

Guoman Hotels Limited

Directors' report and financial statements

Registered number 262958

30 June 2012



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Directors' report

The directors present their directors' report and financial statements for the 52 weeks ended 30 June 2012

Company status and principal activities

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

Business review and key performance indicators

The results for the 52 weeks ended 30 June 2012 showed an improvement in revenue, but an increase in costs. The group made a profit on disposal of the principal property plant and equipment of two of its hotels of £46.1 million. Further details of this transaction are shown in note 2. These events combined to give an improvement in profit before tax to £39,404,000 (2011 £8,525,000).

On 11 July 2011, the company passed a resolution to declare £172,364,000 of share premium as cancelled.

The Key Performance Indicators used to measure trading performance of the hotel are occupancy percentage, average room rate (ARR) and revenue per available room (RevPAR). Both occupancy and ARR improved slightly during the year. These combined to give an increase in RevPAR.

Percentage movement on prior year	30 June 2012	03 July 2011
Occupancy	1.90	(2.20)
Average room rate	1.00	15.70
Revenue per available room (RevPAR)	3.00	13.10

Result for year

Return on shareholders' funds (%)	12.20	3.70
Gross operating profit percentage	11.50	19.70

The financial period to 30 June 2013 is expected to show improvements in both revenue and profitability and the directors remain confident about the long term prospects for the Company.

Principal risks and uncertainties

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

Result and dividends

The results for the 52 weeks ended 30 June 2012 are set out in the Statement of Comprehensive Income on page 6. £60 million interim dividends were paid during the financial period (2011: £Nil). The directors do not recommend the payment of a final dividend (2011: £Nil).

Employee matters

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

The Company 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 Company's policy wherever practicable to provide continuing employment under similar terms and conditions and to provide training, career development and promotion wherever appropriate.

Directors and directors' interests

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

Tan Sri Quek Leng Chan

Kwek Leng Hai

Timothy Scoble Resigned 30 April 2012

Andy Hughes

Premod Paul Thomas Appointed 01 May 2012

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, Kwek Leng Hai, and Timothy Scoble, for the period of his office, are directors of the ultimate parent company, GuocoLeisure Limited, and their interests in its shares and share options are disclosed in that company's accounts

Timothy Scoble had been granted conditional options in respect of GuocoLeisure shares. The options required the employee to be in continued employment to enable the option to be exercised, and lapsed on his resignation

The directors benefited from qualifying third party indemnity provisions in place during the financial period and at the date of this report

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office

Going concern

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements

By order of the board



Andy Hughes

Director

Registered Office
Stephenson House
75 Hampstead Road
London
United Kingdom
NW1 2PL

02 November 2012

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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 law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. 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 judgements 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 adequate accounting records that are sufficient to show and explain the parent company's transactions and 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 2006. They have 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Independent auditor's report to the members of Guoman Hotels Limited

We have audited the financial statements of Guoman Hotels Limited for the 52 weeks ended 30 June 2012 set out on pages 6 to 39. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2012 and of the group's profit for the year then ended,
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU,
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Guoman Hotels Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Chris Hearld (Senior Statutory Auditor)

For and on behalf of

KPMG LLP
Statutory Auditor

Chartered Accountants
1 The Embankment
Leeds
West Yorkshire
LS1 4DW

02 November 2012

**Consolidated statement of comprehensive income
 for the 52 weeks ended 30 June 2012**

	<i>Note</i>	52 Weeks Ended 30 June 2012 £000's	53 Weeks Ended 03 July 2011 £000's
Revenue	1	225,708	224,608
Financial income	4	4,468	3,897
Profit on disposal of property, plant and equipment	2	46,114	-
Depreciation	2	(10,546)	(12,204)
Management fees & brand licence	22	(23,591)	(24,111)
Property rent	2	(55,961)	(41,678)
Employee benefits expense	3	(49,087)	(46,023)
Finance costs	5	(26,516)	(27,383)
Other costs		(71,185)	(68,581)
Profit before tax		<u>39,404</u>	<u>8,525</u>
Taxation	6	15,449	7,664
Profit for the year		<u>54,853</u>	<u>16,189</u>
Attributable to			
Equity holders of the parent		55,285	16,698
Non controlling interest		(432)	(509)
		<u>54,853</u>	<u>16,189</u>
Other comprehensive income			
Actuarial (losses) / gains on defined benefit pension plans		(7,090)	3,448
Deferred tax on other comprehensive income		22	(896)
Total comprehensive income for the year		<u>47,785</u>	<u>18,741</u>
Attributable to			
Equity holders of the parent		48,217	19,250
Non controlling interest		(432)	(509)
		<u>47,785</u>	<u>18,741</u>


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 statement of comprehensive income above

Statements of Financial Position at 30 June 2012

		30 June 2012 £000's	Group 03 July 2011 £000's	30 June 2012 £000's	Company 03 July 2011 £000's
ASSETS					
Non-current assets					
Property, plant and equipment	7	605,434	733,064	-	-
Investment in subsidiaries	8	-	-	469,395	469,395
Trade and other receivables	10	-	-	209,912	258,653
Deferred tax	13	-	-	-	649
Total non current assets		<u>605,434</u>	<u>733,064</u>	<u>679,307</u>	<u>728,697</u>
Current assets					
Inventories	9	474	489	-	-
Trade and other receivables	10	159,564	45,486	125,023	10,466
Cash and cash equivalents		-	3,140	-	4
Total current assets		<u>160,038</u>	<u>49,115</u>	<u>125,023</u>	<u>10,470</u>
Total assets		<u>765,472</u>	<u>782,179</u>	<u>804,330</u>	<u>739,167</u>
EQUITY AND LIABILITIES					
Shareholders' Equity					
Ordinary shares	16	79,655	79,655	79,655	79,655
Share premium	17	-	172,364	-	172,364
Employee compensation reserve	18	(5,000)	(5,000)	(5,000)	(5,000)
Retained earnings	19	<u>368,633</u>	<u>208,082</u>	<u>463,794</u>	<u>236,472</u>
		443,288	455,101	538,449	483,491
Non controlling interest		<u>(941)</u>	<u>(509)</u>	<u>-</u>	<u>-</u>
Total equity		<u>442,347</u>	<u>454,592</u>	<u>538,449</u>	<u>483,491</u>
Non-current liabilities					
Borrowings	12	193,088	218,764	193,088	218,764
Deferred tax	13	21,992	37,205	-	-
Retirement benefit obligations	20	6,639	2,621	6,639	2,621
Provisions	14	-	317	-	317
Total non current liabilities		<u>221,719</u>	<u>258,907</u>	<u>199,727</u>	<u>221,702</u>
Current liabilities					
Bank overdrafts		301	-	3,624	-
Trade and other payables	11	101,105	68,680	62,530	33,974
Total current liabilities		<u>101,406</u>	<u>68,680</u>	<u>66,154</u>	<u>33,974</u>
Total liabilities		<u>323,125</u>	<u>327,587</u>	<u>265,881</u>	<u>255,676</u>
Total equity and liabilities		<u>765,472</u>	<u>782,179</u>	<u>804,330</u>	<u>739,167</u>

These financial statements were approved by the board of directors on 02 November 2012 and were signed on its behalf by


Andy Hughes
Director

**Statement of Changes in Equity
Consolidated
for the 52 weeks ended 30 June 2012**

	Ordinary Shares	Share Premium	Employee Comp'n Reserve	Retained Earnings	Non - Controlling Interest	Total
	£000's	£000's	£000's	£000's	£000's	£000's
At 27 June 2010	79,655	172,364	(5,000)	188,664	-	435,683
Profit attributable to equity holders of the parent	-	-	-	16,698	(509)	16,189
Other comprehensive income	-	-	-	2,552	-	2,552
Share based payment	-	-	-	168	-	168
At 03 July 2011	79,655	172,364	(5,000)	208,082	(509)	454,592
Profit attributable to equity holders of the parent	-	-	-	55,285	(432)	54,853
Other comprehensive Income	-	-	-	(7,068)	-	(7,068)
Share based payment	-	-	-	(30)	-	(30)
Dividends paid to equity holders of the parent	-	-	-	(60,000)	-	(60,000)
Cancellation of share premium	-	(172,364)	-	172,364	-	-
At 30 June 2012	79,655	-	(5,000)	368,633	(941)	442,347

**Statement of Changes in Equity
Company
for the 52 weeks ended 30 June 2012**

	Ordinary Shares	Share Premium	Employee Comp'n Reserve	Retained Earnings	Total
	£000's	£000's	£000's	£000's	£000's
At 27 June 2010	79,655	172,364	(5,000)	162,738	409,757
Profit attributable to equity holders of the parent	-	-	-	71,014	71,014
Other comprehensive income	-	-	-	2,552	2,552
Share based payment	-	-	-	168	168
At 03 July 2011	79,655	172,364	(5,000)	236,472	483,491
Profit attributable to equity holders of the parent	-	-	-	122,056	122,056
Other comprehensive income	-	-	-	(7,068)	(7,068)
Share based payment	-	-	-	(30)	(30)
Dividends paid to equity holders of the parent	-	-	-	(60,000)	(60,000)
Cancellation of share premium	-	(172,364)	-	172,364	-
At 30 June 2012	79,655	-	(5,000)	463,794	538,449

On 11 July 2011, the company received £126.3m of dividends from its subsidiaries, and on the same day it paid £60m of interim dividends

On 11 July 2011, the company passed a resolution to declare £172,364,000 of share premium as cancelled. This has the effect of increasing retained earnings

Cashflow Statements for the 52 weeks ended 30 June 2012

	30 June 2012 £'000	Group 03 July 2011 £'000	30 June 2012 £'000	Company 03 July 2011 £'000
Cash flows from operating activities				
Profit for the financial period	54,853	16,189	122,056	71,014
Adjustments for				
Tax (credit) / charge	(15,449)	(7,664)	755	(1,962)
Share options (credit) / charge	(30)	168	(30)	168
Interest expense	26,516	27,383	25,992	27,073
Interest income	(4,468)	(3,897)	(24,712)	(29,118)
Depreciation	10,546	12,204	-	-
Payments to retirement benefit obligations	(2,638)	(2,380)	(2,638)	(2,380)
Profit on disposal of property, plant and equipment	(46,114)	-	-	-
Dividends received from subsidiaries			(126,300)	-
Impairment of investments in subsidiaries	-	-	-	(69,098)
Changes in working capital				
Decrease / (increase) in inventories	15	(138)	-	-
Decrease / (increase) in trade & other receivables	15,922	(5,753)	64,184	(6,086)
Increase in trade & other payables	19,040	10,632	14,874	5,598
Cash generated from / (used in) operations	58,193	46,744	74,181	(4,791)
Interest received	51	62	20,723	25,556
Interest paid	(23,167)	(23,010)	(23,116)	(22,972)
Tax paid	-	(132)	-	(132)
Net cash generated from operating activities	35,077	23,664	71,788	(2,339)
Cash flows from investing activities				
Purchase of property, plant and equipment	(26,802)	(26,177)	-	-
Disposal of property, plant and equipment	190,000	-	-	-
Net cash used in investing activities	163,198	(26,177)	-	-
Cash flows from financing activities				
Investment in subsidiaries	-	-	-	(1,000)
Dividends received from subsidiaries	-	-	126,300	-
Dividends paid to shareholders	(60,000)	-	(60,000)	-
Debenture stocks redeemed	(25,716)	(4,000)	(25,716)	(4,000)
New loan (to) / from group companies	(116,000)	5,000	(116,000)	5,000
Net cash (used in) / generated from financing activities	(201,716)	1,000	(75,416)	-
Net decrease in cash and cash equivalents	(3,441)	(1,513)	(3,628)	(2,339)
Cash and cash equivalent at the start of the period	3,140	4,653	4	2,343
Cash and cash equivalents at the end of the period	(301)	3,140	(3,624)	4

1 - Accounting policies

Guoman Hotels Limited ("the company") is a company incorporated and domiciled 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 and approved by the directors under the historical cost convention and in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU ("Adopted IFRSs").

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 financial statements have been prepared on the going concern basis which assumes that the company will be able to continue to trade for the foreseeable future. The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' report on pages 1 to 2. In addition, note 15 to the financial statements includes the group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk.

The group has considerable financial resources together with contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

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.

Both the parent company financial statements and the group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). On publishing the parent company financial statements here together with the group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual statement of comprehensive income and related notes that form a part of these approved financial statements.

Accounting reference date

The accounting period of the Group has, for previous years, ended on the Sunday falling between 26 June and 4 July. In order to better align the Group with its parent entity, the Group has decided that, for the current year, and going forwards, the accounting period will end on 30th June each year.

Adoption of new standards

In the current year, the following new standards have been adopted by the group:

Improvements to IFRS issued in May 2010

Amendments to IAS 24	State-controlled entities and the definition of a related party"
IFRIC 14	Prepayments of a Minimum Funding Requirement
IFRIC 19	Extinguishing financial liabilities with equity instruments
IFRIC 13	Customer Loyalty Programmes – Fair value of award credit
IFRS 7	Disclosures – Transfer of financial assets

The adoption of these interpretations has not led to any changes in the Group's accounting policies or presentation of the financial statements.

Notes (continued)

1 – Accounting Policies (continued)

Future changes to accounting standards

Phase I of IFRS 9 "Financial Instruments" was issued in November 2009 and has subsequently been updated and amended. The standard is effective for annual periods beginning on or after 1 January 2015 and has not yet been endorsed for use in the EU. The standard introduces changes to the classification and measurement of financial assets and the requirements relating to financial liabilities in relation to the presentation of changes in fair value due to credit risks and the removal of an exemption from measuring certain derivative liabilities at fair value. The Group is currently assessing the impact of the standard on its results, financial position and cash flows.

The Group has not adopted the following pronouncements, which have been issued by the IASB or the IFRIC. These pronouncements have not yet been endorsed for use in the EU. The Group does not currently believe the adoption of these pronouncements will have a material impact on the consolidated results, financial position or cash flows of the Group.

International Financial Reporting Standard	Effective for annual periods beginning after
Amendments to IAS 1, "Presentation of items of other comprehensive income",	1 July 2012
Amendment to IAS 12, "Deferred tax – recovery of underlying assets",	1 January 2012
Amendments to IAS 32, "Offsetting financial assets and financial liabilities",	1 January 2014
Amendments to IFRS 7, "Financial Instruments – Disclosure",	1 July 2011
"Improvements to IFRS 2009 – 2011 Cycle",	1 January 2013

The application of these standards and IFRIC interpretations are not anticipated to have a material effect on the Group's financial statements except for additional disclosure.

The Group has also not adopted the following pronouncements which are effective for annual periods beginning on or after 1 January 2013 and have not yet been endorsed for use in the EU. The Group has not completed its assessment of the impact of these pronouncements on the consolidated results, financial position or cash flows of the Group.

IFRS 10, "Consolidated Financial Statements", which replaces parts of IAS 27, "Consolidated and Separate Financial Statements" and all of SIC-12, "Consolidation – Special Purpose Entities", builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The remainder of IAS 27, "Separate Financial Statements", now contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates only when an entity prepares separate financial statements and is therefore not applicable in the Group's consolidated financial statements.

IFRS 11, "Joint Arrangements", which replaces IAS 31, "Interests in Joint Ventures" and SIC-13, "Jointly Controlled Entities – Non-monetary Contributions by Venturers", requires a single method, known as the equity method, to account for interests in jointly controlled entities which is consistent with the accounting treatment currently applied to investments in associates. IAS 28, "Investments in Associates and Joint Ventures", was amended as a consequence of the issuance of IFRS 11. In addition to prescribing the accounting for investment in associates, it now sets out the requirements for the application of the equity method when accounting for joint ventures. The application of the equity method has not changed as a result of this amendment.

IFRS 12, "Disclosure of Interest in Other Entities", is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The standard includes disclosure requirements for entities covered under IFRS 10 and IFRS 11.

IFRS 13, "Fair Value Measurement", provides guidance on how fair value should be applied where its use is already required or permitted by other standards within IFRS, including a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS.

Amendments to IAS 19, "Employee benefits", require a revised allocation of costs for defined benefit pension schemes between the income statement and other comprehensive income and prohibit the use of the "corridor approach" to spread the recognition of actuarial gains and losses, which is not used by the Group, and require a different measurement basis for asset returns. The amendments also include a revised definition of short- and long-term benefits to employees and revised criteria for the recognition of termination benefits.

Notes (continued)

1 – Accounting Policies (continued)

Consolidation

The financial statements incorporate the accounts of the Company and all its subsidiaries for the 52 weeks ended 30 June 2012. 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.

Apart from Grand Imperial Restaurant LLP, all the Group's subsidiary undertakings are wholly owned companies. The parent company financial statements present information about the company as a separate entity and not about its group.

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. Note 9 shows further details of the charge to the statement of comprehensive income.

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.

Freehold land is not depreciated. All other property, plant and equipment are depreciated to a residual value over their estimated useful lives. Residual value is reassessed annually.

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 (less than 50 years remaining)	Remaining life of the lease
Plant and equipment	5 to 15 years

Repairs and maintenance costs are expensed as incurred.

Leased assets

Operating lease payments

Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of comprehensive income as an integral part of the total lease expense.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Notes (continued)

1 – Accounting Policies (continued)

Classification of financial instruments issued by the Group

Following the adoption of IAS 32, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions

1 they include no contractual obligations upon the company (or group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company (or group), and

2 where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy

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

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method

Investments in debt and equity securities

Debentures are stated at amortised cost less impairment

Investments in subsidiaries are carried at cost less impairment in the parent company accounts

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 only of the cash flow statement

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses

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.

At Guoman Hotels Limited the board is regarded as the Chief Operating Decision Maker ('CODM'). The board considers that Guoman Hotels Limited has one reportable segment. The turnover, operating profit and net assets are all attributable to the one class of business.

Impairment excluding inventories and deferred tax assets

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment, a financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of the Group's investments in held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Notes (continued)

1 – Accounting Policies (continued)

Reversals of impairment

An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised

An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through profit or loss. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss

An impairment loss in respect of goodwill is not reversed

In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised

Revenue

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

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

Financing income and expenses

Financing expenses comprise interest payable, finance charges on shares classified as liabilities and finance leases, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement. Financing income comprises interest receivable on funds invested, dividend income, and net foreign exchange gains

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis

Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined

Notes (continued)

1 – Accounting Policies (continued)

Employee benefits

Defined benefits

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The liability discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to, the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the statement of comprehensive income on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the statement of comprehensive income.

All actuarial gains and losses as at 4 July 2004, the date of transition to Adopted IFRSs, were recognised. In respect of actuarial gains and losses that arise subsequent to 4 July 2004 in calculating the Group's obligation in respect of a plan, the actuarial gain or loss is immediately recognised in equity.

Where the calculation results in a benefit to the Group, the asset recognised is limited to the present value of any future refunds from the plan or reductions in future contributions to the plan.

Defined contributions

Contributions payable to defined contribution pension schemes are charged to profit and loss as they accrue.

Share based payments

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is due only to share prices not achieving the threshold for vesting.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is remeasured at each balance sheet date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expense in profit or loss.

Where the Company's parent grants rights to its equity instruments to the company's employees, which are accounted for as equity-settled in the consolidated accounts of the parent, the Group or the Company as the case may be account for these share-based payments as equity-settled.

Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is restated as if the operation has been discontinued from the start of the comparative period.

Notes (continued)

2 - Expenses and Auditors' Remuneration

The Group's profit before tax is stated after charging / crediting -

	52 weeks ended 30 June 2012 £000's	Group 53 weeks ended 03 July 2011 £000's
Amounts payable to auditors		
Audit of these financial statements	10	10
Audits of financial statements of subsidiaries pursuant to legislation	103	103
Pension scheme audits	11	11
Depreciation and other amounts written off property, plant and equipment	10,546	12,204
Equipment rentals payable under operating leases	719	764
Property rentals payable under operating leases	<u>55,961</u>	<u>41,678</u>
All fees payable to the auditors were incurred by Guoman Hotels Limited		
<i>Items disclosed separately due to their size or incidence</i>		
Profit on disposal of property, plant and equipment	<u>46,114</u>	<u>-</u>

Profit on disposal of property, plant and equipment

On 11 July 2011, the group sold the principal property plant and equipment of the Royal Horseguards Hotel and Thistle Kensington Garden to related parties, Guoman RHG Limited and Guoman KG Limited respectively, for £190 million, realising a profit on disposal of £46.1 million. On the same day, these subsidiary companies signed 30 year lease agreements with the purchasers.

Guoman RHG Limited and Guoman KG Limited are domiciled in Jersey, and are subsidiaries of Guoman Hotels Group Limited, which is the intermediate parent of the Group.

These sales also resulted in a release of deferred tax provisions in relation to the property assets sold.

Notes (continued)

3 - Employee, Directors and Key Management information

	52 weeks ended 30 June 2012 £000's	Group 53 weeks ended 03 July 2011 £000's
Employee costs during the period		
Agency wages	14,144	13,346
Employee wages and salaries	31,657	29,380
Share option charge	(30)	168
Employer's social security costs	2,922	2,705
Employer's pension costs	394	424
	<u>49,087</u>	<u>46,023</u>
	52 weeks ended 30 June 2012 Number	Group 53 weeks ended 03 July 2011 Number
Average monthly staff employed		
Hotel operating staff	1,457	1,534
Management, administration and support staff	48	48
Total employees	<u>1,505</u>	<u>1,582</u>

All employees are employed by Guoman Hotels Limited or Guoman Hotels HR Limited and a recharge is made by these Companies in respect of the persons employed each hotel

Both defined benefit and defined contribution pension costs are included within the employers' pension costs

None of the Directors or Key Management received any emoluments in respect of their services to the Company in either period. They are remunerated in respect of their services to the Company and other group companies by Guoman Hotels Management (UK) Limited, a related party, with no specific recharge being made to the Company.

One director, Timothy Scoble received share options during the financial year. One tranche of these options vested in December 2011, and the remainder lapsed on his resignation. A full charge has been taken for the vested options, and a full refund taken for the lapsed tranches.

Further details of the options are shown in Note 21.

Notes (continued)

4 Financial Income

	52 weeks ended 30 June 2012 £000's	Group 53 weeks ended 03 July 2011 £000's
Bank interest receivable	54	62
Expected return on pension schemes' assets	<u>4,414</u>	<u>3,835</u>
	<u>4,468</u>	<u>3,897</u>

5 - Financial Expenses

	52 weeks ended 30 June 2012 £000's	Group 53 weeks ended 03 July 2011 £000's
Bank overdrafts	41	61
Debenture stock interest	19,888	23,225
Premium paid on redemption of debentures	2,077	290
Interest paid to related parties	829	274
Interest on pension schemes' liabilities	<u>3,681</u>	<u>3,533</u>
	<u>26,516</u>	<u>27,383</u>

During the previous financial year, the company repurchased 4 million of the 2014 debentures for £4.3 million. The debentures were then cancelled by the company. This premium is shown as a charge to interest payable.

During the current financial year the company repurchased 25.7 million of the 2014 debentures for £27.8 million.

The debentures were then cancelled by the company. This premium is shown as a charge to interest payable.

Full details of the purchases are shown in note 12.

Notes (continued)

6 - Taxation

	52 weeks ended 30 June 2012	53 weeks ended 03 July 2011
	£000's	£000's
<i>Recognised in the statement of comprehensive income</i>		
UK corporation tax at 25.5% / 27.5%		
Current period tax charge	587	507
Adjustments in respect of previous years	(845)	-
Current tax (credit) / charge	(258)	507
Deferred taxation		
Current period tax credit	(16,557)	(8,811)
Adjustments in respect of previous years	1,366	640
Deferred tax credit recognised in statement of consolidated income	(15,191)	(8,171)
Actual tax credit recognised in the income statement	(15,449)	(7,664)
<i>Recognised in other comprehensive income</i>		
Deferred tax on pension deficit	(22)	896
Actual tax (credit) / charge recognised in other comprehensive income	(22)	896
<i>Reconciliation of effective tax rate</i>		
	52 weeks ended 30 June 2012	53 weeks ended 03 July 2011
	%	%
	£000's	£000's
Profit for the year	100	100
	39,404	8,525
Expected tax charge at 25.5% / 27.5%	25.5	27.5
	10,048	2,344
Items not subject to tax or deductible for tax purposes	0.3	2.2
	118	186
Tax exposures	13.0	(80.4)
	5,145	(6,856)
Group relief receivable for nil consideration	(1.3)	(1.5)
	(493)	(129)
Movement in unprovided losses	(0.4)	6.2
	(163)	530
Unrecognised deferred tax on temporary differences and accelerated capital allowances	0.5	(1.2)
	202	(102)
Deferred tax rate change	(5.4)	(34.8)
	(2,135)	(2,967)
Movement of provision on capital gains	(42.9)	(15.4)
	(16,933)	(1,310)
Non taxable income on disposal of property	(29.8)	0.0
	(11,759)	-
Adjustments in respect of previous years	1.3	7.5
	521	640
Deferred tax on pension deficit	(0.1)	10.5
	(22)	896
Actual tax credit	(39.3)	79.4
	(15,471)	(6,768)

The UK corporation tax rate reduced from 1 April 2012 from 26% to 24%, which resulted in a deferred tax credit of £2,135,000

Notes (continued)

7 - Property, Plant and Equipment

As at 30 June 2012

	Land and Buildings	Fit out costs, plant and equipment	Group Total
	£000's	£000's	£000's
Cost			
At the beginning of the financial period	693,458	237,360	930,818
Additions	206	26,596	26,802
Disposals	(134,598)	(44,735)	(179,333)
At the end of the financial period	<u>559,066</u>	<u>219,221</u>	<u>778,287</u>
Depreciation			
At the beginning of the financial period	20,089	177,665	197,754
Charge for the financial period	2,278	8,268	10,546
Disposals	(3,929)	(31,518)	(35,447)
At the end of the financial period	<u>18,438</u>	<u>154,415</u>	<u>172,853</u>
Net book value			
As at 30 June 2012	<u>540,628</u>	<u>64,806</u>	<u>605,434</u>

As at 03 July 2011

	Land and Buildings	Fit out costs, plant and equipment	Group Total
	£000's	£000's	£000's
Cost			
At the beginning of the financial period	689,453	215,188	904,641
Additions	4,005	22,172	26,177
At the end of the financial period	<u>693,458</u>	<u>237,360</u>	<u>930,818</u>
Depreciation			
At the beginning of the financial period	16,799	168,751	185,550
Charge for the financial period	3,290	8,914	12,204
At the end of the financial period	<u>20,089</u>	<u>177,665</u>	<u>197,754</u>
Net book value			
As at 03 July 2011	<u>673,369</u>	<u>59,695</u>	<u>733,064</u>

Full details of the disposals in the year are shown in Note 2

Notes (continued)

7 – Property, Plant and equipment (continued)

Three (2011 three) properties with aggregate carrying values of £387 million (2011 £383 million) have been charged as security for the Group's debenture borrowing facilities

One property with a carrying value of £161.1 million (2011 £162.2 million) is charged as security for the Group's other borrowing facilities. The borrowing facilities expired on 03 April 2012, and this property was released from this charge on 01 August 2012

At 30 June 2012, certain of the Group's properties were tested for impairment

The recoverable amounts of the properties are determined from value in use calculations, based on the Group's five year plan and then a long run growth rate of 3.5%. The key assumptions used are in relation to discount and growth rates. Growth rates incorporate occupancy, room rate, volume and direct cost changes. Management used pre-tax discount factors between 10% & 13% over the forecast period.

When performing the impairment review the relevant growth rates included therein vary between -10% and 10% reflecting the current volatility of the UK market.

This analysis took into account external views of the London hotel market and the likely timeframe of the continuing recovery from the current economic environment.

At the beginning and end of the financial period the value in use of all properties exceeded their book value and therefore no hotels needed to be impaired.

The net book value of land and buildings comprises -

<i>Group</i>	30 June 2012 £000's	03 July 2011 £000's
Freehold land	140,396	157,968
Freehold buildings	72,019	81,632
Long leasehold	316,544	421,466
Short leasehold	11,669	12,303
	<u>540,628</u>	<u>673,369</u>

In accordance with the Group's accounting policy, freehold land is not depreciated.

Notes (continued)

8 - Investment in subsidiaries

As at 30 June 2012	Total £000's
Cost	
At the beginning and end of the financial period	<u>558,023</u>
Impairment	
At the beginning and end of the financial period	<u>88,628</u>
Net book value	
As at 30 June 2012	<u><u>469,395</u></u>
 As at 03 July 2011	 £000's
Cost	
At the beginning and the end of the financial period	557,023
Additions	1,000
At the end of the financial period	<u>558,023</u>
Impairment	
At the beginning and the end of the financial period	<u>157,726</u>
Depreciation	
At the beginning of the financial period	157,726
Charge for the financial period	1,000
Disposals	(70,098)
At the end of the financial period	<u>88,628</u>
Net book value	
As at 03 July 2011	<u><u>469,395</u></u>

The Company holds 100% of the shares in the following companies -

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

All of the companies are registered and incorporated in the United Kingdom

The Company is a 50% member of the limited liability partnership in the Grand Imperial Restaurant LLP, but holds a casting vote. This has been consolidated as a subsidiary in the group accounts

Notes (continued)

9 - Inventories

As at 30 June 2012

	Food Stock	Beverage Stock	Other Stock	Total
	£000's	£000's	£000's	£000's
Cost				
At the beginning of the financial period	145	273	71	489
Purchases	6,254	1,910	74	8,238
Utilised during the period	(6,245)	(1,937)	(71)	(8,253)
At the end of the financial period	<u>154</u>	<u>246</u>	<u>74</u>	<u>474</u>

As at 03 July 2011

	Food Stock	Beverage Stock	Other Stock	Total
	£000's	£000's	£000's	£000's
Cost				
At the beginning of the financial period	107	179	65	351
Purchases	6,552	1,926	356	8,834
Utilised during the period	(6,514)	(1,832)	(313)	(8,659)
Stocks written off during period	-	-	(37)	(37)
At the end of the financial period	<u>145</u>	<u>273</u>	<u>71</u>	<u>489</u>

All stock held is expected to be utilised within 12 months
 Other stock comprises retail vouchers for sale to hotel guests

Notes (continued)

10 - Trade and other receivables

	30 June 2012 £000's	Group 03 July 2011 £000's	30 June 2012 £000's	Company 03 July 2011 £000's
Non-current assets				
Amounts owed by group undertakings	-	-	209,912	258,653
Current assets				
Trade debtors	14,317	17,868	817	511
Provision for bad debt	(190)	(132)	-	-
Net trade debtors	14,127	17,736	817	511
Amounts owed by related parties	121,946	-	120,910	-
Other debtors	2,647	8,883	2,584	8,843
Prepayments and accrued income	20,844	18,867	712	1,112
	<u>159,564</u>	<u>45,486</u>	<u>125,023</u>	<u>10,466</u>

Trade debtors that are not impaired

The ageing analysis of trade debtors that are neither individually nor collectively considered to be impaired are as follows

	30 June 2012 £000's	Group 03 July 2011 £000's	30 June 2012 £000's	Company 03 July 2011 £000's
Neither past due nor impaired	10,098	13,870	817	511
Less than 1 month past due	3,592	3 557	-	-
1 to 3 months past due	437	381	-	-
	<u>14,127</u>	<u>17,736</u>	<u>817</u>	<u>511</u>

Trade debtors that are not impaired refer to debtors where no provision of doubtful debts is provided and aging is past credit term

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as these are considered fully recoverable. The Group does not hold any collateral over these balances.

Amounts owed by related parties and by group undertakings are to provide group funding. Whilst these are short-term or on-demand loans, they are not expected to be settled within 12 months. No provision is held against these balances. Intra-group interest is charged at 2.6% on the opening balance.

Notes (continued)

11 - Trade and other payables

	Group		Company	
	30 June 2012 £000's	03 July 2011 £000's	30 June 2012 £000's	03 July 2011 £000's
Current liabilities				
Trade creditors	17,884	15,064	970	-
Other taxation and social security	4,577	5,716	4,582	5,303
Other creditors	14,286	13,912	4,603	3,248
Deposits from customers	10,773	1,925	10,772	1,925
Amounts owed to parent company of the group	19,314	5,000	19,314	5,000
Amounts owed to related parties	22,274	17,209	22,274	18,498
Accruals and deferred income	11,997	9,854	15	-
	101,105	68,680	62,530	33,974

The contractual cashflows of trade creditors and accruals will see these liabilities settled in the next six months. Amounts owed to related parties are repayable on demand but are not expected to be settled within 12 months as demonstrated in prior periods. The amounts owed to the parent company of the group are expected to be settled within 12 months.

12 - Debentures

	Group		Company	
	30 June 2012 £000's	03 July 2011 £000's	30 June 2012 £000's	03 July 2011 £000's
10 75% fixed rate debenture stock - repayable 2014	138,107	163,823	138,107	163,823
7 875% fixed rate debenture stock - repayable 2022	54,981	54,941	54,981	54,941
	193,088	218,764	193,088	218,764

During the previous financial year the company repurchased 4 million of the 2014 debentures for £4.3 million.
 During the financial year the company repurchased 25.7 million of the 2014 debentures for £27.8 million.

These debentures were then cancelled by the company. The premiums are shown as a charge to interest payable.

The details of these purchases are as follows:

Date of purchase	Nominal amount of stock purchased	Purchase price per £1 nominal
11 July 2011	£1,000,000	107.25 pence
04 August 2011	£13,716,263	107.25 pence
08 August 2011	£1,000,000	107.25 pence
15 May 2012	£10,000,000	109.375 pence

Notes (continued)

13- Deferred tax

The movements in deferred tax assets and liabilities during the financial year were as follows -

	03 July 2011	Recognised in income statement	Recognised in other comprehensive income	30 June 2012
Group	£000's	£000's	£000's	£000's
Assets				
Employee benefits	(681)	703	(22)	-
	<u>(681)</u>	<u>703</u>	<u>(22)</u>	<u>-</u>
Liabilities				
Property assets	37,793	(16,982)	-	20,811
Other	93	1,088	-	1,181
	<u>37,886</u>	<u>(15,894)</u>	<u>-</u>	<u>21,992</u>
Total	<u>37,205</u>	<u>(15,191)</u>	<u>(22)</u>	<u>21,992</u>

	03 July 2011	Recognised in income statement	Recognised in other comprehensive income	30 June 2012
Company	£000's	£000's	£000's	£000's
Assets				
Employee benefits	(681)	703	(22)	-
Other	32	(32)	-	-
	<u>(649)</u>	<u>671</u>	<u>(22)</u>	<u>-</u>
Total	<u>(649)</u>	<u>671</u>	<u>(22)</u>	<u>-</u>

Notes (continued)

13 - Deferred tax (continued)

The movements in deferred tax assets and liabilities during the previous financial year were as follows -

	27 June 2010	Recognised in statement of comprehensive income	Recognised in other comprehensive income	03 July 2011
Group	£000's	£000's	£000's	£000's
Assets				
Employee benefits	(2,352)	775	896	(681)
	<u>(2,352)</u>	<u>775</u>	<u>896</u>	<u>(681)</u>
Liabilities				
Property assets	40,221	(2,428)	-	37,793
Other	6,611	(6,518)	-	93
	<u>46,832</u>	<u>(8,946)</u>	<u>-</u>	<u>37,886</u>
Total	<u>44,480</u>	<u>(8,171)</u>	<u>896</u>	<u>37,205</u>

	27 June 2010	Recognised in statement of comprehensive income	Recognised in other comprehensive income	03 July 2011
Company	£000's	£000's	£000's	£000's
Assets				
Employee benefits	(2,352)	775	896	(681)
Other	2,769	(2,737)	-	32
	<u>417</u>	<u>(1,962)</u>	<u>896</u>	<u>(649)</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.

Included in the above is a provision for potential tax liabilities of £5.1 million (2011: £1.2 million) that may arise in the future as a result of past events within the group. In line with the principle of prudence, the Group has provided for this liability even though the Group had obtained independent professional advice that the possibility of this liability materialising is low.

14 - Provisions

	30 June 2012 £000's	Group 03 July 2011 £000's	30 June 2012 £000's	Company 03 July 2011 £000's
At the beginning of the financial period	317	544	317	544
Utilised	(317)	(476)	(317)	(476)
Charged to statement of comprehensive income	-	249	-	249
At the end of the financial period	<u>-</u>	<u>317</u>	<u>-</u>	<u>317</u>

The onerous lease provision related to a lease with break clause of 6 April 2013. The potential liability under this lease is now fully extinguished.

Notes (continued)

15 - Financial instruments

a) Financial risk management policies and objectives

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

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

b) Liquidity risk

Liquidity is managed on a daily basis by the treasury and finance departments of the Group. They are responsible for ensuring that the Company has adequate liquidity for all operations, ensuring that the funding mix is appropriate so as to avoid maturity mismatches. The Group manages liquidity risk on behalf of the Company by holding sufficient liquid assets of appropriate quality to ensure that short term funding requirements are covered within prudent limits.

The following table details the remaining contractual maturities at the balance sheet date of the Group's and the Company's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group and the Company can be required to pay.

As at 30 June 2012	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	£000's	£000's	£000's	£000's	£000's	£000's
Group						
Non-derivative financial liabilities						
Bank overdraft	301	301	301	-	-	-
Unsecured short term notes	19,314	19,475	19,475	-	-	-
Secured debenture stocks	193,088	274,205	19,208	19,208	158,611	77,178
Trade and other payables	81,791	81,791	81,791	-	-	-
	294,494	375,772	120,775	19,208	158,611	77,178
As at 03 July 2011	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	£000's	£000's	£000's	£000's	£000's	£000's
Group						
Non-derivative financial liabilities						
Unsecured short term notes	5,000	5,125	5,125	-	-	-
Secured debenture stocks	218,764	319,997	21,972	21,972	194,515	81,538
Trade and other payables	63,680	63,680	63,680	-	-	-
	287,444	388,802	90,777	21,972	194,515	81,538

Notes (continued)

15 - Financial instruments (continued)

c) Credit Risk

The Company's credit risks are primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The Company's bank deposits are managed by the Group and are only deposited in, and debt securities are only purchased from, counterparties who have high credit quality. Transactions involving derivative financial instruments are with counterparties with sound credit ratings. The Group has limits for exposures to individual counterparty and country to manage concentration risk.

The hotel business has its own credit policy to allow credit period of 14 days for its customers. The Company has no significant concentrations of credit risks and does not obtain any collateral from customers.

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet after deducting any impairment allowance.

d) 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.

e) Currency risk

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

f) Financial assets

The Group's financial assets as at 30 June 2012 comprised interest bearing cash balances of £nil (2011: £3,140,000) and debtors of £159,564,000 (2011: £45,486,000). There was no difference between the carrying value and the fair value of financial assets at 30 June 2012 (2011: no difference).

The Company's financial assets as at 30 June 2012 comprised interest bearing cash balances of £nil (2011: £4,000), and receivables of £334,935,000 (2011: £269,119,000). There was no difference between the carrying value and the fair value of financial assets at 30 June 2012 (2011: no difference).

g) Capital Management

The Group defines the capital that it manages as the Group's total equity and net debt balances.

The Group's objectives are to safeguard its ability to continue as a going concern providing returns to shareholders, through the optimization of the debt and equity balances, and to maintain a strong credit rating and headroom. The Group manages its capital structure and makes appropriate decisions in light of the current economic conditions and strategic objectives of the Group.

There has been no change in the objectives, policies or processes with regards to capital management during the years ended 03 July 2011 and 30 June 2012.

16 - Ordinary Shares

	Number of shares		Nominal Value	
	30 June 2012	03 Jul 2011	30 June 2012	03 Jul 2011
	000's	000's	£000's	£000's
Ordinary shares of 25 13/20 pence each				
Issued and fully paid				
At the beginning and the end of the financial period	<u>310,545</u>	<u>310,545</u>	<u>79,655</u>	<u>79,655</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Notes (continued)

17 - Share premium

The share premium reserve comprises the amount subscribed for share capital in excess of nominal value, and deduction of costs of raising equity

18 – Employee compensation reserve

The employee compensation reserve comprises the costs of shares in GuocoLeisure Limited held by the ESOP trust, to the extent that they have not become realised losses. When they become realised losses, they are transferred to retained earnings

19 - Retained earnings

The retained earnings reserve comprises the cumulative net gains and losses recognised earnings in the consolidated statement of comprehensive income

The non controlling interest balance of £941,000 relates to the loss attributable to the other members of the Grand Imperial Restaurant LLP

20 - Retirement Benefit Obligations

The Group operates two Schemes covering 53 (2011: 68) 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 2011 to 30 June 2012 and comprise

	30 June 2012 £000's	03 July 2011 £000's	27 June 2010 £000's	28 June 2009 £000's	29 June 2008 £000's	01 July 2007 £000's	02 July 2006 £000's
Fair value of scheme's investment assets	70,421	65,050	57,760	47,524	48,302	48,935	43,030
Present value of unfunded obligations	(77,060)	(67,671)	(66,491)	(55,500)	(55,150)	(56,905)	(56,036)
Net deficit in schemes	<u>(6,639)</u>	<u>(2,621)</u>	<u>(8,731)</u>	<u>(7,976)</u>	<u>(6,848)</u>	<u>(7,970)</u>	<u>(13,006)</u>

Notes (continued)

20 - Retirement Benefit Obligations (continued)

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

	30 June 2012 %	03 July 2011 %
Discount rate	4.25	5.50
Inflation assumption (RPI)	2.90	3.70
Inflation assumption (CPI)	2.20	2.80
Rate of increase in salaries	3.40	4.70
Rate of increase to pensions in payment (RPI maximum 5% pa)	2.90	3.70
Rate of increase to pensions in payment (CPI maximum 3% pa)	2.20	2.80
Rate of increase to pensions in payment (CPI maximum 2.5% pa)	2.20	2.50
Expected returns on Schemes' assets		
Equities	8.00	8.00
Bonds	4.00	5.20
Cash	0.50	0.50
Other (including "Diversified Growth Fund")	8.00	8.00
Life expectancy at age 65 of male member aged 65 at year-end	22 years	21.4 years
Life expectancy at age 65 of male member aged 45 at year-end	23.4 years	23.2 years

In valuing the liabilities of the pension schemes at £77.1 million, mortality assumptions have been made as indicated above. If life expectancy had been changed to assume that all members of the schemes were one year younger, the value of the reported liabilities at 30 June 2012 would have increased by £1.9 million to £79.0 million before deferred tax. This approximately equates to members living one year longer.

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 return on the Schemes' assets for the period was an increase of £6.4 million (2011: increase of £9.2 million).

The Schemes' investment assets comprised

	30 June 2012 £000's	03 July 2011 £000's
Equities / Diversified Growth Fund	36,870	36,056
Bonds	33,036	28,830
Cash	515	164
Total market value of assets	70,421	65,050

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

Notes (continued)

20 - Retirement Benefit Obligations (continued)

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

	30 June 2012 £000's	03 July 2011 £000's
Fair value of Schemes' assets at start of the financial period	65,050	57,760
Expected return on Schemes' assets	4,414	3,835
Contributions from the Company	2,614	2,665
Contributions from members	27	26
Benefits paid	(1,805)	(1,811)
Actuarial gain on Schemes' assets	121	2,575
	<hr/>	<hr/>
Fair value of Schemes' assets at end of the financial period	70,421	65,050

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

	30 June 2012 £000's	03 July 2011 £000's
Present value of the Schemes' obligation at the start of the financial period	67,671	66,491
Current service cost	275	285
Interest cost	3,681	3,553
Actuarial loss / (gain) on Schemes' liabilities	7,211	(873)
Contributions from members	27	26
Benefits paid	(1,805)	(1,811)
	<hr/>	<hr/>
Present value of the Schemes' obligation at the end of the financial period	77,060	67,671

Notes (continued)

20 - Retirement Benefit Obligations (continued)

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

	30 June 2012 £000's	03 July 2011 £000's	27 June 2010 £000's	28 June 2009 £000's	29 June 2008 £000's	01 July 2007 £000's	02 July 2006 £000's
Actuarial gains / (losses) on the Schemes' assets	121	2,575	5,879	(5,756)	(5,439)	895	2,658
Percentage of the Schemes' assets	0.2%	4.0%	10.2%	(12.1%)	(11.3%)	1.8%	6.2%
Actuarial (losses) / gains on the Scheme's funded obligations	(7,211)	873	8,943	1,878	(3,924)	(1,609)	4,127
Percentage of the Schemes' funded obligations	(9.4%)	1.3%	13.4%	3.4%	(7.1%)	(2.8%)	7.4%

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

	52 weeks ended 30 June 2012 £000's	53 weeks ended 03 July 2011 £000's
Current service cost		
Charged to cost of sales	275	285
Expected return on the Schemes' assets	(4,414)	(3,835)
Interest payable on the Schemes' funded obligations	3,681	3,553
Net (income) / cost of defined benefit schemes	(458)	3

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 £119,000 (2011: £139,000).

Notes (continued)

21 - Share based payments

During the year, the group parent company has run the GuocoLeisure Limited Executives' Share Option Scheme 2008 ("ESOS 2008")

A credit of £30,000 (2011 charge of £168,000) has been recognised during the period in respect of share based payments in the ESOS 2008 scheme

The scheme relates to shares in GuocoLeisure, and the valuation of the benefit is calculated in Singapore dollars, which have been translated at S\$1 = £ 0.4862

The GuocoLeisure Limited Executives' Share Option Scheme 2008 ("ESOS 2008")

The ESOS 2008 was approved by the shareholders of the Company on 17 October 2008 and further approved by the shareholders of Guoco Group Limited on 21 November 2008 ("ESOS Effective Date"). The ESOS 2008 allows the grant of options over newly issued and / or existing shares of the Company to eligible participants including employees and executive directors of the Group who are not controlling shareholders of the Company.

The ESOS 2008 provides an opportunity for the employees of the Group who have contributed to the growth and development of the Group to participate in the equity of the Company.

The Company's Remuneration Committee ("RC") currently comprising Mr Philip Burdon, Mr Quek Leng Chan, Mr Reggie Thein and Ms Jennie Chua (appointed on 1 August 2012), who are not participants of the ESOS 2008, will administer the ESOS 2008 and select confirmed employees (including executive directors) of the Group to become participants in the ESOS 2008.

The number of shares over which the RC may grant options under the ESOS 2008 on any date shall not in aggregate exceed 15% of the issued share capital of the Company on the day preceding that date, provided that the maximum aggregate number of new shares over which the ESOS Committee may grant options, when added to the number of new shares issued and issuable in respect of all options granted under the ESOS 2008, shall not exceed 10% of the issued share capital of the Company as at the ESOS Effective Date.

The maximum entitlement of any participant in respect of the total number of new shares issued and to be issued upon the exercise of options granted in any 12-month period shall not exceed 1% of the share capital of the Company in issue as at any date of grant. The grant of an option to a participant shall be accepted within 30 days from the date on which an option is granted accompanied by a payment of S\$1 as consideration.

As at 30 June 2012, no options have been granted pursuant to the ESOS 2008 since the ESOS Effective Date.

As at 30 June 2012, the total number of GuocoLeisure shares comprised in the options granted under the ESOS 2008 was 210,000.

Details of the movements in the ESOS Options during the financial year are as follows:

	30 June 2012	03 July 2011
Outstanding at the beginning of the financial period	5,300,000	-
Options granted during the year	-	5,300,000
Options lapsed during the year	(5,090,000)	-
Outstanding at the end of the financial period	<u>210,000</u>	<u>5,300,000</u>

All of the 210,000 options under the scheme have been issued to employees of a fellow UK company within the GuocoLeisure group.

Notes (continued)

21 - Share based payments (continued)

With regards to directors and employees of the Guoman Hotels Limited group, no share options have been granted during the financial year. The table below shows the details of those options.

Tranche	Dec 2011	Dec 2012	Dec 2013	Scheme
Grant date	16 Dec 2010	16 Dec 2010	16 Dec 2010	Average
Share price at Grant date (pence)	34.75	34.75	34.75	34.75
Option Strike price (pence)	34.65	34.65	34.65	34.65
Shares under scheme	1,500,000	1,750,000	1,750,000	5,000,000
Vesting period	0.5 Years	1.25 Years	2.25 Years	
Expected volatility	56.74%	56.74%	56.74%	56.74%
Risk free rate	2.04%	2.04%	2.04%	2.04%
Expected dividend yield	1.99%	1.99%	1.99%	1.99%
Fair Value (pence)	9.2	11.0	12.8	11.1
Vesting date	31-Dec-11	31-Dec-12	31-Dec-13	
Exercise date	30-Jun-12	31-Mar-13	31-Mar-14	
Weighted average contractual life	0.99	1.75	2.75	

The December 2011 tranche expired unexercised, and the remaining tranches lapsed when Timothy Scoble resigned. A full credit has been taken for the charges previously taken for these tranches.

Notes (continued)

22 - Related party transactions

Group

Management fees of £449,000 (2011 £632,000) are payable to GuoLine Group Management Co Limited (GGMC), a company controlled by Tan Sri Quek Leng Chan. The amount accrued but unpaid at the yearend amounted to £308,000 (2011 £501,000).

Management fees of £690,000 (2011 £245,000) are payable to GuocoLeisure Limited. The amount accrued but unpaid at the year end amounted to £690,000 (2011 £245,000).

Purchases of £230,000 (2011 £383,000) furniture from Hume Furniture Sdn Bhd, a company controlled by Tan Sri Quek Leng Chan.

Income of £865,000 (2011 £412,000) from Guoman Hotel Management (UK) Limited in respect for rent and services charges for office space.

On 11 July 2011, the Group sold the property plant and equipment of the Royal Horseguards Hotel and Thistle Kensington Garden to related parties, Guoman RHG Limited and Guoman KG Limited respectively, for £190 million, realising a profit on disposal of £46.1 million. On the same day, these subsidiary companies signed 30 year lease agreements with the purchasers.

Rent of £13.9 million was paid to Guoman RHG Limited and Guoman KG Limited in respect of these leases.

Company

Management fees of £449,000 (2011 £632,000) are payable to GuoLine Group Management Co Limited (GGMC), a company controlled by Tan Sri Quek Leng Chan. The amount accrued but unpaid at the yearend amounted to £308,000 (2011 £501,000).

Management fees of £690,000 (2011 £245,000) are payable to GuocoLeisure Limited. The amount accrued but unpaid at the yearend amounted to £690,000 (2011 £245,000).

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 10 and 11.

In addition, the Company entered into the following aggregate transactions with its subsidiaries and Guoman Hotels Management (UK) Limited:

	52 weeks ended 30 June 2012 £000's	53 weeks ended 03 Jul 2011 £000's
Interest income on group balances	20,244	25,221
Management fees & brand licence	(23,591)	(24,111)
	<hr/>	<hr/>

The company also provided an accounts payable function to Clermont Leisure (UK) Limited, a subsidiary of GuocoLeisure Limited. These transactions were fully recharged and amounted to £51,000 (2011 £227,000).

Notes (continued)

23 - Financial commitments

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

	30 June 2012		03 Jul 2011	
	Property £000's	Plant and Equipment £000's	Property £000's	Plant and Equipment £000's
Payments which fall due				
Within one year	57,107	962	41,378	631
In the second to fifth years inclusive	227,644	789	165,615	518
After five years	1,151,645	-	805,311	-
Total payable over the life of the leases	<u>1,436,396</u>	<u>1,751</u>	<u>1,012,304</u>	<u>1,149</u>

On 11 July 2011, the group sold the property plant and equipment of the Royal Horseguards Hotel and Thistle Kensington Garden to related parties, and signed 30 year lease agreements with the purchasers. This has increased the total amounts payable over the remainder of the life of non-cancellable operating leases by £438 million

	30 June 2012 £000's	03 Jul 2011 £000's
<i>Capital Commitments</i>		
Contracted for but not provided in the accounts	<u>12,105</u>	<u>11,661</u>

24 - Contingent liabilities

The Company is party to a cross guarantee and set-off arrangements with its subsidiary companies in respect of bank overdraft facilities. The maximum potential liability is £5,000,000 (2011 £5,000,000). At 30 June 2012 the potential liability under these arrangements was £nil (2011 £nil).

25 - Accounting estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Whilst some outcomes have been affected by the volatility in the financial markets, all judgements and assumptions in the accounting policies remain consistent with previous years. In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Consideration of impairment to the carrying values of assets has been made and we concluded that the individual carrying values of operating assets are supportable by value in use. The impact of the current economic conditions on the assessment of going concern has been considered.
- Note 7 – Property, plant and equipment - Depreciation is provided so as to write down the assets to their residual values over their estimated useful lives as set out in the accounting policies for property, plant and equipment and intangible assets. The selection of these residual values and estimated lives requires the exercise of judgement. The Company is required to assess whether there is indication of impairment to the carrying value of assets. In making that assessment, judgements are made in estimating value in use. The directors consider that the individual carrying values of assets are supportable by value in use.
- Note 10 - Deferred income - Relates to sales invoiced for which the revenue has yet to be recognised. These are recognised over the life of the agreement with the customer.

Notes (continued)

25 - Accounting estimates and judgements (continued)

- Note 13 - Deferred tax assets – Represents the extent to which future profits are expected to be offset by losses in the foreseeable future. The Company recognises expected liabilities and assets for tax based on an estimation of the likely taxes affect, which requires judgement as to the ultimate tax determination of certain items
- Note 14 - Provisions and contingencies (onerous leases) – the estimate of excess charges due to non-utilisation of property. This provision is an estimate based on the condition of the property and local market conditions. The actual costs and timing of future cash flows are dependent on future events. Any difference between expectations and the actual future liability will be accounted for in the period when such determination is made
- Note 21 - Measurement of share-based payments - The fair value of employee share options is measured using the Black Scholes model

26 - Non adjusting post balance sheet event

On 21 September 2012, the Group closed its hotel at Thistle Westminster, as the landlord exercised a break clause within the lease

27 - Parent and ultimate parent undertakings and controlling parties

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

Guoman Hotel Holdings Limited is a wholly owned subsidiary of GuocoLeisure Limited, a company registered in Bermuda and listed on the Singapore Stock Exchange. Copies of the accounts of GuocoLeisure Limited can be obtained from its website www.guocoleisure.com or from its offices at 9 Temasek Boulevard, #11-01 Suntec Tower Two, Singapore

GuocoLeisure 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. 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