

# **Guoman Hotels Limited**

*Formerly Thistle Hotels Limited*  
**Annual report and consolidated  
financial statements**

Registered number 262958

1 July 2007

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## **Directors' report**

The directors present their annual report and the audited financial statements for the 52 weeks ended 1 July 2007

### **Company status and principal activities**

Guoman Hotels Limited is a limited liability company domiciled and registered in England. The principal activity of the Group is the ownership and operation of hotels in the UK.

During the year, the company changed its name from Thistle Hotels Limited to Guoman Hotels Limited effective from 16<sup>th</sup> May 2007.

### **Business review**

The results for the 52 weeks ended 1 July 2007 showed strong growth with profit after tax of £12,813,000 (2006 Loss after tax £18,996,000).

The Key Performance Indicators used to measure the trading performance of the Group's hotels are occupancy percentage, average room rate (ARR) and revenue per available room (RevPar). During the period RevPar increased by over 20%, driven predominantly by ARR increasing by over 16%, with a small increase in occupancy of 3%.

The principle business risks and uncertainties facing the Group arise from economic conditions in the Group's main geographical market of London. Business and consumer confidence has a significant impact on the Group's levels of business and hence profitability.

The Group's balance sheet remains strong at 1 July 2007. Net assets were in excess of £415 million and gearing was only 54%.

The financial period to 1 July 2008 is expected to show improvements in revenues and profitability and the directors remain confident about the long term prospects for the Group.

### **Result and dividends**

The Group's results for the 52 weeks ended 1 July 2007 are set out in the Income Statement on page 8. No interim dividends were paid during the financial period (2006: £nil). The directors do not recommend the payment of a final dividend (2006: £nil).

### **Policy and practice on payment of creditors**

The policy of the Company and the Group concerning the payment of suppliers is either to agree terms of payment at the start of business with each supplier or to ensure that the supplier is made aware of the standard payment terms applied by the Company or the Group and, in either case, to pay in accordance with its contractual or other legal obligations. The average trade creditor days of the Company and the Group during the period were 55 (2006: 48) and 26 (2006: 50) respectively.

### **Political and charitable contributions**

During the financial period the Group contributed £4,000 (2006: £5,000) to UK charitable organisations. There were no political contributions in either period.

## Directors' report (*continued*)

### Directors and directors' interests

The directors who held office during the financial period were as follows

Tan Sri Quek Leng Chan	
Timothy Scoble	
Leng Hai Kwek	Appointed 08/01/2007
Steven Bailey	Appointed 12/06/2007
Peter Nicholas	Appointed 08/01/2007      Resigned 31/05/2007
Arun Amarsi	Resigned 31/05/2007

Steven Bailey also served as a director between 8<sup>th</sup> May 2007 and 17<sup>th</sup> May 2007

No director had any interests in, or rights to subscribe for, shares or debentures in the Company or any fellow subsidiary during the financial period. Tan Sri Quek Leng Chan is, and Arun Amarsi was, a director of the ultimate parent company, BIL International Limited, and their interests in its shares and share options are disclosed in that company's accounts. No other director has any interests in the shares and share options of BIL International Limited.

The directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

### Employee matters

The Group's policy of providing employees with information about the Group has continued and regular meetings are held between management and employees to allow exchanges of information and ideas.

The Group gives every consideration to applications for employment by disabled persons where the requirements of the job may be adequately filled by a disabled person. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under similar terms and conditions and to provide training, career development and promotion wherever appropriate.

### Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



Ian Cattermole  
Company Secretary

Registered Office  
PO Box 909  
Bath Road  
Uxbridge  
Middlesex  
UB8 9FH

5th September 2007

## Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare both the group and the parent company financial statements in accordance with IFRSs as adopted by the EU and applicable laws.

The group and parent company financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position of the group and the parent company and the performance for that period. The Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing each of the group and parent company financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



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## **Independent auditors report to the members of Guoman Hotels Limited (Formerly Thistle Hotels Limited)**

We have audited the group and parent company financial statements (the “financial statements”) of Guoman Hotels Limited for the 52 weeks ended 1 July 2007 which comprise the Consolidated Income Statement, the Consolidated and parent company Balance Sheets, the Consolidated and parent company Cash Flow Statements, the Consolidated and parent company Statements of Changes in Equity and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company’s members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company’s members those matters we are required to state to them in an auditor’s 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 and the company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors’ responsibilities for preparing the Directors’ Report and the Group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors’ Responsibilities on page 5.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors’ Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors’ remuneration and other transactions is not disclosed.

We read the Directors’ Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group’s and company’s circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Independent auditors report to the members of Guoman Hotels Limited (Formerly Thistle Hotels Limited). (Continued)**

**Opinion**

In our opinion

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the group's affairs as at 1 July 2007 and of its profit for the 52 weeks then ended,
- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 1 July 2007,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

KPMG LLP

KPMG LLP  
Chartered Accountants  
Registered Auditors

5<sup>th</sup>

September 2007

**Consolidated Income Statement**  
*for the 52 weeks ended 1 July 2007*

	<i>Note</i>	<b>52 weeks ended 1 July 2007 £'000</b>	<b>52 weeks ended 2 July 2006 £'000</b>
<b>Revenue</b>	<i>1</i>	<b>207,853</b>	177,770
Cost of sales		<b>(156,627)</b>	(152,515)
<b>Gross profit</b>		<b>51,226</b>	25,255
Administrative income and expenditure			
Reorganisation costs		(1,177)	(4,657)
Loss on disposal of property, plant and equipment		(720)	(4,458)
Impairment of property, plant and equipment		(3,136)	-
Other administrative expenses		(18,097)	(24,703)
	<i>2</i>	<b>(23,130)</b>	(33,818)
<b>Operating profit / (loss)</b>	<i>2</i>	<b>28,096</b>	(8,563)
Profit on disposal of business	<i>2</i>	786	-
<b>Finance costs</b>			
Interest receivable and similar income	<i>5</i>	3,679	3,017
Interest payable and similar charges	<i>6</i>	(25,557)	(25,198)
<b>Profit / (loss) before taxation</b>		<b>7,004</b>	(30,744)
Taxation	<i>7</i>	5,809	11,748
<b>Profit / (loss) attributable to equity holders of the parent</b>		<b>12,813</b>	(18,996)

The whole of the profit or loss for each of the financial periods noted above derives from continuing operations

There were no items of recognised income or expense other than as shown in the Consolidated Income Statement above



## Balance Sheets

at 1 July 2007

		Group		Company	
	Note	1 July 2007 £'000	2 July 2006 £'000	1 July 2007 £'000	2 July 2006 £'000
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	9	722,863	732,936	-	-
Investment in subsidiaries	10	-	-	515	18,366
Trade and other receivables	11	-	-	797,416	791,619
Deferred tax	14	-	-	2,862	3,488
		<u>722,863</u>	<u>732,936</u>	<u>800,793</u>	<u>813,473</u>
<b>Current Assets</b>					
Inventories		399	314	-	-
Trade and other receivables	11	35,573	40,113	899	13,505
Cash and cash equivalents		11,169	216	6,784	500
		<u>47,141</u>	<u>40,643</u>	<u>7,683</u>	<u>14,005</u>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Bank overdrafts		-	(555)	-	(4,526)
Trade and other payables	12	(38,010)	(42,549)	(14,698)	(20,479)
		<u>(38,010)</u>	<u>(43,104)</u>	<u>(14,698)</u>	<u>(25,005)</u>
<b>Non-current liabilities</b>					
Borrowings	13	(225,480)	(225,462)	(225,480)	(225,462)
Trade and other payables	12	-	-	(4,715)	(26,354)
Deferred tax	14	(80,425)	(86,234)	-	-
Retirement benefit obligations	15	(8,293)	(10,825)	(8,293)	(10,825)
Provisions	16	(1,912)	(4,883)	(1,912)	(4,883)
		<u>(316,110)</u>	<u>(327,404)</u>	<u>(240,400)</u>	<u>(267,524)</u>
<b>Net Assets</b>		<u><b>415,884</b></u>	<u><b>403,071</b></u>	<u><b>553,378</b></u>	<u><b>534,949</b></u>
<b>SHAREHOLDERS' EQUITY</b>					
Ordinary shares	18	79,655	79,655	79,655	79,655
Share premium		172,364	172,364	172,364	172,364
Retained earnings		163,865	151,052	301,359	282,930
<b>Total equity</b>		<u><b>415,884</b></u>	<u><b>403,071</b></u>	<u><b>553,378</b></u>	<u><b>534,949</b></u>

These financial statements were approved by the board of directors on 5<sup>th</sup> September 2007 and were signed on its behalf by

S Bailey  
Director



**Statements of Changes in Equity**  
*for the 52 weeks ended 1 July 2007*

<b>Group</b>	<b>Ordinary Shares £'000</b>	<b>Share premium £'000</b>	<b>Retained earnings £'000</b>	<b>Total £'000</b>
At 3 July 2005	79,655	172,364	170,048	422,067
Retained loss for the period	-	-	(18,996)	(18,996)
At 2 July 2006	79,655	172,364	151,052	403,071
Retained profit for the period	-	-	12,813	12,813
As at 1 July 2007	79,655	172,364	163,865	415,884

  

<b>Company</b>	<b>Ordinary shares £'000</b>	<b>Share premium £'000</b>	<b>Retained earnings £'000</b>	<b>Total £'000</b>
At 3 July 2005	79,655	172,364	277,197	529,216
Retained profit for the period	-	-	5,733	5,733
At 2 July 2006	79,655	172,364	282,930	534,949
Retained profit for the period	-	-	18,429	18,429
As at 1 July 2007	79,655	172,364	301,359	553,378

## Cash Flow Statements

for the 52 weeks ended 1 July 2007

	Group		Company	
Note	52 weeks ended 1 July 2007 £'000	52 weeks ended 2 July 2006 £'000	52 weeks ended 1 July 2007 £'000	52 weeks ended 2 July 2006 £'000
<b>Cash flows from operating activities</b>				
Profit / (loss) for the financial period	12,813	(18,996)	18,429	5,733
Adjustments for				
Tax (credit) / charge	(5,809)	(11,748)	626	(3,554)
Interest expense	25,557	25,198	25,530	25,154
Interest income	(3,679)	(3,017)	(48,743)	(43,834)
Depreciation	19,848	14,871	-	7
Loss on disposal of property, plant and equipment	720	4,346	-	(2)
Profit on disposal of investments in subsidiaries	(786)	-	-	-
Profit on grant of licences to subsidiaries	-	-	(6,294)	(6,294)
Impairment of investments in subsidiaries	-	-	17,851	-
Changes in working capital				
Decrease / (increase) in inventories	(85)	173	-	167
Decrease in trade and other receivables	4,540	6,396	6,809	(8,641)
Increase / (decrease) in payables and provisions	(9,875)	14,143	(26,575)	11,182
<b>Cash generated from / (used in) operations</b>	<b>43,244</b>	<b>31,366</b>	<b>(12,367)</b>	<b>(20,082)</b>
Interest received	702	505	48,743	41,322
Interest paid	(22,696)	(22,678)	(25,566)	(22,634)
Tax repaid / (paid)	-	369	-	384
<b>Net cash generated from / (used in) operating activities</b>	<b>21,250</b>	<b>9,562</b>	<b>10,810</b>	<b>(1,010)</b>
<b>Cash flows from investing activities</b>				
Proceeds from sale of property, plant and equipment	-	5	-	5
Purchase of property, plant and equipment	(10,717)	(10,348)	-	-
Proceeds from sale of investments in subsidiaries	975	-	-	-
<b>Net cash (used in) / generated from investing activities</b>	<b>(9,742)</b>	<b>(10,343)</b>	<b>-</b>	<b>5</b>
<b>Cash flows from financing activities</b>				
<b>Net cash used in financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>11,508</b>	<b>(781)</b>	<b>10,810</b>	<b>(1,005)</b>
Cash and cash equivalent at the start of the period	(339)	442	(4,026)	(3,021)
<b>Cash and cash equivalents at the end of the period</b>	<b>11,169</b>	<b>(339)</b>	<b>6,784</b>	<b>(4,026)</b>

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## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Guoman Hotels Limited ("the company") is a company incorporated in the UK

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

#### *Basis of preparation*

These financial statements have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU ("Adopted IFRSs"). The Company has taken advantage of S230 of the Companies Act 1985 and has not published its individual Income Statement and notes thereto.

These results represent the second annual financial statements the Group has prepared in accordance with its accounting policies under IFRS.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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.

#### *Consolidation*

The financial statements incorporate the accounts of the Company and all its subsidiaries for the 52 weeks ended 1 July 2007. The results of subsidiaries acquired or disposed of during the 52 weeks are included in the Group profit and loss account from or up to the effective date of acquisition or disposal. All the Group's subsidiary undertakings are companies.

#### *Property, plant and equipment*

All property, plant and equipment is stated at cost or deemed cost less depreciation and any necessary provision for impairment. No impairment provisions exist at the balance sheet date as there were no indications of impairment. No impairment provisions have been made or reversed during the current and previous financial periods.

Under the transitional provisions of IFRS 1, land and buildings which were previously stated at cost or valuation under UK GAAP are stated at deemed cost being their UK GAAP carrying values as at 4 July 2004.

Depreciation and amortisation are provided in equal instalments to write off property, plant and equipment to their estimated residual value over their expected useful economic lives. The principal expected useful economic lives are:

Freehold land	Not depreciated
Core elements of freehold and long leasehold land and buildings	Up to 100 years
Integral plant and non-core elements of buildings	15 to 30 years
Short leasehold property	Remaining life of the lease
Plant and equipment	5 to 15 years

## **Notes (continued)**

### **1. Accounting Policies (continued)**

#### ***Leased assets***

Rentals payable under operating leases are charged to the Income Statement on a straight line basis over the life of the operating lease

#### ***Inventories***

Inventories comprise food and beverages for resale and are stated at the lower of cost and net realisable value after making due allowance for any obsolete or slow moving items. Inventories totalling £7,629,000 (2006 £6,770,000) were recognised as expenses during the period

#### ***Cash and cash equivalents***

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows

#### ***Taxation***

Taxation comprises corporation tax and deferred tax and is recognised solely in the Income Statement

Corporation tax is the expected tax payable or recoverable on the taxable income for the period together with any adjustments to tax payable in respect of previous periods

Deferred taxation is provided using the balance sheet liability method providing for differences between the carrying amounts of assets and liabilities and their equivalent amounts used for tax purposes. The deferred tax provision is calculated using tax rates in force at the balance sheet date

#### ***Revenue***

Revenue comprises income from the ownership, management and operation of hotels, excluding VAT, and is recognised as the related services are provided

#### ***Employee benefits***

The net obligations in respect of the defined benefit pension schemes is calculated for each scheme by comparing the fair value of its assets with the estimated amount of future benefit that employees have earned. That benefit is discounted to present value at the balance sheet by reference to AA rated corporate bonds. All actuarial gains and losses at 4 July 2004, the date of transition to IFRS, were recognised. Subsequent actuarial gains and losses are accumulated within the balance sheet provision and transferred to the Income Statement when appropriate using the corridor method under IFRS

Contributions payable to defined contribution pension schemes are charged to Income Statement as they accrue

## **Notes (continued)**

### **1. Accounting Policies (continued)**

#### ***Provisions***

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

#### ***Segmental reporting***

Substantially all of the operations of the Group occur in the United Kingdom and are regarded as a single business segment.

#### ***Intra-group financial instruments***

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

## Notes (continued)

### 2 Operating (loss) / profit

The Group's operating (loss) / profit is stated after charging / (crediting)

	52 weeks ended 1 July 2007 £'000	52 weeks ended 2 July 2006 £'000
<i>Trading items</i>		
Amounts payable to auditors		
Audit of these financial statements	10	10
Audit of financial statements of subsidiaries	104	59
Other services related to taxation	58	52
Pension scheme audit	8	8
Other services	25	5
Depreciation and other amounts written off tangible fixed assets	16,712	14,871
Equipment rentals payable under operating leases	1,467	1,991
Property rentals payable under operating leases	37,209	33,148
<i>Exceptional items disclosed separately due to their size or incidence</i>		
Reorganisation costs	1,177	4,657
Impairment of IT System	3,136	-
Profit on disposal of business	(786)	-
Loss on disposal of property, plant and equipment	720	4,458
Impairment of trade receivables	-	4,000

All fees payable to the auditors were incurred by the Company

The loss on disposal of property, plant and equipment of £720,000 relates to central assets disposed during the year (2006 £4,458,000)

During the period, the Group disposed of its business relating to Highlife Value Breaks Ltd for a gross consideration of £1,000,000. After writing off assets associated with the business and transaction fees, the net profit on disposal was £786,000. The business did not meet the definition of a discontinued operation.

### 3 Employee information

	Group 52 weeks ended 1 July 2007 £'000	52 weeks ended 2 July 2006 £'000
Employee costs during the period		
Agency wages	13,152	12,896
Employee wages and salaries	39,572	34,425
Employer's social security costs	3,759	3,350
Employer's pension costs	322	841
	<b>56,805</b>	<b>51,515</b>

## Notes (continued)

### 3 Employee Information (Continued)

	<b>Group and Company</b>	
	<b>52 weeks ended</b>	<b>52 weeks ended</b>
	<b>1 July 2007</b>	<b>2 July 2006</b>
	<b>Number</b>	<b>Number</b>
Average monthly staff employed		
Hotel operating staff	1,654	1,475
Management, administration and support staff	367	430
	<u>2,021</u>	<u>1,905</u>

### 4 Remuneration of directors

	<b>Group and Company</b>	
	<b>52 weeks ended</b>	<b>52 weeks ended</b>
	<b>1 July 2007</b>	<b>2 July 2006</b>
	<b>£'000</b>	<b>£'000</b>
<i>Aggregate Emoluments</i>		
Salaries and benefits	389	215
Compensation for loss of office	-	170
Defined benefit pension contributions	-	12
	<u>389</u>	<u>397</u>
<i>Highest paid director</i>		
Salaries and benefits	379	84
Compensation for loss of office	-	170
Defined benefit pension contributions	-	-
	<u>379</u>	<u>254</u>

The number of directors receiving contributions to defined benefit pension schemes was nil (2006 1). No director held or exercised any options over the Company's shares during either financial period. The board of directors of the Company have authority and responsibility for planning, directing and controlling the activities of the Group and therefore represent the Key Management Personnel as defined by IAS 24.

### 5 Interest receivable and similar income

	<b>Group</b>	
	<b>52 weeks ended</b>	<b>52 weeks ended</b>
	<b>1 July 2007</b>	<b>2 July 2006</b>
	<b>£'000</b>	<b>£'000</b>
Bank interest receivable	702	505
Expected return on pension schemes' assets	2,977	2,512
	<u>3,679</u>	<u>3,017</u>



## Notes (continued)

### 6 Interest payable and similar charges

	Group	
	52 weeks ended 1 July 2007 £'000	52 weeks ended 2 July 2006 £'000
Bank overdrafts	71	54
Debenture stock interest	22,585	22,637
Interest on pension schemes' liabilities	2,901	2,507
	<u>25,557</u>	<u>25,198</u>

### 7 Taxation

#### Recognised in the Income Statement

	Group	
	52 weeks ended 1 July 2007 £'000	52 weeks ended 2 July 2006 £'000
UK Corporation tax at 30%		
Current period charge	-	(3,722)
Adjustments in respect of previous years	-	(3,722)
Deferred taxation		
Current period credit	(4,899)	(3,951)
Adjustments in respect of previous years	(910)	(4,075)
Total taxation credit	<u>(5,809)</u>	<u>(11,748)</u>

#### Reconciliation of effective tax rate

	52 weeks ended 1 July 2007		52 weeks ended 2 July 2006	
	%	£'000	%	£'000
Profit / (Loss) before taxation	100%	7,004	100.0%	(30,744)
Expected taxation charge / (credit) at 30%	30.0%	2,101	30.0%	(9,223)
Items not subject to tax or deductible for tax purposes	(5.72%)	402	(7.7%)	2,353
Group relief receivable for nil consideration	(23.6%)	(1,657)	-	-
Unrelieved losses	-	-	(9.5%)	2,919
Change in future tax rates from 30% to 28%	-	(5,745)	-	-
Adjustments in respect of previous years	(95.0%)	(910)	25.4%	(7,797)
Actual taxation credit	<u>(82.9%)</u>	<u>(5,809)</u>	<u>38.2%</u>	<u>(11,748)</u>

It was announced in the 2007 Budget that the UK Corporation tax rate will change from 30% to 28% from 1 April 2008. The 2007 Finance Act Bill was passed on 26th June 2007 enacting this change, therefore deferred tax has been provided at 28% as compared to 30% historically.

## Notes (continued)

### 8 Dividends paid

<i>Group and Company</i>	<b>52 weeks ended 1 July 2007 £'000</b>	<b>52 weeks ended 2 July 2006 £'000</b>
Interim paid	-	-

The directors are not proposing the payment of a final dividend in respect of the 52 weeks ended 1 July 2007

### 9 Property, Plant and Equipment

#### *52 Weeks ended 1 July 2007*

	<b>Group</b>			<b>Company</b>
	<b>Land and buildings</b>	<b>Fit out costs, plant and equipment</b>	<b>Total</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>				
At the beginning of the financial period	680,352	214,570	894,922	102
Additions	1,752	8,965	10,717	-
Disposals	(1,210)	(6,128)	(7,338)	(23)
At the end of the financial period	680,894	217,407	898,301	79
<b>Depreciation</b>				
At the beginning of the financial period	13,917	148,069	161,986	102
Charge for the financial period	1,515	18,333	19,848	-
Disposals	(745)	(5,651)	(6,396)	(23)
At the end of the financial period	14,687	160,751	175,438	79
<b>Net book value</b>				
At 1 July 2007	666,207	56,656	722,863	-

## Notes (continued)

### 9 Property, Plant and Equipment (continued)

52 Weeks ended 2 July 2006

	Group			Company
	Land and buildings	Fit out costs, plant and equipment	Total	Total
	£'000	£'000	£'000	£'000
<i>Cost</i>				
At the beginning of the financial period	677,992	211,757	889,749	139
Additions	2,360	7,988	10,348	-
Disposals	-	(5,175)	(5,175)	(37)
At the end of the financial period	680,352	214,570	894,922	102
<i>Depreciation</i>				
At the beginning of the financial period	13,011	134,928	147,939	129
Charge for the financial period	906	13,965	14,871	7
Disposals	-	(824)	(824)	(34)
At the end of the financial period	13,917	148,069	161,986	102
<i>Net book value</i>				
At 2 July 2006	666,435	66,501	732,936	-

The Company's tangible fixed assets comprise motor vehicles

The net book value of land and buildings comprises

Group	1 July 2007 £'000	2 July 2006 £'000
Freehold	239,500	239,970
Long leasehold	411,499	412,403
Short leasehold	15,208	14,062
	<b>666,207</b>	<b>666,435</b>

Three (2006 three) properties with aggregate carrying values of £376,556,000 (2006 £380,690,000) have been charged as security for the Group's debenture borrowing facilities. One (2006 one) property with a carrying value of £163,414,000 (2006 £165,200,000) has been charged as security for the Group's other borrowing facilities. Two (2006 two) properties with aggregate carrying values of £128,800,000 (2006 £130,873,000) have been charged as security for the borrowings of the parent company BIL International Limited.

## Notes (continued)

### 10 Investments in subsidiaries

#### Shares in subsidiary undertakings

	Group		Company	
	52 weeks ended 1 July 2007 £'000	52 weeks ended 2 July 2006 £'000	52 weeks ended 1 July 2007 £'000	52 weeks ended 2 July 2006 £'000
At the beginning of the financial period	-	-	18,366	18,366
Impairment	-	-	(17,851)	-
At the end of the financial period	-	-	515	18,366

The carrying value of investment has been impaired to reflect the retained losses in certain subsidiaries

The principal subsidiary companies at 1 July 2007 were as follows

The Cumberland Guoman Limited	Thistle Euston Tenant Limited	Thistle Marble Arch Limited
The Tower Guoman Limited	Thistle Heathrow Limited	Thistle Piccadilly Tenant Limited
Thistle Barbican Tenant Limited	Thistle Horseguards Limited	Thistle Trafalgar Limited
Thistle Bloomsbury Park Tenant Limited	Thistle Hotels & Restaurants Limited	Thistle Victoria Limited
Thistle Charing Cross Limited	Guoman Hotel Management Limited	Thistle Westminster Limited
Thistle Edinburgh Tenant Limited	Thistle Hyde Park Tenant Limited	
	Thistle Kensington Gardens Limited	

The Company owns 100% of the share capital of all the above subsidiaries with the exception of Thistle Victoria Limited which is 100% owned by a subsidiary undertaking. All the above subsidiaries operate in Great Britain and are registered in England other than Guoman Hotel Management Limited which is registered in Scotland.

The principal activity of Highlife Value Breaks Limited was, until the sale of its business in December 2006, the operation of tours and leisure breaks. The principal activity of Guoman Hotel Management Limited is the provision of hotel management contract services. The principal activity of the remaining companies is the ownership and operation of hotels.

### 11 Trade and other receivables

	Group		Company	
	1 July 2007 £'000	2 July 2006 £'000	1 July 2007 £'000	2 July 2006 £'000
<b>Non-current assets</b>				
Amounts owed by group undertakings	-	-	797,416	791,619
<b>Current assets</b>				
Trade debtors	16,942	17,846	-	39
Amounts owed by group undertakings	310	1,244	310	1,244
Other debtors	3,146	10,759	109	11,899
Prepayments and accrued income	15,175	10,264	480	323
	35,573	40,113	899	13,505

Amounts owed by subsidiary companies are repayable on reasonable notice but are treated as non-current on the basis that repayment is not expected within 12 months of the balance sheet date.

Group trade debtors are stated net of impairment provision of £360,000 (2006 £4,130,000)

## Notes (continued)

### 12 Trade and other payables

	Group		Company	
	1 July 2007 £'000	2 July 2006 £'000	1 July 2007 £'000	2 July 2006 £'000
<b>Current liabilities</b>				
Trade creditors	15,908	22,531	269	5,479
Other taxation and social security	5,014	2,772	697	462
Other creditors	3,570	8,721	1,193	3,554
Accruals and deferred income	13,518	8,525	12,539	10,984
	<u>38,010</u>	<u>42,549</u>	<u>14,698</u>	<u>20,479</u>
<b>Non-current liabilities</b>				
Amounts owed to group undertakings	-	-	1,835	17,180
Accruals and deferred income	-	-	2,880	9,174
	<u>-</u>	<u>-</u>	<u>4,715</u>	<u>26,354</u>

The non-current deferred income for the Company of £2,880,000 (2006 £9,174,000) arose from the granting of licences for the use of intellectual property and will be released to the Company's profit and loss account within five years

### 13 Borrowings

	Group		Company	
	1 July 2007 £'000	2 July 2006 £'000	1 July 2007 £'000	2 July 2006 £'000
10 75% fixed rate debenture stock - repayable 2014	167,825	167,825	167,825	167,825
7 875% fixed rate debenture stock - repayable 2022	57,655	57,637	57,655	57,637
	<u>225,480</u>	<u>225,462</u>	<u>225,480</u>	<u>225,462</u>

The debenture stock is secured by fixed charges over hotel properties as disclosed in Note 9

## Notes (continued)

### 14 Deferred tax

The movements in deferred tax assets and liabilities were as follows

Group	3 July 2005	Income Statement charge / (credit) £'000	2 July 2006	Income Statement charge / (credit) £'000	1 July 2007
	£'000	£'000	£'000	£'000	£'000
<b>Assets</b>					
Employee benefits	(3,658)	410	(3,248)	926	(2,322)
Other	-	(364)	(364)	364	-
	<u>(3,658)</u>	<u>46</u>	<u>(3,612)</u>	<u>1,290</u>	<u>(2,322)</u>
<b>Liabilities</b>					
Property assets	95,540	(5,694)	89,846	(7,099)	82,747
Other	2,378	(2,378)	-	-	-
	<u>97,918</u>	<u>(8,072)</u>	<u>89,846</u>	<u>(7,099)</u>	<u>82,747</u>
<b>Total</b>	<u>94,260</u>	<u>(8,026)</u>	<u>86,234</u>	<u>(5,809)</u>	<u>80,425</u>

  

Company	3 July 2005	Income Statement charge / (credit) £'000	2 July 2006	Income Statement charge / (credit) £'000	1 July 2007
	£'000	£'000	£'000	£'000	£'000
<b>Assets</b>					
Employee benefits	(3,658)	410	(3,248)	926	(2,322)
Other	(13)	(351)	(364)	(176)	(540)
	<u>(3,671)</u>	<u>59</u>	<u>(3,612)</u>	<u>750</u>	<u>(2,862)</u>
<b>Liabilities</b>					
Property assets	-	124	124	(124)	-
	<u>-</u>	<u>124</u>	<u>124</u>	<u>(124)</u>	<u>-</u>
<b>Total</b>	<u>(3,671)</u>	<u>183</u>	<u>(3,488)</u>	<u>626</u>	<u>(2,862)</u>

Deferred tax assets and liabilities are offset when there is a right to set off, current tax assets and liabilities which relate to the same taxation jurisdiction. Deferred tax assets are recognised on the basis that they will be absorbed by forecast future taxable profits.

## Notes (continued)

### 15 Retirement Benefit Obligations

#### Defined benefit pension schemes

The Group operates two Schemes covering 115 (2006 138) employees. The Schemes, both of which are closed to new members, are of the funded defined benefit type and their assets are held in separate funds administered by Trustees.

The amounts recognised in the balance sheet have been determined by a qualified independent actuary by updating the latest full actuarial assessments of the schemes as at 1 May 2005 to 1 July 2007 and comprise

Group and Company	1 July 2007 £'000	2 July 2006 £'000	3 July 2005 £'000
Fair value of Schemes' investment assets	48,935	43,030	37,295
Present value of funded obligations	(56,905)	(56,036)	(50,200)
Unrecognised net actuarial losses	(323)	2,181	712
Net deficit in Schemes	<u>(8,293)</u>	<u>(10,825)</u>	<u>(12,193)</u>

The principle assumptions used by the actuary in deriving the above net liabilities were as follows

	1 July 2007	2 July 2006
Rate of increase in pensionable salaries	3.70%	3.50%
Rate of increase in pensions in payment and deferred pensions	3.20%	3.00%
Discount rate	5.50%	5.20%
Inflation rate	3.20%	3.00%
Expected return on the Schemes' assets		
Equities	7.80%	7.60%
Bonds	5.50%	5.20%
Cash	5.50%	5.00%

The expected return on the Schemes' assets is based on market expectations at the beginning of the period for returns over the entire life of the benefit obligation. The actual returns on the Schemes' assets for the period were £3,900,000 (2006 £5,170,000).

The Schemes' investment assets comprised

Group and Company	1 July 2007 %	2 July 2006 %	1 July 2007 £'000	2 July 2006 £'000
Equities	50.9	71.6	24,887	30,826
UK bonds	46.6	27.9	22,842	12,003
Cash balances	2.5	0.5	1,206	201
	<u>100.0</u>	<u>100.0</u>	<u>48,935</u>	<u>43,030</u>

No amounts are included in the Schemes' assets in respect of the shares of the Company or its ultimate parent company.

## Notes (continued)

### 15 Retirement Benefit Obligations (Continued)

Changes in the fair value of the Schemes' assets were as follows

<i>Group and Company</i>	<b>52 weeks ended 1 July 2007 £'000</b>	<b>52 weeks ended 2 July 2006 £'000</b>
Fair value of the Schemes' assets at the start of the financial period	43,030	37,295
Expected return on the Schemes' assets	2,977	2,512
Contributions received	2,898	1,932
Benefits paid	(865)	(1,367)
Actuarial gains	895	2,658
Fair value of the Schemes' assets at the end of the financial period	<u>48,935</u>	<u>43,030</u>

The contributions payable to the Schemes during the year ending 1 July 2008 are expected to be approximately £2.9 million

Changes in the present value of the Schemes' funded obligations were as follows

<i>Group and Company</i>	<b>52 weeks ended 1 July 2007 £'000</b>	<b>52 weeks ended 2 July 2006 £'000</b>
Present value of the Schemes' obligations at the start of the financial period	56,036	50,200
Current service cost	394	569
Interest cost	2,901	2,507
Benefits paid	(865)	(1,367)
Contributions from Scheme members	48	-
Actuarial losses	(1,609)	4,127
Present value of the Schemes' obligations at the end of the financial period	<u>56,905</u>	<u>56,036</u>

The history of the actuarial gains and losses for the Schemes has been as follows

	<b>1 July 2007 £'000</b>	<b>2 July 2006 £'000</b>	<b>3 July 2005 £'000</b>
Actuarial gains on the Schemes' assets	895	2,658	2,863
Percentage of the Schemes' assets	1.8%	6.2%	7.7%
Actuarial gains / (losses) on the Scheme's funded obligations	(1,609)	4,127	3,575
Percentage of the Schemes' funded obligations	2.8%	7.4%	7.1%



## Notes (continued)

### 15 Retirement Benefit Obligations (Continued)

The total expense recognised in the Income Statement in respect of the Schemes is as follows

	52 weeks ended 1 July 2007 £'000	52 weeks ended 2 July 2006 £'000
Current service cost		
Charged to Cost of Sales	255	397
Charged to Administrative Expenses	139	172
	<u>394</u>	<u>569</u>
Expected return on the Schemes' assets	(2,977)	(2,512)
Interest payable on the Schemes' funded obligations	2,901	2,507
	<u>2,901</u>	<u>2,507</u>
Net cost of defined benefit Schemes	<u>318</u>	<u>564</u>

In making the above disclosures the Company has applied the amendments to IAS 19 issued in December 2004. The Company has only disclosed the history of actuarial gains and losses since 4 July 2004 as permitted by paragraph 160 of IAS 19 (as amended).

#### *Defined contribution pension schemes*

The Group operates defined contribution pension schemes for certain employees. Costs for the financial period amounted to £230,000 (2006 £242,000).

### 16 Provisions

	Group 1 July 2007 £'000	2 July 2006 £'000	Company 1 July 2007 £'000	2 July 2006 £'000
Onerous lease provisions	1,268	2,500	1,268	2,500
Restructuring costs	644	2,383	644	2,383
	<u>1,912</u>	<u>4,833</u>	<u>1,912</u>	<u>4,833</u>

## Notes (continued)

### 16 Provisions (Continued)

#### *Onerous lease provisions*

	Group		Company	
	52 weeks ended 1 July 2007 £'000	52 weeks ended 2 July 2006 £'000	52 weeks ended 1 July 2007 £'000	52 weeks ended 2 July 2006 £'000
At the beginning of the financial period	2,500	626	2,500	626
Utilised	(919)	(400)	(919)	(400)
Charged / (released) to Income Statement	(313)	2,274	(313)	2,274
At the end of the financial period	<u>1,268</u>	<u>2,500</u>	<u>1,268</u>	<u>2,500</u>

The timing of expenditure in respect of onerous lease provisions is uncertain as it is dependent on the outcome of commercial negotiations

#### *Restructuring costs*

	Group		Company	
	52 weeks ended 1 July 2007 £'000	52 weeks ended 2 July 2006 £'000	52 weeks ended 1 July 2007 £'000	52 weeks ended 2 July 2006 £'000
At the beginning of the financial period	2,383	-	2,383	-
Utilised	(3,229)	-	(3,229)	-
Charged to Income Statement	1,490	2,383	1,490	2,383
At the end of the financial period	<u>644</u>	<u>2,383</u>	<u>644</u>	<u>2,383</u>

The majority of restructuring costs are expected to be incurred within one year of the balance sheet date

### 17 Financial instruments

#### *Financial risk management policies and objectives*

Exposure to credit, interest rate and currency risk arises in the normal course of the Group's business. The Group manages financial risk within its general risk management philosophy and framework.

Throughout both financial periods the Group's policy has been that trading in financial instruments is not undertaken.

#### *Credit Risk*

For financial assets arising from ordinary operations the Group has credit policies in place and the exposure to credit risk is monitored on an ongoing basis. Investments of surplus cash balances are allowed only in liquid short term instruments with investment counterparties approved by the Board.

The maximum exposure to credit risk is represented by the carrying value of each financial asset in the balance sheet and the related risk for trade debtors is spread over many customers.

## Notes (continued)

### 17 Financial Instruments (Continued)

#### Interest rate risk

The Group's debt comprises fixed rate debenture stocks. The Group uses interest rate swaps to manage interest rates wherever there is a perceived foreseeable long term cash benefit available. No swaps were used during either period.

#### Currency risk

The Group's net monetary assets and liabilities are denominated in sterling and therefore are not subject to currency risk.

#### Financial assets

The Group's financial assets as at 1 July 2007 comprised non interest bearing cash balances £11,169,000 (2006 £216,000). There was no difference between the carrying value and the fair value of financial assets at 1 July 2007 (2006 no difference).

#### Financial liabilities

The Group's financial liabilities as at 1 July 2007 comprised bank overdrafts of £nil (2006 £555,000) and fixed rate debenture stock of £225,480,000 (2006 £225,462,000) as shown in Note 13 above.

The fair value of the debenture stock financial liabilities at 1 July 2007 was £266,634,000 (2006 £271,730,000). Fair values are estimated using redemption yields for quoted corporate bonds with similar characteristics and redemption dates. For all other financial liabilities there was no difference between the carrying value and the fair value at 1 July 2007 (2006 no difference).

### 18 Ordinary shares

#### Group and Company

	Number of shares		Nominal Value	
	52 weeks ended 1 July 2007	52 weeks ended 2 July 2006	52 weeks ended 1 July 2007	52 weeks ended 2 July 2006
	'000	'000	£'000	£'000
Ordinary shares of 25 <sup>13</sup> / <sub>20</sub> pence each				
Authorised				
At the beginning and the end of the financial period	584,795	584,795	150,000	150,000
Issued and fully paid				
At the beginning and the end of the financial period	310,545	310,545	79,655	79,655

## Notes (continued)

### 19 Related party transactions

#### Group

Management fees of £347,000 (2006 £144,000) are payable to GIMC Limited, a company controlled by Tan Sri Quek Leng Chan. The amount accrued but unpaid at the year end amounted to £13,000 (2006 £nil).

#### Company

Management fees of £347,000 (2006 £144,000) are payable to GIMC Limited, a company controlled by Tan Sri Quek Leng Chan. The amount accrued but unpaid at the year end amounted to £13,000 (2006 £nil).

The Company operates a central treasury function to which subsidiaries transfer their cash receipts and which settles all the subsidiaries' trading liabilities. It is not practicable to quantify the gross amounts of these transactions. The net movements from these transactions are accumulated in the amounts owed to or from Group companies shown in Notes 11 and 12.

In addition, the Company had the following transactions with its subsidiary companies:

	52 weeks ended 1 July 2007 £'000	52 weeks ended 2 July 2006 £'000
Income from recharges of operating expenses	12,825	6,268
Interest income on group balances	45,064	40,826
Operating expenses recharged to the Company	(2,931)	(2,483)
	<u>11,958</u>	<u>44,611</u>

### 20 Analysis of cash and cash equivalents

	Group 1 July 2007 £'000	2 July 2006 £'000	Company 1 July 2007 £'000	2 July 2006 £'000
Cash at bank and in hand	11,169	216	6,784	500
Bank overdrafts	-	(555)	-	(4,526)
	<u>11,169</u>	<u>(339)</u>	<u>6,784</u>	<u>(4,026)</u>

## Notes (continued)

### 21 Financial Commitments

The total amounts payable over the remainder of the life of non-cancellable operating leases is as follows

Group	1 July 2007		2 July 2006	
	Property £'000	Plant and Equipment £'000	Property £'000	Plant and Equipment £'000
Payments which fall due				
Within one year	37,935	1,240	36,885	1,687
In the second to fifth years inclusive	146,839	1,017	148,441	1,383
After five years	875,712	-	912,048	-
Total payable over the life of the leases	<u>1,060,489</u>	<u>2,257</u>	<u>1,097,374</u>	<u>3,070</u>

#### Capital expenditure commitments

	Group		Company	
	1 July 2007 £'000	2 July 2006 £'000	1 July 2007 £'000	2 July 2006 £'000
Contracted for but not provided in the accounts	<u>2,314</u>	<u>2,052</u>	<u>-</u>	<u>-</u>

### 22 Contingent liabilities

The Group has given a guarantee to the owner of 28 hotel businesses sold during 2002 over the aggregate Earnings before Interest, Tax, Depreciation and Amortisation ('EBITDA') of the businesses until 4 April 2012. In respect of the calendar year 2006 and subsequent years (or pro rata period) until 4 April 2012 the Group has guaranteed that EBITDA will not be less than £32.7 million per calendar year. The maximum liability in any one year under the guarantee is £32.7 million and the maximum aggregate liability under the guarantee is £65.4 million. The total contingent liability at 1 July 2007 was £64.7 million.

Guoman Hotels Limited is party to cross guarantee and set-off arrangements with subsidiary companies in respect of bank overdraft facilities. The maximum potential liability is £5,000,000 (2006 £5,000,000). At 1 July 2007 the potential liability under these arrangements was £nil (2006 £nil).

## **Notes (continued)**

### **23 Parent and ultimate parent undertakings and controlling parties**

The immediate parent undertaking is BIL (UK) Limited, a company registered in England. Copies of the financial statements of BIL (UK) Limited, which consolidate the results of the Group, are available from Companies House, Cardiff.

BIL (UK) Limited is a wholly owned subsidiary of BIL International Limited, a company registered in Bermuda and listed on the Singapore Stock Exchange. Copies of the accounts of BIL International Limited can be obtained from its website [www.bilgroup.com](http://www.bilgroup.com) or from its offices at 20 Collyer Quay, #16-02/03 Tung Centre, Singapore.

BIL International Limited is both controlled and its financial results consolidated by Guoco Group Limited, a company registered in Hong Kong and listed on the Hong Kong Stock Exchange. Copies of the accounts of Guoco Group Limited are available from its website [www.guoco.com](http://www.guoco.com). The directors of Guoco Group Limited consider its ultimate controlling party to be Hong Leong Company (Malaysia) Berhad, a private company registered in Malaysia. The financial statements of Hong Leong Company (Malaysia) Berhad are not available to the public.