18 May 2009

The Hotel Corporation plc

Final Results for the year ended 31 December 2008

The Hotel Corporation plc ("Hotel Corporation" or the "Company"), the AIM listed investment company owning 49.9% of Puma Hotels plc ("Puma Hotels"), announces its final results for 2008. These results also include the final results for Puma Hotels for 2008.

Highlights

The Hotel Corporation plc

- Profit before movement in unrealised investments of £1.86m (2007: £2.5m).
- Final Dividend of 2.6p (2007: 4.5p), giving 5.3p for 2008 (2007: 7.2p).
- Net assets per share of 182p (2007: 246p).

Puma Hotels plc

- Agreement executed to extend the maturity of senior debt facility to 31 December 2012.
- Substantial increase in Operating Profit during 2008.
- Annual rent increased from £28m to £30m on 4 September 2008.

Barclay Douglas, Chairman of Hotel Corporation plc, said:

"I am pleased to see an agreement to extend the Puma senior debt facility until 31 December 2012 has been reached and your Board is supportive of the required forthcoming fundraising announced by Puma. We have also indicated that we will vote in favour of the proposal to extend the maturity of the Puma Bonds to the same date as the senior debt.

These events will bring clarity and stability to Puma's finances through to the end of 2012, in what continues to be a challenging Banking environment."

Press enquiries:

The Hotel Corporation	Telephone: 020 7638 9571
Barclay Douglas	
Shore Capital and Corporate Limited	Telephone: 020 7408 4090
(Nominated Adviser to the Company)	
Graham Shore	
Citigate Dewe Rogerson	Telephone: 020 7638 9571
Patrick Donovan	
Angharad Couch	

Notes to Editors

1. Puma Hotels plc ("PHP") 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 banquet, conference and leisure facilities and many of them have architectural and historical significance. The Group has 2,872 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. From 1 January 2008, all 20 hotels have been rebranded and each hotel now carries 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	167	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	**2,872**	**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 for the twelve months ended 31 December 2008.

As the company's principal asset comprises its interest in Puma Hotels plc (Puma), this statement will focus both on the company's own results and then on those of Puma. The balance sheet of Puma as at 31 December 2008, income statement and consolidated cash flow statement of Puma for the period ended 31 December 2008 are also provided in this statement.

Results of the Company

Revenue for the year, including bank interest, was £2.07m (2007: £2.73m) and, following administrative expenses and interest but before unrealised gains and losses, profit amounted to £1.86m (2007: £2.50m). In addition, an investment loss amounting to £21.6m (2007:loss of £15.2m) arising from the measurement of the company's investment in the ordinary shares of Puma at their fair value, has been recognised, in accordance with International Financial Reporting Standards. Including this investment loss, total loss before tax was £19.7m (2007: loss of £12.7m). No tax is payable for the period due to the zero income taxation provisions in the Isle of Man. Basic and diluted earnings per share were (57.0p) (2007: (36.5p)) including these investment losses, and 5.4p (2007: 7.2p) without them.

The Company's net asset value, as at 31 December 2008 is £1.82 (2007: £2.46) and the company has valued its shareholding in Puma on the basis of the net asset value of Puma as set out in that company's accounts. Puma's accounts, prepared under UK Generally Accepted Accounting Principles, include a valuation of its portfolio of 20 hotels of £483.5m. The valuation was carried out by Colliers Robert Barry & Co, third party independent valuers, as at 31 December 2008. The Puma net-asset value per share is 270p (2007: 400p per share), after allowing for the carried interest attributable to the Puma Founder shares. This compares with the price of 110p at which the Company last acquired shares in Puma in January 2005.

The audit report on Puma's accounts draws attention to the current state of the refinancing agreement with Anglo Irish Bank and, without qualifying their opinion in that regard, identifies its significance to the going concern basis of preparation. Our auditors have highlighted the potential implications of this issue in their audit report without qualifying their opinion, as an emphasis of matter with regard to the fair value of the investment in Puma.

Dividend

The Company has proposed a final dividend of 2.6p per ordinary share (2007: 4.5p), making a total of 5.3p for the year (2007: 7.2p). The ex-dividend date will be 27 May 2009 and the record date 29 May 2009. Payment will be made to shareholders shortly after the Annual General Meeting on 26 June 2009. This amount reflects the profits for the year before investment gains and tax.

Prospects

I am pleased to see an agreement to extend the Puma senior debt facility until 31 December 2012 has been reached and your Board is supportive of the required forthcoming fundraising announced by Puma. We have also indicated that we will vote in favour of the proposal to extend the maturity of the Puma Bonds to the same date as the senior debt.

These events will bring clarity and stability to Puma's finances through to the end of 2012, in what continues to be a challenging Banking environment. During the coming weeks we will be contacting shareholders to support a fundraising by the Company in order to participate in the Puma financing.

Barclay Douglas
Chairman

Puma Hotels plc Review of Operations and Financial Performance

Introduction

Following the granting of leases to Barceló Group ("Barceló") on 6 September 2007, the financial year which commenced 1 January 2008 represents the first full year of Puma Hotels plc ("PHP") trading solely as an owner of hotel property receiving income from property rents.

In the entering into these leases, PHP has become a property investment company specialising in hotels. Barceló is a leading Spanish hospitality group with substantial global hotel and other leisure related operations and, by leasing the properties, PHP has gained a secure and growing income stream from a blue chip tenant. The Board of PHP envisages that the Company's growth may in the medium term come not only from further development of the existing property portfolio, but also from acquiring additional hotel assets to which a similar approach can be applied. In the medium term, the Board believes that PHP's strategic alliance with Barceló will play an important part in the Company's growth. In the short-term, the guaranteed and escalating nature of the rental stream offered by Barceló brings greater stability to the Group.

As announced on 24 July 2008, following the events at Dawnay, Day the Company terminated the engagement of Dawnay, Day Hotels Limited ("DDHL") under the Portfolio Management Agreement and with effect from 23 July 2008 engaged Shore Capital Limited to provide the services previously supplied by DDHL to the Company on the same terms. Howard Shore was appointed chairman of the Company and Jonathan Paisner appointed to the board as a director. These new arrangements have proven to be very successful with significant progress made on key PHP relationships with our tenant, bankers and employees. The results of discussions with our lenders were announced on 14 May 2009 and are summarised later in this statement.

Financial Performance

PHP's results for 2008 reflect the changes in its business. As the transfer of the business became effective on 6 September 2007, the comparative numbers for 2007 up to this date represent results from when the Company traded as a hotel operator.

Turnover for 2008 of £28.5m comprises rent received from Barceló (2007: £77.0m being a combination of trading revenue from hotel operations and rent received from Barceló). Operating profit, before revaluation of properties, at £23.9m (2007: £11.1m) substantially increased, reflecting the benefit of the lease arrangements agreed with Barceló. This arises because PHP no longer bears the overhead of operating the hotel group. Moreover, PHP no longer needs to fund maintenance expenditure other than, as previously reported, that PHP has agreed, as part of the lease arrangements, to make a £10m contribution for capital works over the first 10 years of the lease. Of this, £2.9m has already been contributed in accordance with the agreement.

As discussed below, PHP has had the leased properties professionally revalued as at 31 December 2008 and, as a result, is now carrying its entire portfolio at a total value of £483.5m (2007: £531m). The overall reduction is caused by changes in the world financial markets and the consequent impact on property values. It should be noted that the structure of the lease deal with Barceló and the associated guarantees offered by this blue chip tenant, have served to mitigate the decline in value. 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 £3.3m (2007:£7.1m). This charge is a non-cash item which is shown as a "deficit on revaluation". The remainder of the revaluation amounts (a total deficit of £44.3m) have been taken against the valuation surplus in the balance sheet after which the 31 December 2008 balance of the revaluation reserve is £105.1m.

Net bank interest payable increased by £2.6m reflecting the aggregate increase in the total borrowings of the Company during 2008. Whilst during the first half of 2008, net bank interest increased year on year partly as a result of a rise in 3 month LIBOR, the execution of a SWAP on 16 September 2008 reduced the level of interest for the remainder of the year in comparison to the prior year. The result was that the average cost of bank debt during 2008 was the same as 2007 at 7.18%.

The combination of higher rental income from our tenant and lower interest costs from the SWAP agreements executed on 30 April 2009 (discussed in post balance sheet date events) will substantially improve the Company's financial position from now on.

Total interest payable also includes payments to bondholders of the Company's deep discounted bonds of £4m (2007:£4m). In total, Interest Payable and Similar Charges for the year amounted to £29.5m (2007:£29.2m) reflecting the fact that amortisation of bank loan issue costs during the year were only £0.7m (2007:£2.9m).

New Leases and Property Revaluation

The leases granted to Barceló place full repairing and insuring obligations on the tenant and provide guaranteed rental growth over the first four years; this is inflation-indexed thereafter and can also increase if hotel EBITDA performs well. The asset values on the balance sheet of PHP reflect these lease arrangements.

For the purpose of preparing its annual financial statements for 2008, PHP has had the property subject to these leases professionally valued by Colliers Robert Barry. 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 £480m. The Board of PHP considers that the current value of the assets excluded from the lease is a further £3.5m.

This new valuation is a reduction of £47m (9%) from the 31 December 2007 valuation and a £76m (14%) reduction from the valuation of £556m given in August 2007 immediately after the leases were granted. Compared to the reduction in property yields across the UK hotel sector during this time, these reductions have been mitigated by:

- The secure and growing rental income stream from the leases which included a £2m (7%) increase to £30m per annum from September 2008.
- The contracted rental income uplift from £30m to £31m in September 2010
- The strength of the Barceló covenant and the attractive inflation-linking features (inflation link commences from September 2011).

Anglo Irish Bank Debt Facility Extension

As announced on 14 May 2009, the Company has signed an agreement with Anglo Irish Bank Limited ("Anglo Irish") to extend the term of its senior debt facility. This facility was due for repayment on 31 December 2009 but will now mature on 31 December 2012. In a volatile and difficult credit market, this extension by three years represents a key milestone in safeguarding the Company's financial position. The extension is subject to a reduction in the principal outstanding under the debt facility as outlined below:

- The facility is being reduced to £332.3m from its present ceiling of £350m (of which £347.5m is currently drawn). PHP expects to fund this reduction, together with associated costs, by raising an additional £20m in new equity from the Company's shareholders. To allow time for the fund-raising, currently under-way, the agreement is expected to take effect by 14 July 2009.

- Anglo Irish have agreed that there will be no further loan to value covenant testing for the duration of the facility (i.e. up to and including 31 December 2012). This provides significant certainty to shareholders in the current market.

- The margin on the facility will increase from 1.75% to 2.5% from the Effective Date (see below). The extension is also subject to an arrangement fee of £1m.

- The maturity of the Company's outstanding shareholder bonds will be extended to 31 December 2012 to align it with the Bank facility, although approximately £2m of these bonds will, as previously scheduled, be redeemed on 30 June 2009. It is also intended to seek bond-holder approval to a listing of the outstanding bonds on the Channel Islands Stock Exchange and for the bonds thereafter to bear 12% interest, payable semi-annually. Irrevocable commitments to vote in favour of these proposals have already been received from 55% per cent of the bond–holders which is sufficient for approval to be passed.

All variations to the loan agreement will become effective on the date on which the principal repayment is made (the "Effective Date") which is expected to be achieved by 14 July 2009.

In preparing the statutory accounts, the Directors have considered the Group's cash flow forecasts for the period to the end of June 2010 and the Company's financial resources. After making enquiries, the Board is satisfied that the Group's forecasts and projections – taking account of the extension of the facility as above and associated fund-raising currently in progress – show that the Group will have adequate resources to continue its operations for the foreseeable future. For this reason the Group continues to adopt the going concern basis in preparing its financial statements.

Development Plans

In the past, PHP has successfully exploited the potential for gains in value through developing the portfolio by adding extra rooms, conference and other facilities. This programme is expected to continue in the medium term and at present PHP has the potential to add over 800 rooms (over 25 per cent of the current estate) of which 370 rooms have already received the necessary planning or listed building consent. There are also schemes for 2,500 sq.m (over 60 per cent of which has planning consent) of additional meeting rooms and upgrades for several leisure clubs. The economics of adding these rooms can be highly attractive for both parties. The value of the development potential of the portfolio is not typically fully recognised in a professional valuation and PHP therefore believes that fulfilling the programme will add significantly to net asset value over time.

In order to realise these development plans PHP continues to monitor and protect planning permissions already granted.

Strategy and Plans

Having concluded the leases with Barceló, PHP has transformed its financial position. The effect is to increase PHP's net cashflow before interest as PHP no longer bears the overhead costs of operating the hotel group nor (other than the agreed contribution) funds maintenance expenditures. Cashflow will grow further in subsequent years according to the leases' formula and is supported by Barceló's strong covenant rather than being dependent on the potential cyclicality of the hotel business.

This new operating structure has meant that the Group is better able to withstand the effects of the economic downturn brought about by the deterioration in the global financial markets. Whilst the value of the Group's assets reflects some of the reduction in investment yields, cashflow has increased. The signing of the agreement with Anglo Irish to extend the maturity date of the senior debt to 31 December 2012 represents a significant milestone for the Group.

In the medium term, there is also the opportunity to unlock significant value by executing the Group's development plans and consider selective asset disposals as and when the investment market recovers. The Board considers that once the investment market recovers, the Group's assets should once again prove highly attractive because of the longevity of the leases and the associated indexation. The extended maturity of the senior debt provides the flexibility to optimise the potential returns to shareholders with the intention of liquidating assets and returning capital to investors prior to the new maturity of the senior debt and shareholder bonds. The asset management contract with Shore Capital has also been extended to 31 December 2012 to coincide with the investment programme.

Post balance sheet date events

As announced on 14 May 2009, and summarised earlier in this statement, the Group has signed an agreement with Anglo Irish to extend the maturity date of the senior debt facility in place from Anglo Irish to 31 December 2012.

The Company executed three interest rate SWAP agreements on 30 April 2009. These SWAP agreements relate to a principal amount of £182.3m and commence on 31 December 2009 when the current SWAP arrangement relating to this amount expires. The profile of these SWAPS 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%

The remaining £150 million of the facility is already subject to an interest rate SWAP agreement at a rate of 5.145%.

Prospects

The Company is well-placed to protect and grow value for shareholders. It has an attractive portfolio of assets which are let to a progressive tenant with a strong covenant. Cashflow will progressively improve and the Company is well placed to exploit any recovery in investment values and pick-up in inflation.

The Hotel Corporation plc

31 December 2008
Income Statement

	2008	2007
	£'000	£'000
Continuing Operations		
Revenue	1,986	2,615
Administrative expenses	(215)	(226)
Profit from operations	1,771	2,389
Bank interest receivable	88	111
Investment losses – unrealised	(21,602)	(15,153)
Loss before tax	(19,743)	(12,653)
Taxation	-	-
Loss after tax for the year from continuing operations	**(19,743)**	**12,653**

Earnings Per Share	**2008**	**2007**
Basic and diluted	(57.0p)	(36.5p)

Dividends	**2008**	**2007**
	£'000	**£'000**
Paid	2,493	2,493
Proposed	900	1,558

The Hotel Corporation plc

31 December 2008
Balance Sheet

	2008	2007
<u>Assets</u>	**£'000**	**£'000**
Non-Current Assets		
Investments	61,221	82,823
Current Assets		
Trade and Other Receivables	11	10
Cash and Cash Equivalents	1,697	2,332
	1,708	2,342
Total Assets	62,929	85,165
<u>Equity & Liabilities</u>		
Capital & Reserves		
Share Capital	1,731	1,731
Share Premium Account	-	33,300
Retained Earnings	61,170	50,106
	62,901	85,137
Current Liabilities		
Trade and Other Payables	28	28
Total Equity & Liabilities	62,929	85,165

The financial statements were approved by the Board of Directors and authorised for issue on 17 May 2009

They were signed on its behalf by:

………………. ……………….

Barclay Douglas **David Craine**

The Hotel Corporation plc

31 December 2008
Statement of Changes in Equity

	Share Capital	Share Premium Account	Retained Earnings	Total
	£'000	£'000	£'000	£'000
Balance at 31 December 2006	**1,731**	**33,300**	**65,252**	**100,283**
Loss for Year	-	-	(12,653)	(12,653)
Dividend	-	-	(2,493)	(2,493)
Balance at 31 December 2007	**1,731**	**33,300**	**50,106**	**85,137**
Loss for Year	-	-	(19,743)	(19,743)
Dividend	-	-	(2,493)	(2,493)
Transfer of Share Premium	**-**	(33,300)	33,300	**-**
Balance at 31 December 2008	**1,731**	**-**	**61,170**	**62,901**

The Hotel Corporation plc

31st December 2008
Cash Flow Statement

	2008	**2007**
	£,000	**£'000**
Net Cash Inflow/(Outflow) From Operating Activities	(214)	407
Investing Activities		
Interest Received	88	111
Proceeds received on the maturity of Investments	1,986	1,986
Net cash from Investing Activities	2,074	2,097
Financing Activities		
Dividends Paid	(2,493)	(2,493)
Net cash used in Financing Activities	(2,493)	(2,493)
Net (decrease)/increase in cash and cash equivalents	(633)	11
Cash and cash equivalents at beginning of year	2,332	2,321
Cash and cash equivalents at end of year	1,697	2,332

1. Basis of Accounting

The financial statements in this announcement have been prepared in accordance with International Financial Reporting Standards (IFRS). The statements do not constitute statutory accounts within the meaning of the Isle of Man Companies Acts 1931 – 2004. The statutory accounts for the period ended 31 December 2008 are finalised on the basis of the financial information presented by the directors in this final announcement and will be delivered to the Companies Registry in the Isle of Man following the Company's Annual General Meeting.

Other investments are designated as Fair Value through Profit or Loss and are measured at subsequent reporting dates at their fair value. For investments designated as Fair Value through Profit or Loss Investments, gains and losses arising from changes in fair value are included in the income statement for the year. Fair Value is considered to be the Company's share (49.92%) of the net assets of Puma Hotels plc as at 31 December 2008 less any allowance for the interest of Founder Shareholders in Puma.

In arriving at the fair value of Puma's net assets, the Directors have considered the incidence of any future UK taxation from the disposal of the re-valued properties as unlikely due to the implementation of tax efficient disposal strategies.

2. Investments

Classified as:	**2008**	**2007**
	£'000	**£'000**
Fair Value through Profit or Loss Investments	44,671	66,273
Held to Maturity	16,550	16,550
	61,221	82,823

<u>Fair Value through Profit or Loss Investments</u>

	2008	**2007**
	£'000	**£'000**
Unlisted Investments at Fair Value		
Fair value at Start of Year	66,273	81,426
(Decrease)/Increase in fair value	(21,602)	(15,153)
Fair value at 31 December	44,671	66,273

The unlisted investment shown above represents a holding of 16,550,000 ordinary shares of £1 par value in Puma Hotels plc, which comprises 49.92% of the issued share capital of that company, which is incorporated and registered in the United Kingdom. Investments in the ordinary shares of Puma Hotels plc ("Puma") held at the balance sheet date are measured at their fair value.

In determining the fair value attributable to the ordinary shares in Puma, the Directors have drawn upon the net asset value of Puma as set out in the financial statements of that company and have utilised that net asset value for each ordinary share held in Puma by the Company, making an appropriate adjustment for the carried interest attributable to the founder shares in Puma (as defined in the Hotel Corporation plc prospectus issued on 9 July 2004). The financial statements of Puma include an external valuation of the freehold and long leasehold properties, subject to and with the benefit of the leases granted to Barceló, performed by Colliers, Robert Barry & Co, Chartered Surveyors as at 31 December 2008.

Any resultant gain or loss in the value of the Company's equity investment in Puma is recognised in the Income Statement.

Investments held to maturity

	2008	**2007**
	£'000	**£'000**
Cost and net book value		
At Start of Year	16,550	16,550
Additions	-	-
Amortisation of discount	1,986	1,986
Matured during year	(1,986)	(1,986)
At 31 December	16,550	16,550

The investments included above represent unlisted investments in unsecured deep discount bonds issued by DSH (Finance) plc, a subsidiary of Puma, maturing at nominal value over a period of 5 years. The bonds have a coupon rate of nil percent.

The maturity profile of the bonds held at 31 December 2008 is shown below:

Maturing	**Nominal Value**	
	2008	**2007**
	£'000	**£'000**
Within one year	17,543	1,986
One to two years	-	17,543
Two to three years	-	-
Total	**17,543**	**19,529**

3. Earnings per Share

	2008	2007
Basic and Diluted Earnings per Share	(57.0p)	(36.5p)
This comprises:		
Basic and diluted earnings per share from operations and bank interest	5.4p	7.2p
Basic and diluted earnings per share from investment losses	(62.4p)	(43.7p)

The calculation of basic earnings per share is based on the following data:

Earnings

	2008	2007
	£'000	**£'000**
Profit from Operations	1,771	2,389
Bank Interest	88	111
	1,859	2,500
Investment Losses	(21,602)	(15,153)
Net Loss for Year	(19,743)	(12,653)

Number of Shares	**2008**	**2007**
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share.	34,619,050	34,619,050

There were no convertible instruments in existence as at 31 December 2008 and therefore diluted earnings per share does not differ from the basic earnings per share.

4. Notes to the Cashflow Statement

Reconciliation of Profit from Operations to Net Cash from Operating Activities.

	2008	2007
	£'000	£'000
Profit from Operations	1,771	2,389
Increase in Receivables	(1)	-
Increase (Decrease) in Trade and other payables	-	4
Amortisation of Discount on Purchase of investments	(1,986)	(1,986)
Net cash outflow (inflow) from operating activities	(216)	407

Net cash inflows from operating activities includes cash from dividends received of £ Nil (2007: £629,000)

5. Events after the Balance Sheet Date

On 17 May 2009 the Company declared a dividend of 2.6p pence per share. The ex-div date will be 27 May 2009 and a record date of 29th May 2009. Payment will be made to shareholders on 3 July 2009.

The Company has given an irrevocable undertaking to vote in support of the extension of the Puma bonds to 31 December 2012.

6. Information relating to Puma Hotels plc

The profit and loss account and consolidated cash flow statement of Puma for the year ended 31 December 2008 together with the balance sheet of Puma as at 31 December 2008 are provided on the following pages and have been prepared in accordance with applicable United Kingdom accounting standards. These should be read in conjunction with the preliminary results of the company.

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 audit report on the statutory accounts for the year ended 31 December 2008, which is unqualified, does include reference to the existence of a material uncertainty which may cast doubt on the fair value of the Company's investment in Puma. This uncertainty arises as a result of the required equity raise being undertaken by Puma to comply with the agreement signed with Anglo Irish Bank.

The financial information in this announcement has been prepared under the historical cost convention, adjusted for the revaluation of tangible assets in accordance with the accounting policies set out in the Company's Report and Accounts for the prior period. Such information does not constitute statutory accounts within the meaning of the Companies Act 1982 for the year ended 31 December 2008 and period ended 31 December 2007. The financial information for the prior period ended 31 December 2007 is derived from the statutory accounts for that period which have been delivered to the Registrar of Companies. The auditors reported on those accounts and their report was unqualified.

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 2008 which will be delivered to the Register of Companies following the company's annual general meeting.

Additional Information

The following additional information has been supplied to the company by Puma Hotels plc and should be read in conjunction with the auditors' report of that Company. That audit report, whilst unqualified, includes an emphasis of matter paragraph which draws the reader's attention to the application of the going concern basis of accounting and circumstances of the refinancing agreement between Puma Hotels plc and Anglo Irish Bank Limited. These are the requirement for £20m additional funding from Puma's equity shareholders and an agreement to extend the outstanding bonds' maturity to 31 December 2012.

Puma Hotels plc
Consolidated Profit and Loss Account
Year ended 31 December 2008

	Year ended 31 December 2008 £'000	Period ended 31 December 2007 £'000
TURNOVER	28,455	76,991
Cost of sales	-	(8,028)
GROSS PROFIT	28,455	68,963
Other administrative expenses	(4,540)	(57,896)
Administrative expenses - exceptional (Deficit on revaluation of properties)	(3,283)	(7,077)
Total administrative expenses	(7,823)	(64,973)
OPERATING PROFIT	20,632	3,990
Loss on sale of fixed assets	-	(116)
	20,632	3,874
Interest receivable and similar income	71	140
Interest payable and similar charges	(29,482)	(29,160)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	(8,779)	(25,146)
Tax on loss on ordinary activities	3	8,018
LOSS FOR THE FINANCIAL PERIOD	(8,776)	(17,128)
Equity dividend paid	-	(1,260)
RETAINED LOSS FOR THE FINANCIAL PERIOD	(8,776)	(18,388)

Puma Hotels plc

Consolidated and Company Balance Sheet

Year ended 31 December 2008

	Group As at 31 December 2008 £'000	Company As at 31 December 2008 £'000	Group As at 31 December 2007 £'000	Company As at 31 December 2007 £'000
FIXED ASSETS				
Intangible assets – goodwill	8,481	-	9,002	-
Tangible assets	483,520	-	531,060	-
Investments	-	469,668	-	469,668
	492,001	469,668	540,062	469,668
CURRENT ASSETS				
Debtors	2,387	479,376	819	150,444
Cash at bank and in hand	8,748	8,748	6,979	6,535
	11,135	488,124	7,798	156,979
CREDITORS: amounts falling due within one year	(361,846)	(625,872)	(24,129)	(1,054)
NET CURRENT (LIABILITIES)/ASSETS	(350,711)	(137,748)	(16,331)	155,925
TOTAL ASSETS LESS CURRENT LIABILITIES	141,290	331,920	523,731	625,593
CREDITORS: amounts falling due after more than one year	(33,155)	-	(362,496)	(288,952)
PROVISION FOR LIABILITIES	-	-	(3)	-
NET ASSETS	108,135	331,920	161,232	336,641
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	105,104	-	149,425	-
Profit and loss account	(30,764)	298,125	(21,988)	302,846
EQUITY SHAREHOLDERS' FUNDS	108,135	331,920	161,232	336,641

Puma Hotels plc

Consolidated Statement of Total Recognised Gains and Losses

Year ended 31 December 2008

	Year ended 31 December 2008 £'000	**Period ended 31 December 2007 £'000**
Loss for the financial period	(8,776)	(17,128)
Unrealised (deficit)/surplus on revaluation of properties	(44,321)	(18,360)
Total recognised losses relating to the period	(53,097)	(35,488)

NOTE OF CONSOLIDATED HISTORICAL COST PROFITS AND LOSSES
Year ended 31 December 2008

	Year ended 31 December 2008 £'000	**Period ended 31 December 2007 £'000**
Reported loss on ordinary activities before taxation	(8,779)	(25,146)
Difference between historical cost depreciation charge and actual depreciation charge for the year calculated on the revalued amount	-	258
Historical cost loss on ordinary activities before taxation	(8,779)	(24,888)
Historical cost loss for the year retained after taxation and dividends	(8,776)	(18,130)

Puma Hotels plc
Consolidated Cashflow statement
Year ended 31 December 2008

	Year ended 31 December 2008 £'000	Period ended 31 December 2007 £'000
Net cash inflow from operating activities	18,621	23,947
Returns on investments and servicing of finance		
Interest received	71	140
Interest paid	(26,480)	(18,059)
Interest paid on finance leases	(12)	(36)
Dividends paid	-	(1,260)
Net cash outflow from returns on investments and servicing of finance	(26,421)	(19,215)
Taxation		
Corporation tax paid	-	-
Capital expenditure		
Purchase of tangible fixed assets	(1,564)	(35,485)
Sale of tangible fixed assets	-	226
Net cash outflow from capital expenditure and financial investment	(1,564)	(35,259)
Net cash outflow before financing	(9,364)	(30,527)
Financing		
New term loans raised	13,929	105,626
Term loans repaid	-	(63,033)
Bonds repaid	(2,448)	(2,751)
Loan notes repaid	-	(3,709)
New term loan issue costs	(195)	(663)
Repayment of principal under finance leases	(153)	(371)
Net cash inflow from financing	11,133	35,099
Increase in cash	1,769	4,572

Note relating to Puma accounts

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 audit report on the statutory accounts for the year ended 31 December 2008, which is unqualified, does include reference to the existence of a material uncertainty which may cast doubt on the ability of the Company to continue as a going concern.

The financial information in this announcement has been prepared under the historical cost convention, adjusted for the revaluation of tangible assets in accordance with the accounting policies set out in the Company's Report and Accounts for the prior period. Such information does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985 for the year ended 31 December 2008 and period ended 31 December 2007. The financial information for the prior period ended 31 December 2007 is derived from the statutory accounts for that period which have been delivered to the Registrar of Companies. The auditors reported on those accounts; their report was unqualified and did not contain a statement under s237(2) or (3) of the Companies Act 1985.

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 2008 which will be delivered to the Register of Companies following the company's annual general meeting.