16 March 2011

The Hotel Corporation plc

Final results for the year ended 31 December 2010

The Hotel Corporation PLC (the Company) an AIM listed investment company owning 49.9%[1] of Puma Hotels PLC (PHP) announces its final results for the year to 31 December 2010. PHP is today, separately, announcing its final results for the 12 months to 31 December 2010.

[1] On 29 June 2009, when the PHP 20 million convertible preference share equity raise was completed, HCP subscribed to 11,770,000 convertible preference shares. Therefore, if in the future all the convertible preference shares are converted into ordinary shares, HCP will, on a fully converted basis, own 53.28% of PHP.

Highlights

- Final dividend proposed of 2.6p making an increased dividend for the year of 5.2p (2009 3.6p)
- Strong growth in PHP Operating Profit in 2010
- Dividend of 7% on convertible preference shares received from PHP
- Consents secured to add an additional 25 bedrooms to the Carlton Edinburgh Hotel (total of 58 additional rooms) and 34 bedrooms to the Harrogate Majestic Hotel
- HCP company NAV per share at 131p

Barclay Douglas, Chairman of The Hotel Corporation, said
"We are encouraged by the progress PHP has made in obtaining significant planning permissions during the year and more recently, an additional 25 new bedrooms at the Carlton Hotel in Edinburgh. We look forward to further news regarding the development of the Harrogate Lodge Hotel and the prospect of a hotel investment market recovery leading to the opportunity for PHP to consider making selective asset disposals."

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Notes to Editors

1. Puma Hotels plc acquired 13 Paramount branded hotels in July 2004. Following further acquisitions it now owns 20 four-star hotels across Scotland, Northern England, Central England, Southern England and Wales. See the table below for a full list of hotels.
2. The hotels offer extensive banqueting, conference and leisure facilities and many of them have architectural and historical significance. The Group has 2,875 bedrooms and around 20,000 square metres of conference and meeting space and offers extensive facilities to both corporate and leisure guests.
3. From July 2004 until 6 September 2007, PHP owned and operated each of the 20 hotels. From 6 September 2007 PHP granted 45 year FRI leases for each hotel to Barceló Group, a leading Spanish operator with substantial global operations. Since 1 January 2008 all 20 hotels carry the Barceló brand.
4. PHP's hotel locations are shown below:

		Bedrooms	No. of meeting rooms	Health & Leisure	Location
CENTRAL ENGLAND					
1	Barceló Billesley Manor Hotel, Nr. Stratford*	72	12	Y	Country
2	Barceló Cheltenham Park Hotel	152	11	Y	Country
3	Barceló Daventry Hotel	155	8	Y	Country
4	Barceló Hinckley Island Hotel	362	21	Y	Country
5	Barceló Oxford Hotel	168	25	Y	City
6	Barceló Buxton Palace Hotel	122	9	Y	Country
7	Barceló Walton Hall Hotel & Spa, Warwickshire* +	202	20	Y	Country
8	Barceló The Lygon Arms, Cotswolds*	77	8	Y	Country
NORTHERN ENGLAND					
9	Barceló Blackpool Imperial Hotel	180	15	Y	Coast
10	Barceló Harrogate Majestic Hotel	170	10	Y	City
11	Barceló Redworth Hall Hotel, Co. Durham*	143	10	Y	Country
12	Barceló Shrigley Hall Hotel, Cheshire*	148	12	Y	Country
SCOTLAND					
13	Barceló Edinburgh Carlton Hotel	189	10	Y	City
14	Barceló Troon Marine Hotel*	89	4	Y	Coast
15	Barceló Stirling Highland Hotel	96	7	Y	City
SOUTHERN ENGLAND					
16	Barceló Combe Grove Manor, Bath*	42	5	Y	Country
17	Barceló Basingstoke Country Hotel	100	10	Y	Country
18	Barceló Torquay Imperial Hotel	152	7	Y	Coast
19	Barceló Brighton Old Ship Hotel	154	11	N	Coast
WALES					
20	Barceló Cardiff Angel Hotel	102	7	N	City
	Total	**2,875**	**222**		

** Barceló Premium Hotels*

+ Operationally, Barceló split this property into a Barceló Premium Hotel, Barceló Walton Hall and a Barceló Hotel, Barceló Walton Hotel

Chairman's Statement

I am pleased to report on the results of The Hotel Corporation plc ("the Company") and its subsidiary Puma Hotels plc ("PHP"), together "the Group".

The Company's principal asset comprises its interest in PHP and this statement therefore discusses the results of both the Company and PHP.

For consistency with previous periods, the consolidated and Company balance sheet of PHP, as at 31 December 2010, the consolidated profit and loss account, the consolidated statement of total recognised gains and losses and consolidated cash flow statement of PHP for the year ended 31 December 2010 are also provided as an appendix to this report. I recommend that they be read in conjunction with the results that follow.

Results of the Company

Revenue for the year, including bank interest and the preference dividend received from PHP was £2.8m (2009: £2.0m). After deducting administrative expenses and interest, profit amounted to £2.6m (2009: £1.8m). No tax is payable for the year due to the zero income taxation provisions in the Isle of Man. Basic and diluted earnings per share were 5.2p (2009: (18.5p)).

The Company's net asset value per share ("NAV"), as at 31 December 2010 is 131p (2009: 131p) and the company has valued its shareholding in PHP on the basis of the discounted future net cash flow from PHP. Since the granting of 45 year leases to Barceló Group ("Barceló") on 6 September 2007, Puma Hotels plc trades as an owner of hotel property receiving income from property rents. The valuation of the assets subject to Barceló lease was carried out by Colliers Robert Barry & Co, independent valuers, as at 31 December 2010 at a value of £458.3m (2009: £463.2m). This valuation includes £2.8m (2009:£3.0m) of land and other assets at PHP Directors' valuation not subject to Barceló lease. Against the backdrop of a general decline in the hotel operating environment this is a reduction of 1% from the previous year and reflects the quality of the assets and the tenant's covenant strength.

Consolidated Results of the Group

The Company has a holding of £11.8m convertible preference shares in PHP. If all the convertible preference shares held by the company are converted into ordinary shares in the future the Company will own 53.28% of PHP, on a fully converted basis. While we have no present intention of exercising our conversion rights, International Financial Reporting Standards ("IFRS") rules require consolidation of PHP results. I draw your attention to the fact that the comparative figures of the group include the results of the company from 1 January 2009 to 31 December 2009 and the results of PHP from the date of acquisition on 29 June 2009 to 31 December 2009. This makes meaningful comparison difficult.

The Group revenue for the year, including bank interest, was £30.3m (2009 £16.1m) and, following administrative expenses and interest but before the decrease in the fair value of the investment property and fair value of the interest rate swaps, the profit amounted to £4.0m (2009: loss £0.6m). After the decrease in the fair value of the investment property and the interest rate swaps the total loss before tax was £10.6m (2009 £23.2m). A deferred tax credit of £4.8m (2009 £10.8m) reduces the loss after tax to £5.8m (2009: £12.4m). Basic loss per share was (3.22p) (2009 (8.15p)).

As required by IFRS, the consolidated statement of financial position of the Group takes account of goodwill, the fair value of interest rate swaps and deferred tax adjustments on consolidation. The resulting consolidated NAV per share is 131.7p (2009: 139.3p).

Dividend

The Company has proposed a final dividend of 2.6p per ordinary share (2009: 1.8p), making a total of 5.2p for the year (2009: 3.6p). The ex-dividend date will be 23 March 2011 and the record date 25 March 2011. Payment will be made to shareholders on 28 April 2011 after the Annual General Meeting on 26 April 2011. The total dividends for the year, £2.6m (2009: £1.8m) reflect the profits for the year before investment losses and tax.

Prospects

We are encouraged by the progress PHP has made in obtaining significant planning permissions during the year and more recently, an additional 25 new bedrooms at the Carlton Hotel in Edinburgh. We look forward to further news regarding the development of the Harrogate Lodge Hotel and the prospect of an investment market recovery leading to the opportunity for PHP to consider making selective asset disposals.

Barclay Douglas
Chairman
16 March 2011

Puma Hotels plc Review of Operations and Financial Performance

The operations of the Group are concentrated within Puma Hotels plc (“PHP”) hence a review of operations and financial performance for PHP under UK Generally Accepted Accounting Standards (“UK GAAP”) has been provided.

Introduction

Since the granting of leases to Barceló Group (“Barceló”) on 6 September 2007, Puma Hotels plc (“PHP” or the “Group”) trades as an owner of hotel property receiving income from property rents. The Company’s hotels are let on long term full repairing and insuring (“FRI”) leases to Barceló, a leading Spanish hospitality group with substantial global hotel and other leisure related operations.

Financial Performance

Turnover for the year ended 31 December 2010 of £30.3m represents rent received from Barceló (2009: £30.0m). Operating Profit of £26.3m (2009: £24.0m) has grown over the prior year reflecting the benefit of the increase in rent in September 2010 from £30m to £31m, the reduction in administrative expenses and a significantly lower deficit on the revaluation of properties.

After deducting bank interest payable on the Company’s senior facility, the Group showed a net profit of £6.3m (2009:£0.6m) before shareholder finance costs and exceptional items. Shareholder finance costs comprise £4m of payments to bondholders of the Company’s deep discounted bonds and £1.4m of payments to the holders of convertible preference shares. There was an exceptional but non-cash charge of £0.4m as a result of the revaluation of properties (2009:£2.1m). After deducting these items, the profit on ordinary activities for the year was £0.5m (2009: loss of £6.2m).

Net bank interest payable was £5.1m lower against the prior year as the new more advantageous swap on £182.3m of the £342.3m facility came into effect from 1 January 2010. As previously reported the profile of the interest rate swaps relating to this £182.3m is as follows:

31 December 2009 to 31 December 2010: 2.230%
31 December 2010 to 31 December 2011: 3.330%
31 December 2011 to 31 December 2012: 3.945%

As discussed below, PHP has had the leased properties professionally revalued as at 31 December 2010 and, as a result, is now carrying its entire portfolio at a total value of £458.3m (2009: £463.2m). As part of the revaluation process, each individual property has been assigned a new value, in some cases eliminating the brought forward valuation surplus, hence leading to a charge to the profit and loss account of £0.4m (2009:£2.1m). This charge is a non-cash item which is shown as a “deficit on revaluation”. The remaining £6.5m of the reduced valuation has been taken against the valuation surplus in the balance sheet. As at 31 December 2010 balance of the revaluation reserve is £78.2m (2008: £84.7m).

As at 31 December 2010, net tangible assets per ordinary share (after deducting carried interest relating to the founder shares and excluding goodwill) were 170p (2009:185p).

Leases and Property Revaluation

The asset values on the balance sheet of PHP reflect the lease arrangements with Barceló. These leases place FRI obligations on the tenant and provide for a fixed rental with inflation-indexed provisions.

In addition to the tenant's FRI obligation, the agreement with Barceló also provides for a £10m capital expenditure contribution to be made by PHP in the first 10 years of the leases. This contribution is to be spent on structural and mechanical improvements by Barceló and to date, PHP has contributed over £5m.

For the purpose of preparing its annual financial statements for 2010, PHP has had the property subject to these leases professionally valued by Colliers Robert Barry & Co. This valuation of each property in the portfolio, which excludes land held for development and other assets not subject to the Barceló lease, is at £455.5m (a modest decline against the 2009 value of £460.2m). The Board of PHP considers that the value of the assets excluded from the lease is a further £2.75m.

Development Plans

PHP continues on its strategy to add value by securing additional planning permissions. PHP has in the past successfully exploited the potential for gains in value through developing the portfolio by adding extra rooms, conference and other facilities at existing hotels.

On 11 October 2010, consent was obtained from Harrogate Borough Council ("HBC") for the addition of 34 bedrooms to the Harrogate Majestic Hotel. Consent already exists to add another 82 bedrooms to this landmark property located in the heart of Harrogate.

On 3 March 2011, the Group secured full planning and listed buildings consent from the City of Edinburgh Council for the addition of 25 new bedrooms to the Carlton Edinburgh Hotel. The Group already holds consent to add 33 bedrooms to this high profile, city centre hotel. Implementation of the planning consents would increase capacity by 58 bedrooms bringing the total bedroom count to 247.

In addition, as previously reported three significant planning consents were secured in February 2010. The current status of these planning consents is as follows:

1. **Harrogate Lodge Hotel:** Granted by HBC this planning consent allows for the development of a 107 bedroom lodge hotel on land that is part of the development assets excluded from the Barceló lease. On 23 July 2010, the Group signed an agreement with HBC which provides, inter alia, for the proposed lodge hotel to be directly linked into a new 3,400 sq m exhibition facility which is being built as part of the first phase in the redevelopment of the Harrogate International Centre (HIC). In addition, the Group will have the benefit of 20 car parking spaces on a 99 year lease (initial term of 25 years) from HBC. In return, the Group transferred to HBC a 103 square metre parcel of land to be used by HBC in the expansion of the HIC.

   Discussions continue with branded hotel companies in relation to this development opportunity.

   In addition, as part of our discussions with the HIC, their building plans also provide improved access into the HIC from the four star 170 bedroom Barceló Majestic Hotel, for which a planning consent already exists to extend the hotel by a further 116 bedrooms.

2. **Brighton Old Ship Hotel:** Planning consent was secured for a 3,000 sq m development at this waterfront, city centre hotel which will add 42 bedrooms (a 27% increase to existing room stock), a 248 sq m conference facility and 124 sq m of bar and restaurant facilities.

3. **Gatehouse at Combe Grove Manor:** Planning and listed building consent obtained for a 30% extension of the internal space at this attractive residential property which is part of the development assets excluded from the Barceló lease. In October 2010, the Group completed the sale of this property at a price of £275,000.

In overall terms, PHP has the potential to add over 800 rooms (over 25 per cent of the current estate) of which 579 rooms (2009: 370 rooms, therefore a 56% increase in consented rooms) have already received the necessary planning or listed building consent. There are also schemes for over 3,000 sq m (of which over 70% have planning consent) of additional meeting rooms and upgrades to other hotel facilities. The benefits of adding these rooms and other facilities will be highly attractive for both PHP and Barceló. The impact of the development potential of the portfolio is typically not recognised fully in a professional valuation and PHP therefore believes that implementation of the programme will result in significant benefits.

Fire at Harrogate Majestic Hotel

As reported with the Group's 30 June 2010 interim results, on 5 May 2010, the east wing of the Majestic Hotel was partially damaged by fire. The entire hotel remained closed until 5 September 2010 whilst the necessary rectification works were carried out so as to enable a partial reopening on that date. As of 5 September, Barceló have taken possession of 88 of the 170 bedrooms and the majority of the supporting conference and other facilities.

Works continue to reinstate the remaining damaged areas of the hotel and it is envisaged that the final completion of the rectification works should occur during the second quarter of this year. The Company has insurance in place to cover in full property reinstatement costs and loss of rent.

Strategy, Plans and Prospects

PHP's Board continues to focus on unlocking significant value by gaining additional planning consents and considering selective asset disposals as the investment market recovers. The Board considers that as the regional hotel investment market recovers, the Group's assets should prove highly attractive.

Consolidated Statement of Comprehensive Income
31 December 2010

	Notes	2010 £'000	Restated 2009 £'000
Continuing Operations			
Revenue	10	30,326	16,116
Administrative expenses		(3,302)	(1,891)
Decrease in fair value of investment property	5	(6,930)	(22,474)
Operating Profit/(Loss)		**20,094**	**(8,249)**
Bank interest receivable		41	32
Change in fair value of interest rate swaps		(7,697)	(1,240)
Investment surplus - unrealised		-	1,117
Interest payable		(23,053)	(14,840)
Loss before tax		(10,615)	(23,180)
Tax		4,799	10,803
Loss after tax for the year		**(5,816)**	**(12,377)**
Loss and total comprehensive loss for the year		**(5,816)**	**(12,377)**
Attributable to:			
Owners of the Company		**(1,606)**	**(3,461)**
Non controlling interests		**(4,210)**	**(8,916)**
		(5,816)	**(12,377)**
Loss per share			
Basic and diluted from continuing operations		(3.22p)	(8.15p)

Consolidated Statement of Financial Position
31 December 2010

Assets	**Notes**	**2010**		**Restated 2009**	
		£'000	£'000	£'000	£'000
Non - Current Assets					
Goodwill	4		28,382		28,382
Investment Properties	5		458,321		463,170
Current Assets					
Trade and Other Receivables		316		1,502	
Cash and Cash Equivalents		11,586		10,401	
			11,902		11,903
Total Assets			498,605		503,455
Liabilities					
Current Liabilities					
Trade and Other Payables		14,143		14,016	
Fair Value of Interest Rate Swaps		4,430		2,251	
Total Current Liabilities			18,573		16,267
Non - Current Liabilities					
Borrowings	6	348,678		348,545	
Preference shares	6	8,230		8,230	
Fair Value of Interest Rate Swaps		21,740		16,222	
Deferred Tax Liabilities		28,919		33,718	
			407,567		406,715
Total Liabilities			426,140		422,982
Net Assets			72,465		80,473
Equity					
Share Capital	12	2,491		2,491	
Share Premium Account		11,015		11,015	
Retained Earnings		52,114		55,912	
Equity attributable to owners of the Company		65,620		69,418	
Non controlling interest		6,845		11,055	
Total Equity			72,465		80,473
Net Asset Value per share (Based on number of shares in issue at year end)			131.7p		139.3p

The financial statements were approved by the Board of Directors and authorised for issue on 16 March 2011.
They were signed on its behalf by:

………………. ……………….

Barclay Douglas **David Craine**

Consolidated Statement of Changes in Equity
31 December 2010

	Share Capital £'000	Share Premium Account £'000	Restated Retained Earnings £'000	Restated Non Controlling interest £'000	Total £'000
Balance at 31 December 2008	**1,731**	**-**	**61,170**	**-**	**62,901**
Acquisition of Puma Hotels plc on 29 June 2009	-	-	-	19,644	19,644
Capital contribution from non-controlling interest	-	-	-	327	327
Loss for the year	-	-	(3,461)	(8,916)	(12,377)
Issue of share capital	760	11,400	-	-	12,160
Placing costs	-	(385)	-	-	(385)
Dividends	-	-	(1,797)	-	(1,797)
Balance at 31 December 2009	**2,491**	**11,015**	**55,912**	**11,055**	**80.473**
Loss for the year	-	-	(1,606)	(4,210)	(5,816)
Dividends	-	-	(2,192)	-	(2,192)
Balance at 31 December 2010	**2,491**	**11,015**	**52,114**	**6,845**	**72,465**
Restatement (note 5)	**-**	**-**	**372**	**(8,602)**	**(8,230)**

The restatement is included within the balance as at 31 December 2009, as disclosed above.

Consolidated Statement of Cash Flows
31 December 2010

	Notes	2010 £'000	2009 £'000
Net Cash Inflow From Operating Activities		28,720	11,135
Investing Activities			
Interest Paid		(23,053)	(14,605)
Interest Received		41	32
Proceeds received on the maturity of Investments		-	1,986
Net cash on acquisition of a subsidiary		-	15,224
Additions of investment properties		(2,349)	(97)
Sale of investment properties		268	463
Net cash (used in) / generated from Investing Activities		(25,093)	3,003
Financing Activities			
Shares Issued		-	12,160
Placing Costs		-	(384)
Dividends Paid		(2,192)	(1,797)
Term loans repaid		-	(15,000)
Bonds repaid		-	(14)
New term loan issue costs		(250)	(399)
Net cash used in Financing Activities		(2,442)	(5,434)
Net increase in cash and cash equivalents		1,185	8,704
Cash and cash equivalents at beginning of year		10,401	1,697
Cash and cash equivalents at end of year		11,586	10,401

Company Statement of Comprehensive Income
31 December 2010

	Notes	2010 £'000	2009 £'000
Continuing Operations			
Revenue	10	2,811	1,986
Administrative expenses		(228)	(188)
Operating Profit		2,583	1,798
Bank interest receivable		8	10
Investment losses – unrealised		-	(9,663)
Profit/(Loss) before taxation		2,591	(7,855)
Taxation		-	-
Profit/(Loss) after taxation and total comprehensive Income/(Loss) for the year		**2,591**	**(7,855)**
Earnings/(Loss) Per Share			
Basic and diluted		5.2p	(18.5 p)

Company Statement of Financial Position
31 December 2010

Assets	**Notes**	**2010** £'000	**2010** £'000	**2009** £'000	**2009** £'000
Non-Current Assets					
Investments	8		63,328		63,328
Current Assets					
Receivables		9		8	
Cash and Cash Equivalents		2,109		1,712	
			2,118		1,720
Total Assets			65,446		65,048
Liabilities					
Current Liabilities					
Trade and other payables		23		24	
Total Liabilities			23		24
Net Assets			65,423		65,024
Equity					
Share Capital	12	2,491		2,491	
Share Premium Account		11,015		11,015	
Retained Earnings		51,917		51,518	
Equity attributable to owners of the Company			65,423		65,024
Shareholders' Equity			65,423		65,024
Net Asset Value per share (Based on number of shares in issue at year end)			131p		131p

The financial statements were approved by the Board of Directors and authorised for issue on 16 March 2011.

They were signed on its behalf by;

………………. ……………….

Barclay Douglas **David Craine**

Company Statement of Changes in Equity
31 December 2010

	Share Capital £'000	Share Premium Account £'000	Retained Earnings £'000	Total £'000
Balance at 31 December 2008	**1,731**	-	**61,170**	**62,901**
Loss for the year	-	-	(7,855)	(7,855)
Dividend	-	-	(1,797)	(1,797)
Shares Issued	760	-	-	760
Premium on Shares Issued	-	11,400	-	11,400
Placing costs	-	(385)		(385)
Balance at 31 December 2009	**2,491**	**11,015**	**51,518**	**65,024**
Profit for the year	-	-	2,591	2,591
Dividend	-	-	(2,192)	(2,192)
Balance at 31 December 2010	**2,491**	11,015	51,917	65,423

Company Statement of Cash Flows
31 December 2010

	Notes	2010 £'000	2009 £'000
Net Cash Outflow From Operating Activities		1,756	1,797
Investing Activities			
Interest received		8	10
Dividends received on preference share		825	-
Preference Shares in Puma		-	(11,770)
Net cash generated from/(used in) Investing Activities		833	(11,760)
Financing Activities			
Shares Issued		-	12,160
Placing Costs		-	(385)
Dividends Paid		(2,192)	(1,797)
Net cash (used in)/generated from Financing Activities		(2,192)	9,978
Net increase in cash and cash equivalents		397	15
Cash and cash equivalents at beginning of year		1,712	1,697
Cash and cash equivalents at end of year		2,109	1,712

1. Basis of Accounting

The Consolidated and Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have been prepared on the historical cost basis, except for the revaluation of certain investment property, financial instruments and the investment within the Company only accounts. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of The Hotel Corporation plc ("the Company") and its subsidiary Puma Hotels plc ("PHP"), which is controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The Group's Financial Statements are drawn up to include the results of the Company and the results of PHP for the year. The comparatives include the results of the Company for the previous year and the results of PHP from the date of acquisition on 29 June 2009 to 31 December 2009. During 2009 the additional investment in PHP was made mid-year; consequently there was a six month profit and loss and cash flow impact on the Company on a consolidated basis.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination (see below) and the minority's share of changes in equity since the date of the combination. Total comprehensive income (positive or negative) will be allocated between the Group's interest and non-controlling interest even if this results in the non-controlling interest having a deficit balance.

Going concern

The Directors have considered the factors which are likely to affect the group future development. The Group's business activities, performance and position are set out in the Chairman's Statement. The Group's valuation of its properties and borrowing facilities are set out in the PHP Review of Operations and Financial Performance. In addition, notes 13 and 25 to the financial statements include further details on the valuation of the Group's properties, borrowing facilities and associated interest rate hedge instruments. The maturity of the Group's debt facility is 31 December 2012, interest rate hedges are in place for 100% of the facility and the rental income benefits from guarantees provided by Barceló Corporation Empresorial SA. Accordingly the directors' believe that this guarantee provides continuing comfort to the Group to enable it to meet its obligations to the bank in respect of loan covenants. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell. The interest of minority shareholders in the acquiree is measured at the minority's proportionate share of the net identifiable assets of the entity acquired.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in the statement of comprehensive income and is not subsequently reversed. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Revenue recognition

Revenue, which excludes value added tax, transactions between Group Companies and trade discounts, represents the invoiced value of goods and services supplied.

Rental income is recognised when it becomes available.

Dividend and interest income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. During the year the Group and Company did not have any finance leases.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the comprehensive statement of income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax laws and rates that have been enacted at the balance sheet date. Deferred tax is charged or credited in the comprehensive statement of income, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is stated at its fair value at the balance sheet date. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial Assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.
Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Held-to-maturity investments

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as ‘loans and receivables’. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group’s past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with default on receivables.
For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the financial asset’s original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Compound instruments

The compound parts of compound instruments (convertible preference shares) issued by the Group are classified separately as financial liabilities. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Derivative financial instruments
The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate movements.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated as effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges).

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Group : Investment property value

The directors have used independent valuations as a basis to measure the fair value of the investment property, see note 13. In making this judgement, management have considered the basis of the valuations, and the assumptions used there in. The directors are satisfied that these are appropriate in the current year.

Group : Deferred tax asset

As described in note 3, deferred tax assets are recorded to the extent that sufficient taxable profits are available for the asset to be recovered. In making its judgment, management has considered the future strategy of the group, in particular the nature and timing of any property disposal. The directors are satisfied that there is insufficient certainty to recognise any deferred tax asset.

Group : Minority interest

The Company has a holding of £11.8m convertible preference shares in PHP. If all the convertible preference shares held by the company are converted into ordinary shares in the future the Company will own 53.28% of PHP, on a fully converted basis. In accordance with IAS 32 the convertible preference shares are classed under the definition of a debt instrument. However, due to the rationale behind the reason for consolidation of the Company and PHP, as required by IFRS, the directors believe that the preference shares should be presented within the equity attributable to minority interests and not as a liability.

Key sources of estimation uncertainties

Company : Fair value of investment

In line with accounting polices set out in note 3, note 14 sets out in detail the method by which fair value is attributed to the Company's investment in ordinary shares in Puma Hotels plc. The fair value requires an estimation of the present value of the future cash flow arising from the investment in Puma. In determining future cash flows, the Company has analysed current income and asset values and has also applied various sensitivities to these. In relation to potential future realisation proceeds, the Company has taken account of current and expected conditions in the hotel investment and valuation market and has applied discount rates which reflect the market's return expectations. In estimating market expectations, the Company has considered any comparable transactions and has also taken account of key measures such as the interest rate swaps market and returns on government bonds.

Group : Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value of the cash-generating unit to which goodwill has been allocated. An impairment review was performed during the year by the directors, however no impairment was recognised. The carrying amount of goodwill at the balance sheet date was £28,382,000 with no impairment losses recognised between date of acquisition and year end. In determining the net present value of the future cash flows of the cash generating unit, the Company has analysed current income derived from and asset values within the Barceló lease using a discount rate of 6.5% for a period of not more than five years and using a growth rate of 1.8% based on annual cashflows and has also applied various sensitivities to these. In relation to potential future realisation proceeds, the Company has taken account of current and expected conditions in the hotel investment and valuation market and has applied discount rates which reflect the market's return expectations. In estimating market expectations, the Company has considered any comparable transactions and has also taken account of key measures such as the interest rate swaps market and returns on government bonds

3. Prior year restatement

In the year ended 31 December 2009, the convertible preference shares, to the amount of £8,230,000 have been restated within the non-controlling interest in line with IAS 32 “Financial Instruments: Presentation”. As part of the adjustment to the non-controlling interest, the percentage applied has been amended to reflect the actual percentage held and not the potential percentage, taking into account the full conversion of the preference shares, in line with IAS 27 “Accounting for subsidiaries”.

The impact of these restatements is to recognise the preference shares held outside the Group, of £8,230,000 as part of the non-current liabilities as at 31 December 2009 and 30 June 2009. Consequently the non-controlling interest balance is amended by £8,230,000 as at 30 June 2009 and by £8,602,000 as at 31 December 2009.

Losses attributable to the non-controlling interest subsequently change to reflect the movement in the balance sheet by £372,000 for the year ended 31 December 2009. These changes in the losses attributable to the non-controlling interests impact the loss per share calculations for the year ended 31 December 2009 to 8.15p from 9.03p.

No additional consolidated statement of financial position has been prepared as at 31 December 2008 since the preference shares were not in issue at that time.

4. Goodwill

On 29 June 2009 the Company purchased 11,770,000 convertible preference shares of Puma Hotels plc (PHP). The Company already held 16,550,000 ordinary shares of PHP. If this holding were to be converted into PHP ordinary shares the Company's combined investment would be 53.28%. The total fair value of net assets acquired upon acquisition of subsidiary, PHP totalled £17.4m. The goodwill arising on acquisition totalled £28.4m, which has been allocated to the single cash generating unit, which is the Barceló operating lease.

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 procedures set out in note 2 and conclude that no impairment provision is required.

5. Investment Property

Fair Value	**Group £'000**
At 29 June 2009 (Date of Puma acquisition)	486,010
Additions	97
Disposals	(463)
Decrease in fair value during the year	(22,474)
At 31 December 2009	**463,170**
Additions	2,349
Disposals	(268)
Decrease in fair value during the year	(6,930)
At 31 December 2010	**458,321**

6. Group Borrowings

	2010 £'000	2009 £'000
Unsecured borrowing at amortised cost		
Bonds	16,600	16,600
	16,600	16,600
Secured borrowing at amortised cost		
Bank loans	332,345	332,345
Accrued finance cost	(267)	(400)
	332,078	331,945
Total borrowings	348,678	348,545
Amount due for settlement within 12 months	-	-
Amount due for settlement after 12 months	348,678	348,545
7% convertible preference share	8,230	8,230

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

i. The Group has bank loans within one of its subsidiaries Puma Hotels plc with Anglo Irish Bank Limited that mature on 31 December 2012. All loans bear interest at variable rates based on LIBOR but are subject to the interest rate protection instruments. The total interest charge in the current period resulted in an average interest rate of 6.05% (2009 7.47%). All the bank loans are fully drawn down. The borrowings are secured against the investment property, included in note 5.

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 will not be issued prior to 31 December 2012. On redemption the bonds will return the equivalent of 6% compound return every 6 months based on the discounted subscription price of the bonds. They are not secured against any of the assets of the Group.

7. Provision for Liabilities

Deferred tax liability

	Group 2010 £'000	Company 2010 £'000	Group 2009 £'000	Company 2009 £'000
Deferred taxation				
At beginning of year	33,718	-	44,521	-
Transfer to statement of comprehensive income	(4,799)	-	(10,803)	-
	28,919	-	33,718	-

8. Investments

Company Investments – non current

Classified as:	2010 £'000	2009 £'000
Investment at fair value through profit and loss	**46,778**	**46,778**
Bonds Held to Maturity	**16,550**	**16,550**
	63,328	**63,328**

Investments at fair value through profit and loss

	2010 £'000	2009 £'000
Fair value at start of year	**46,778**	**44,671**
Investments in convertible preference shares made during year	**-**	**11,770**
Decrease in fair value	**-**	**(9,663)**
Fair value at end of year	**46,778**	**46,778**

The investment at 31 December 2010 includes an investment in convertible preference shares of £11,770,000 and investment at fair value of £35,008,000.

The investment classified as 'Fair Value through Profit and Loss' shown above represents a holding of 16,550,000 non-quoted ordinary shares of £1 par value in Puma Hotels plc (PHP), which comprises 49.92% of the issued share capital of that company.

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 ordinary share.

Following a thorough review using the above method, the directors have concluded that the change in fair value of the investment has been so minimal as to require no recognition in these financial statements to the period 31 December 2010.

Bonds held to maturity	**2010**	**2009**
	£'000	**£'000**
At start of year	**16,550**	**16,550**
Redeemed in year	**-**	**(993)**
Amortisation of discount	**-**	**993**
At end of year	**16,550**	**16,550**

The investments included above 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%.

The maturity profile of the bonds held at 31 December 2010 is shown below:

Maturing	**Nominal Value**	
	2010	**2009**
	£'000	**£'000**
Within one year	-	-
One to two years	16,550	-
Two to three years	-	16,550
Total	**16,550**	**16,550**

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.

9. Earnings Per Share

Earnings : Company

	2010	**2009**
	£'000	**£'000**
Earnings for the purposes of basic earnings per share being net profit/loss attributable to owners of the Company	2,591	(7,855)

There were no convertible instruments in existence as at 31 December 2010

Earnings : Group	**2010 £'000**	**2009 £'000**
Earnings for the purposes of basic earnings per share being net profit/(loss) attributable to owners of the Company	(1,606)	(3,461)

Number of Shares	**2010**	**2009**
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	49,819,050	42,448,091

The preference shares issued by PHP are non-dilutive for the calculation of diluted earnings per share because the Group is loss making.

10. Revenue

An analysis of the Group's and Company's revenue is as follows:

	Group 2010 £'000	**Company 2010 £'000**	**Group 2009 £'000**	**Company 2009 £'000**
Continuing operations				
Property rental income from lease agreement with Barceló Hotels and Resorts	30,326	-	15,123	-
Amortisation of discount on bonds held to maturity	-	-	993	1,986
Interest on bonds		1,986		
Preference share dividend	-	825	-	-
	30,326	2,811	16,116	1,986

Operating lease arrangements

The Group as a lessor

The Group has 45 year leases (from September 2007) which place full repairing and insuring obligations on the tenant and provide guaranteed rental growth over the first four years (from September 2007 to September 2011); this is inflation-indexed thereafter and can also increase if hotel EBITDA (as defined in the agreement with the tenant) performs well.

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payment:

	Group 2010 £'000
Within one year	31,000
In the second to fifth years inclusive	124,000

From September 2011 the leases benefit from annual RPI up to a cap of 5.5%. No RPI is built into the second to fifth years disclosure.

11. Events after the Balance Sheet Date

On 15 March 2011 the Company declared a dividend of 2.6p per share. The ex-div date will be 23 March 2011 and a record date of 25 March 2011. Payment will be made to shareholders on 28 April 2011.

12. Share Capital - Company

Authorised: Ordinary Shares of £0.05	**2010 Number**	**2010 £'000**
As at 31 December	80,000,000	4,000

Issued and fully paid: Ordinary Shares of £0.05	**2010 Number**	**2010 £'000**
Balance at Start of Year	49,819,050	2491
Issued during year	-	-
As at 31 December	49,819,050	2,491

The Company has one class of ordinary shares which carry no right to fixed income.

Appendix

Puma Hotels plc
Consolidated Profit and Loss Account
Year ended 31 December 2010

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
TURNOVER	30,326	30,000
Cost of sales	-	-
GROSS PROFIT	30,326	30,000
Other administrative expenses	(3,594)	(3,873)
Administrative expenses - exceptional (Deficit on revaluation of properties)	(386)	(2,102)
Total administrative expenses	(3,980)	(5,975)
OPERATING PROFIT- CONTINUING OPERATIONS	26,346	24,025
Interest receivable and similar income	33	39
Interest payable and similar charges	(25,864)	(30,301)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	515	(6,237)
Tax on profit/(loss) on ordinary activities	-	-
PROFIT/(LOSS) FOR THE FINANCIAL PERIOD	515	(6,237)
Equity dividend paid	-	-
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL PERIOD	515	(6,237)

Puma Hotels plc

Consolidated and Company Balance Sheet

As at 31 December 2010

	Group As at 31 December 2010 £'000	Company As at 31 December 2010 £'000	Group As at 31 December 2009 £'000	Company As at 31 December 2009 £'000
FIXED ASSETS				
Intangible assets – goodwill	7,440	-	7,960	-
Tangible assets	458,321	-	463,170	-
Investments	-	469,668	-	469,668
	465,761	469,668	471,130	469,668
CURRENT ASSETS				
Debtors	308	510,662	1,494	556,286
Cash at bank and in hand	9,477	9,477	8,689	8,689
	9,785	520,139	10,183	564,975
CREDITORS: amounts falling due within one year	(14,121)	(432,028)	(13,992)	(404,892)
NET CURRENT (LIABILITIES)/ASSETS	(4,336)	88,111	(3,809)	160,083
TOTAL ASSETS LESS CURRENT LIABILITIES	461,425	557,779	467,321	629,751
CREDITORS: amounts falling due after more than one year	(385,228)	(302,488)	(385,095)	(302,355)
PROVISION FOR LIABILITIES	-	-	-	-
NET ASSETS	76,197	255,291	82,226	327,396
CAPITAL AND RESERVES				
Called up share capital	1,658	1,658	1,658	1,658
Share premium account	32,137	32,137	32,137	32,137
Revaluation reserve	78,188	-	84,732	-
Profit and loss account	(35,786)	221,496	(36,301)	293,601
EQUITY SHAREHOLDERS' FUNDS	76,197	255,291	82,226	327,396

Puma Hotels plc

Consolidated Statement of Total Recognised Gains and Losses

Year ended 31 December 2010

	Year ended 31 December 2010 £'000	**Year ended 31 December 2009 £'000**
Profit/(loss) for the financial period	515	(6,237)
Unrealised (deficit)/surplus on revaluation of properties	(6,544)	(20,372)
Total recognised gain/(losses) relating to the period	(6,029)	(26,609)

Puma Hotels plc

Consolidated Cashflow statement

Year ended 31 December 2010

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Net cash inflow from operating activities	29,939	26,636
Returns on investments and servicing of finance		
Interest received	33	39
Interest paid	(26,853)	(27,894)
Interest paid on finance leases	-	-
Dividends paid	-	-
Net cash outflow from returns on investments and servicing of finance	(26,820)	(27,855)
Taxation		
Corporation tax paid	-	-
Capital expenditure		
Purchase of tangible fixed assets	(2,349)	(2,587)
Sale of tangible fixed assets	268	463
Net cash outflow from capital expenditure and financial investment	(2,081)	(2,124)
Net cash inflow/(outflow) before financing	1,038	(3,343)
Financing		
New term loans raised	-	-
Term loans repaid	-	(15,000)
Bonds repaid	-	(1,124)
Issue of share capital	-	20,000
New term loan issue costs	(250)	(592)
Net cash outflow/(inflow) from financing	(250)	3,284
Increase/(decrease) in cash	788	(59)

Note

The accounting policies used in arriving at these figures are consistent with those which will be published with the full financial statements. There are no changes in accounting policies from those used in the prior period.

The financial information set out above does not constitute the group's statutory accounts for the year ended 31 December 2009 or 2008 but is derived from those accounts. The auditors have reported on those accounts; their reports were unqualified and did not contain statements under s. 15(4) or (6) Companies Act 1982 of the Isle of Man.

The preliminary announcement has been prepared on the basis of the financial information presented by the directors in the statutory accounts for the year ended 31 December 2010 which will be delivered to the Register of Companies following the company's annual general meeting.