

The Hotel Corporation plc

Half-yearly Financial Report and Unaudited Condensed Financial Statements

For The Six Months Ended 30 June 2015

Registered in the Isle of Man

No: 111066C

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Directors and Advisors

Directors

Derek William Short FCIB MCSI FinstD

David Peter Craine F.C.A J.P

Company Secretary & Registered Office

David Peter Craine

Burleigh Manor

Peel

Road

Douglas

Isle of Man IM1 5EP

Solicitors to the Company

King and Wood Mallesons

10 Queen Street Place

London EC4R 1BR

Nominated Adviser

Sanlam Securities UK Limited

10

King William Street

London EC4N 7TW

Stockbroker

Sanlam Securities UK Limited

10 King William Street

London EC4N 7TW

Isle of Man Advocates to the Company

Appleby

33 Athol

Street

Douglas

Isle of Man IM1 1LB

Auditor
Deloitte LLP
The Old Courthouse
Athol Street
Douglas
Isle of Man IM1 1LD

Registrars and Crest Service Provider
Neville Registrars
Limited
Neville House
18 Laurel Lane
Halesowen B63 3DA

Isle of Man Administration

Peregrine Corporate Services Limited
Burleigh Manor, Peel Road,
Douglas
Isle of Man IM1 5EP

Directors' Report

The Directors present their half yearly report on the affairs of The Hotel Corporation plc ("the Company"), together with the Unaudited Condensed Financial Statements and independent review report for the six months ended 30 June 2015.

Principal Activity

The principal activity of the Company is to invest in businesses within the hotels sector in the United Kingdom. (See Note 12 for further details of Events After the Balance Sheet Date).

Results of the Company

Revenue for the period is stated at £nil (2014H1: £nil). After deducting administrative expenses, operating losses amounted to £0.1m (2014H1: £0.1m operating loss), resulting in a loss before tax of £0.1m (2014H1: £0.1m loss). No tax is payable for the year due to the zero income taxation provisions in the Isle of Man. Basic loss per share was (0.13p) (2014H1: loss per share (0.12p)). (See Note 12 for further details of Events After the Balance Sheet Date).

The Company's net asset value ("NAV") per share as at 30 June 2015 is 0.84p (2014H1: 1.14p), with the Company continuing to value its investment in UK Group of Hotels plc ("UK Group of Hotels") (formerly Puma Hotels plc) at £nil (2014H1: £nil) as disclosed in note 7.

Dividend

The Directors do not recommend an interim dividend (2014H1: £nil).

Corporate Governance Statement

The Board of Directors are aware of the principles of corporate governance contained in the UK Corporate Governance Code.

Although the Company's shares are admitted to trading on the AIM Market of the London Stock Exchange, the Company is not required to comply with the UK Corporate Governance Code. The Board monitors the Company's established procedures or provides corporate governance disclosures to the extent appropriate for the size and stage of development of the Company. Accordingly the Directors have chosen to give selected disclosures that they believe are necessary/valuable to readers.

The Board notes that it comprises of two non-executive Directors. They are collectively responsible for all matters of good governance, and audit and remuneration committees will only be established by the Board if the Company's activities expand to the extent where the collective

responsibility of the Board is more appropriately served by the establishment of such committees.

It is the Board's intention to contain costs and maximise income. In keeping with that policy it is not the Board's intention to add to costs by inviting any additional directors to join the Board at this time.

The Board considers that it has the necessary expertise and experience to manage the Company in its present form, but will keep the situation under review.

Directors' Report (continued)

Events after the Balance Sheet Date

Note 12 expands in more detail the post balance sheet events that are relevant to the Company's up to date position and explains post the balance sheet date the shareholders have approved a new investment policy. This new policy moves away from investment in businesses in the hotel sector into the direct acquisition of purpose built properties in the social housing sector.

Going Concern

Note 1 gives details of the Company's going concern position. Cash flow forecasts show that the Company is in a position to ensure that there are sufficient financial resources to meet its present operating costs for the foreseeable future.

The Events after Balance Sheet

Date Note 12, expands on the new investment policy which the Board recommended to shareholders at the Extraordinary General Meeting ("EGM") on 16 September 2015 which was subsequently approved at that meeting. This new policy moves away from the investment in businesses in the hotel sector into the direct acquisition of purpose built properties in the social housing sector.

The Board will now use its best endeavours to raise any new funds necessary for this venture and are hopeful that the implementation of the new investment policy will have a positive outcome and therefore believe it is appropriate to prepare these financial statements on a Going Concern Basis. The proposal is at an early stage of development and no agreements are as yet in place regarding additional funding.

The above conditions therefore indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

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By order of the Board By order of the Board

D. W. Short D. P. Craine
Director Director and Company Secretary
29 September 2015 29 September 2015

Registered office:
Burleigh Manor
Peel Road
Douglas
Isle of Man
IM1 5EP

Independent Review Report to
The Hotel Corporation plc

We have been engaged by The Hotel Corporation plc ("the Company") to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2015 which comprise the condensed company statement of comprehensive income, the condensed statement of financial position, the condensed company statement of changes in equity, the condensed company statement of cash flows and related notes 1 to 12. 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 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 Company are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 adopted by the European Union.

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 2015 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the AIM Rules of the London Stock Exchange.

Independent Review Report to
The Hotel Corporation plc (continued)

Emphasis of Matter Paragraph – Going Concern

In forming our review conclusion on the condensed set of financial accounts, which is not modified, we have considered the adequacy of the disclosure made in Note 1 to the financial statements concerning the Company's ability to continue as a going concern.

The Company's only asset is an investment in UK Group of Hotels which is in administration and due to be dissolved imminently. As detailed in Notes 1 and 12, the Board of Directors have had ongoing discussions with a number of parties about future trading opportunities and at an EGM of the Company on 16 September 2015, the Board put forward and the shareholders approved a new investment proposal. The Directors are hopeful of a positive outcome in relation to the ability of the Company to raise additional funds to support this new venture and generate future profits. However, this new proposal is at an early stage of development, and the Company is yet to raise any new additional funds to support this venture or generate any income from this new venture, and if the outcome of this current or any future proposals are not successful, the Board may need to consider an orderly wind down of the Company.

These conditions, along with other matters explained in Notes 1 and 12 to the financial statements, indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The condensed set of financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

Deloitte LLP
Chartered Accountants
Douglas, Isle of Man
29 September 2015

Condensed Company Statement of Comprehensive Income
For the six months ended 30 June 2015

Six Months ended

Year ended

30 June

30 June

31

December

2015

2014

2014

(Unaudited)

(Unaudited)

(Audited)

Notes

£'000

£'000

£'000

Continuing Operations

Revenue

2

-

-

-

Administrative expenses

(66)

(61)

(144)

Operating Loss

(66)

(61)

(144)

Bank interest receivable

-

1

2

Loss
before tax

(66)

(60)

(142)

Taxation

4

-

-

-

Loss after taxation and total comprehensive loss for the period/year

(66)

(60)

(142)

Loss per Share

Basic and diluted

6

(0.13p)

(0.12p)

(0.29p)

The accompanying notes on pages 12 to 16 are an integral part of these condensed financial statements.

Condensed Company Statement of Financial Position
As At 30 June 2015

30 June
30 June
31 December

2015
2014
2014

(Unaudited)

(Unaudited)
(Audited)

Notes

£'000

£'000

£'000

Non-Current Assets

Investments

7

-

-

-

Current Assets

Trade
and other receivables

4

10

8

Cash and Cash Equivalents

421

592

501

425

602

509

Total assets

425

602

509

Liabilities

Current Liabilities

Trade and other payables

7

36

25

Net Assets

418

566

484

Capital and Reserves

Share Capital

8

2,491

2,491

2,491

Share
Premium Account

11,015

11,015

11,015

Retained Losses

((13,088)

(1((12,940)

((((13,022)

Equity attributable to owners of the Company

418

566

484

Net Asset Value Per Share

0.84p

1.14p

1.26p

.....
Derek Short David Craine
Director Director

2
9 September 2015 29 September 2015

The accompanying notes on pages 12 to 16 are an integral part of these condensed financial statements.

Condensed Company Statement of Changes in Equity
For the six months ended 30 June 2015

Share Capital

£'000

Share Premium Account £'000

Retained losses

£'000

Total

£'000

Balance at 1 January 2014

2,491

11,015

(12,880)

626

Loss
for the period

-

-

(60)

(60)

Balance at 30 June 2014

2,491

11,015

(12,940)

566

(Unaudited)

Share
Premium Account

£'000

Share Premium Account £'000

Retained losses

£'000

Total

£'000

Balance at 1 January 2014

2,491

11,015

(12
,880)

626

Loss for the period

-

-

(142)

(142)

Balance at 31 December 2014

(Audited)

2,491

11,015

(13,022)

484

Share Capital

£'000

Share Premium Account £'000

Retained losses

£'000

Total

£'000

Balance at 1 January 2015

2,491

11,015

(13,022)

484

Loss for the period

-

-

(66)

(66)

Balance at 30 June 2015

2,491

11,015

(13,088)

418

(Unaudited)

The accompanying notes on pages 12 to 16
are an integral part of these condensed financial statements.

Condensed Company Statement of Cash Flows
For the six months ended 30 June 2015

Six Months Ended

Year Ended

30 June

30 June

31 December

2015

2014

2014

(Unaudited)

(Unaudited)

(Audited)

Notes

£'000

£'000

£'000

Net cash outflow from Operating
Activities

9

(80)

(51)

(143)

Investing activities

Interest received

-

1

2

Net
cash generated in Investing activities

-

1

2

Financing activities

Dividends paid

5

-

-

-

Net cash outflow from financing activities

-

-

-

Net decrease in cash and cash equivalents

(80)

(50)

(141)

Cash and cash equivalents at beginning of period/year

501

642

642

Cash and cash
equivalents at end of period/year

421

592

The accompanying notes on pages 12 to 16 are an integral part of these condensed financial statements.

Notes to the Condensed Company Financial Statements

Significant Accounting policies

Basis of preparation

The annual financial statements of The Hotel Corporation plc are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. 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 adopted by the European Union.

On 31 October 2012, the IASB

issued 'Investment entities: Amendments to IFRS 10 IFRS 12 and IAS 27'. Entities are required to apply the amendments for annual periods beginning on or after 1 January 2014, but earlier application is permitted. Accordingly, the Company early adopted Investment Entities (amendments to IFRS 10, IFRS 12 and IAS 27) for the year ended 31 December 2012 and has continued to apply the amended standard in the financial statements.

The Company meets the definition of an Investment Entity as defined by IFRS 10 and is required to account for the investment

in UK Group of Hotels plc at fair value through profit and loss. These separate financial statements are the only financial statements presented by the Company.

In accordance with IFRS

10 as amended by Investment Entities (amendments to IFRS 10, IFRS 12 and IAS 27), the Company shall not consolidate its subsidiaries or apply IFRS 3 when it obtains control of another entity. Instead, the Company will measure its investment in its subsidiaries at fair value through profit or loss in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

The

Company holds 49.9% of the ordinary shares of UK Group of Hotels plc as well as convertible preference shares. If all the convertible preference shares held by the Company are converted into ordinary shares the Company will own 53.28% of UK Group of Hotels plc, on a fully converted basis. Under previously adopted IFRS, this had required consolidation of the UK Group of Hotels plc results.

See Note 12 for further details in relation to the Company's investment in UK Group of Hotels plc.

There have been no changes in accounting policies from the adoption of new and revised standards in the period to 30 June 2015. There have been no changes in critical accounting judgements and key sources of estimation uncertainties from those disclosed in the audited financial statements for the year ended 31 December 2014.

Going Concern Disclosure

In light of events outlined in Note 7, no future income and no investment return from the UK Group of Hotels plc is expected.

Cash flow forecasts show that the Company is in a position to ensure that there are sufficient financial resources to meet its present

operating costs for the foreseeable future.

Since the loss of the investment in the UK Group of Hotels plc, the Board has been in consultation with several parties who were looking to introduce investment opportunities to a quoted cash shell company.

The Events after Balance Sheet Date Note 12, expands on the new investment policy which the Board recommended to shareholders at the EGM on 16 September 2015 which was subsequently approved at that meeting.

Notes to the Condensed Company Financial Statements (Continued)

Going Concern Disclosure (Continued)

The Board will now work diligently on implementing the new investment policy. This new proposal is at an early stage of development and the company is yet to raise any additional funds to support the new venture or generate any income from this new venture. The Board will use its best endeavours to ensure the success of the new investment policy and are hopeful of a positive outcome and on that basis, considers the Company to be a going concern. However, if the outcome of this current or any future proposals are not successful the Board will need to consider an orderly wind down of the company.

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

Revenue recognition

Note 12 explains that the UK Group of Hotels plc and all of its subsidiary companies are being placed into dissolution. The directors have considered the detailed recognition criteria in IAS 18 Revenue, and in particular, as to whether it is probable that economic benefits associated with transactions will flow to the Company, from interest on bonds and preference share dividends. Following consideration of the conditions, the Company has not recognised revenue due in the current period or any earlier period with effect from 1 January 2012.

2. Revenue

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

(Unaudited)

(Audited)

Six Months Ended

Year Ended