	742,732
Cash at bank and in hand	215,931	145,426	146,830
Total current assets	1,713,329	1,663,804	1,266,248
Total assets	37,662,259	37,947,907	37,359,125
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	12,215,610	11,714,923	12,032,823
Total equity	23,360,318	22,859,631	23,177,531
Liabilities			
Non-current			
Borrowings (due after one year)	9,804,749	10,627,818	10,133,861
Deferred tax liabilities	962,730	982,306	962,730
Non-current liabilities	10,767,479	11,610,124	11,096,591
Current			
Trade and other payables	2,511,072	2,408,187	1,971,414
Borrowings (due within one year)	706,054	847,661	900,713
Current tax liabilities	317,336	222,304	212,876
Current liabilities	3,534,462	3,478,152	3,085,003
Total liabilities and equity	37,662,259	37,947,907	37,359,125

GROUP CASH FLOW STATEMENT

for the 28 weeks ended 16 August 2015

	Unaudited 28 weeks ended 16/08/2015 £	Unaudited 28 weeks ended 17/08/2014 £	Audited Year ended 01/02/2015 £
Cash flows from operating activities			
Profit for the period	392,969	416,564	734,464
Adjustments for:			
Finance income	–	–	(12,539)
Finance expense	309,176	395,140	666,678
Fair value movement on derivative	–	(159,061)	(159,061)
Income tax expense	104,460	138,855	224,939
Depreciation	531,468	540,029	1,018,715
Operating profit before changes in working capital and provisions	1,338,073	1,331,527	2,473,196
UK corporation tax paid	–	–	(83,275)
(Increase)/decrease in trade and other receivables	(363,733)	(252,899)	137,826
Increase/(decrease) in trade and other payables	523,583	107,390	(305,381)
(Increase)/decrease in inventories	(6,727)	1,887	5,382
Net cash from operating activities	1,491,196	1,187,905	2,227,748
Cash flows from investing activities			
Acquisition of property, plant and equipment	(387,522)	(284,021)	(603,295)
Net cash from investing activities	(387,522)	(284,021)	(603,295)
Cash flows from financing activities			
Interest paid	(266,705)	(447,557)	(696,747)
Loan repayments	(363,027)	(293,027)	(686,054)
Equity dividends paid	(210,182)	–	–
Net cash from financing activities	(839,914)	(740,584)	(1,382,801)
Net increase in cash and cash equivalents	263,760	163,300	241,652
Cash and cash equivalents at the beginning of the period	(47,829)	(289,481)	(289,481)
Cash and cash equivalents at the end of the period	215,931	(126,181)	(47,829)
For the purposes of the cash flow statement, cash and cash equivalents comprise:			
Cash and bank balances	215,931	145,426	146,830
Bank overdraft	–	(271,607)	(194,659)

NOTES TO THE INTERIM RESULTS

for the 28 week period ended 16 August 2015

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 16 August 2015 that are effective (or available for early adoption) at 31 January 2016. 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 31 January 2016.

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 1 February 2015 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 1 February 2015.

2. Taxation

Tax has been provided at a rate of 21% 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 16/8/2015 Unaudited	28 weeks ended 17/8/2014 Unaudited	Year ended 1/2/2015 Audited
Average No. shares - Basic	14,012,123	14,012,123	14,012,123
- Diluted	14,012,123	14,012,123	14,012,123