

CHAIRMAN'S STATEMENT

Results

In the 28 weeks to 14 August 2016 hotel revenues increased 1.8% to £9,115,526 (2015: £8,951,062). Hotel gross profit before depreciation and Group administration increased 2.7% to £1,771,160 (2015: £1,724,721). Over the same period EBITDA (earnings before interest, tax and depreciation) increased 4.2% to £1,394,871 (2015: £1,338,073) and operating profit increased 9.1% to £880,119 (2015: £806,605).

Revpar (accommodation revenue per available room) increased 2.9% with occupancy down 2.3% and average room rate up 5.3%.

Administration expenses decreased 2.7% and depreciation decreased 3.2% to £514,752.

Financial charges decreased by 7.1% to £287,312.

Profit before tax was £592,807 compared to a profit of £497,429 last year; an increase of 19.2%.

Corporation tax has been provided at an effective rate of 20%. Basic earnings per share were 3.4p compared with 2.8p in the comparative period on a weighted average of 14,012,123 (14,012,123) shares in issue.

Finance

On 14 August 2016 net debt stood at £9,402,002 representing loans totalling £9,990,747 less £588,745 cash at bank. Gearing on Shareholders' funds was 39.2% with interest covered 3.1 times. Net debt decreased by £732,854 compared with the previous year end.

The balance of the Company's loan currently £8,557,422 becomes due on 31 August 2017 and we will begin the process of negotiating a suitable long term solution over the coming months.

Capital expenditure

We spent £421,216 in the period (2015: £387,522), mainly on the restructuring of certain bedrooms at the Crown & Mitre Hotel in Carlisle and on the completion of Bistro George at the George Hotel in Wallingford. We plan to spend a total of £700,000 in this Financial Year on our continuing strategy of improving the standards offered in our portfolio of hotels and maintaining the fabric of our buildings. This sum is 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

We are delighted to welcome Haydn Fentum to the Board of Directors and Shareholders will be pleased to note that he brings a wealth of hotel experience to the Company. He is Co-Founder and Chief Executive of Bespoke Hotels a very successful Hotel Management and Marketing Company.

Having been appointed by the Board Haydn's Directorship will be put to the Shareholders for approval at the 2017 Annual General Meeting.

CHAIRMAN'S STATEMENT

The Future

Our challenge is to control our overall costs of doing business in line with modest overall turnover growth. Revpar growth is key to increasing our profits and we have made solid progress in this area albeit at the expense of volume. It is difficult to be certain post Brexit but a low pound certainly should encourage incoming volume as well as serving as an incentive for British residents to spend more of their leisure time at home. Net debt continues to fall with the consequential reduction of finance costs on an ongoing basis. We look forward to another year of progress.

Robert Peel
Chairman
10 October 2016

DIRECTORS AND ADVISERS

Directors

Robert Edmund Guy Peel	Executive Chairman
Nicholas David Lawton Parrish	Financial Director
Keith Peter Benham	Non-executive Director
Norbert Paul Gottfried Petersen	Non-executive Director
Haydn Herbert James Fentum	Non-executive Director

Secretary

Thrings LLP

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

Registered Office

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

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 14 August 2016

	Note	Unaudited 28 weeks ended 14/08/2016 £	Unaudited 28 weeks ended 16/08/2015 £	Audited Year ended 31/01/2016 £
Revenue		9,115,526	8,951,062	17,011,472
Cost of sales		(7,344,366)	(7,226,341)	(13,767,071)
Gross profit		1,771,160	1,724,721	3,244,401
Administration expenses		(376,289)	(386,648)	(673,583)
Depreciation		(514,752)	(531,468)	(1,011,204)
Operating profit		880,119	806,605	1,559,614
Finance expense		(287,312)	(309,176)	(566,007)
Profit before tax		592,807	497,429	993,607
Income tax	2	(118,561)	(104,460)	(195,341)
Profit and total comprehensive income for the period attributable to owners		474,246	392,969	798,266
Earnings per share				
Basic & diluted (pence)	3	3.4	2.8	5.7

GROUP STATEMENT OF CHANGES IN EQUITY

for the 28 weeks ended 14 August 2016

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

12 months ended 31 January 2016

Audited

	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	–	–	798,266	798,266
Transactions with owners				
Dividend	–	–	(210,182)	(210,182)
Balance at 31 January 2016	1,401,213	9,743,495	12,620,907	23,765,615

28 weeks ended 14 August 2016

Unaudited

	Share Capital £	Share premium account £	Profit and loss account £	Total £
Balance brought forward at 1 February 2016	1,401,213	9,743,495	12,620,907	23,765,615
Profit and total comprehensive income for the period	–	–	474,246	474,246
Transactions with owners				
Dividend	–	–	(280,242)	(280,242)
Balance at 14 August 2016	1,401,213	9,743,495	12,814,911	23,959,619

GROUP BALANCE SHEET

at 14 August 2016

	14/08/2016 Unaudited £	16/08/2015 Unaudited £	31/01/2016 Audited £
Assets			
Non-current assets			
Property, plant and equipment	35,679,921	35,948,930	35,772,573
Total non-current assets	35,679,921	35,948,930	35,772,573
Current assets			
Inventories	119,243	110,015	112,585
Trade and other receivables	434,939	485,168	426,203
Prepayments	874,584	902,215	813,975
Cash at bank and in hand	588,745	215,931	282,766
Total current assets	2,017,511	1,713,329	1,635,529
Total assets	37,697,432	37,662,259	37,408,102
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	12,814,911	12,215,610	12,620,907
Total equity	23,959,619	23,360,318	23,765,615
Liabilities			
Non-current			
Borrowings (due after one year)	9,730,747	9,804,749	9,490,792
Deferred tax liabilities	919,308	962,730	919,308
Non-current liabilities	10,650,055	10,767,479	10,410,100
Current			
Trade and other payables	2,632,973	2,511,072	2,159,583
Borrowings (due within one year)	260,000	706,054	926,830
Current tax liabilities	194,785	317,336	145,974
Current liabilities	3,087,758	3,534,462	3,232,387
Total liabilities and equity	37,697,432	37,662,259	37,408,102

GROUP CASH FLOW STATEMENT

for the 28 weeks ended 14 August 2016

	Unaudited 28 weeks ended 14/08/2016 £	Unaudited 28 weeks ended 16/08/2015 £	Audited Year ended 1/01/2016 £
Cash flows from operating activities			
Profit for the period	474,246	392,969	798,266
Adjustments for:			
Finance expense	287,312	309,176	566,007
Income tax expense	118,561	104,460	195,341
Depreciation	514,752	531,468	1,011,204
Operating profit before changes in working capital and provisions	1,394,871	1,338,073	2,570,818
UK corporation tax paid	(69,750)	–	(305,666)
Increase in trade and other receivables	(62,327)	(363,733)	(223,368)
Increase in trade and other payables	459,064	523,583	192,753
Increase in inventories	(6,658)	(6,727)	(9,297)
Net cash from operating activities	1,715,200	1,491,196	2,225,240
Cash flows from investing activities			
Acquisition of property, plant and equipment	(421,216)	(387,522)	(690,900)
Net cash from investing activities	(421,216)	(387,522)	(690,900)
Cash flows from financing activities			
Interest paid	(246,987)	(266,705)	(508,285)
Loan repayments	(240,000)	(363,027)	(706,054)
Equity dividends paid	(280,242)	(210,182)	(210,182)
Net cash from financing activities	(767,229)	(839,914)	(1,424,521)
Net increase in cash and cash equivalents	526,755	263,760	109,819
Cash and cash equivalents at the beginning of the period	61,990	(47,829)	(47,829)
Cash and cash equivalents at the end of the period	588,745	215,931	61,990
For the purposes of the cash flow statement, cash and cash equivalents comprise:			
Cash and bank balances	588,745	215,931	282,766
Bank overdraft	–	–	(220,776)

NOTES TO THE INTERIM RESULTS

for the period ended 14 August 2016

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 14 August 2016 that are effective (or available for early adoption) at 29 January 2017. 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 29 January 2017.

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 31 January 2016 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 31 January 2016.

2. Taxation

Tax has been provided at a rate of 20% 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 14/8/2016 Unaudited	28 weeks ended 16/8/2015 Unaudited	Year ended 31/1/2016 Audited
Average No. shares - Basic	14,012,123	14,012,123	14,012,123
- Diluted	14,012,123	14,012,123	14,012,123