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Miscellaneous

* Asterisks denote mandatory information

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>> Announcement Details

The details of the announcement start here ...

Announcement Title *	Announcement by Subsidiary Company, Millennium & Copthorne Hotels plc on Interim Management Statement for First Quarter Results ended 31 March 2012
Description	Please see the attached announcement released by Millennium & Copthorne Hotels plc on 3 May 2012.
Attachments	MnC_Results_1Q2012.pdf Total size = **212K** (2048K size limit recommended)

Close Window

For Immediate Release **3 May 2012**

MILLENNIUM & COPTHORNE HOTELS PLC
INTERIM MANAGEMENT STATEMENT
First quarter results to 31 March 2012

Highlights for the first quarter 2012:

£ millions (unless otherwise stated)	**First Quarter 2012**	First Quarter 2011	Reported Currency Change %	Constant Currency Change %
RevPAR	**£59.17**	£55.28	7.0%	6.0%
Revenue – total	**175.5**	174.2	0.7%	(0.3%)
Revenue – hotels	**172.4**	172.0	0.2%	(0.8%)
Headline operating profit[1]	**27.1**	22.0	23.2%	20.4%
Headline profit before tax	**25.4**	19.8	28.3%	25.1%
Profit before tax	**25.9**	19.7	31.5%	28.4%
Basic earnings per share	**5.7p**	4.5p	26.7%	

- Overall RevPAR (in constant currency terms) rose by 6.0% in the first quarter, primarily driven by an increase in average room rate.
- On a like-for-like basis[2] Group RevPAR grew by 5.6% (excluding the 3 Christchurch hotels, Copthorne Orchid and Stuttgart).
- RevPAR in the key gateway cities increased. Like-for-like[2] Singapore RevPAR rose by 7.7%, London by 7.0% and New York by 0.6%.
- Like-for-like[2] total revenue in constant currency increased by 5.4% to £173.5m (2011: £164.6m) and headline operating profit increased by 20.7% to £25.7m (2011: £21.3m).
- Strong cash flows from operating activities of £37.9m (2011: £20.9m). Net debt reduced from £100.2m at 31 December 2011 to £31.1m and gearing of 1.5% (31 December 2011: 4.8%).

Notes

[1] *Since the 2011 Annual Report, the definition of headline operating profit, one of the Group's key performance indicators, has been modified to include the share of tax, interest and non-controlling interests of joint ventures and associates. The Group believes that the revised definition simplifies the presentation of headline operating profit given to the reader on both the face of the consolidated income statement and in the segmental analysis of operating results.*

[2] *Like-for-like, in constant currency terms, for Singapore excludes Copthorne Orchid (closed in April 2011 for development into condominiums) and for the Group like-for-like also excludes Group Millennium Hotel & Resort Stuttgart (lease expired in August 2011) and the three Christchurch hotels (closed in February 2011 due to earthquake damage).*

Commenting today Mr Kwek Leng Beng, Chairman said:

"The Group's strong profit performance illustrates the strength of our business model, with a rate-driven sales strategy and cost discipline enabling revenue to flow to the bottom line with profit before tax increasing by 31.5% to £25.9m. Trading performance of the Group as a whole showed continuing progress in the first quarter, with a 6.0% constant currency increase in RevPAR and a 5.6% increase like-for-like[2]. Looking forward, we expect continuing healthy progress in London, Singapore and certain other Asian destinations and we are focusing on improving performance at our US properties.

Certain key hotels have delivered strong trading performances. In particular, the 21.6% RevPAR increase in Rest of Asia was underpinned by double digit growth in Seoul, Kuala Lumpur, Jakarta and Beijing, with Seoul benefitting from its refurbishment in 2011.

With a strong balance sheet and gearing approaching zero, we are in a good position, both to continue investing in our property portfolio to improve returns and to grow the portfolio when we identify attractive strategic investment opportunities. We have been actively seeking such opportunities since the second half of last year, but vendors' price expectations in key gateway cities are still too high."

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Peter Krijgsman, Financial Communications (Media)

CHAIRMAN'S STATEMENT

Financial Performance

For the three months ended 31 March 2012 profit before tax increased by 31.5% to £25.9m (2011: £19.7m) buoyed by a strong trading performance in the Rest of Asia that saw RevPAR increase by 21.6%. Total revenue increased by 0.7% to £175.5m (2011: £174.2m).

Headline profit before tax, the Group's measure of underlying profit performance increased by 28.3% to £25.4m (2011: £19.8m). Headline operating profit increased by 23.2% to £27.1m (2011: £22.0m). Basic earnings per share increased by 26.7% to 5.7p (2011: 4.5p).

A number of factors affected year-on-year comparisons. These include the following:

- Closure of the Copthorne Orchid on 1 April 2011, prior to its demolition and redevelopment of the site into a condominium complex;
- Closure of the three Christchurch hotels following the New Zealand earthquake; and
- Expiry of the lease in Stuttgart in August 2011.

Excluding all these factors, in constant currency, total revenue increased by 5.4% to £173.5m (2011: £164.6m) and headline operating profit increased by 20.7% to £25.7m (2011: £21.3m).

Financial Position

The Group strengthened its financial position over the three month period. Net debt fell to £31.1m at 31 March 2012 (31 December 2011: £100.2m). Gearing at the end of the first quarter was 1.5%, compared to 4.8% at the end of last year and 6.9% at 31 March 2011. At 31 March 2012 the Group had cash reserves of £388.0m (including £55.8m relating to the Glyndebourne development) and total undrawn committed bank facilities of £189.7m. Most of the facilities are unsecured with unencumbered assets representing 87.0% of our fixed assets and investment properties.

Asset Management

The Group is continuing to roll out the asset management strategy announced in August 2010, namely the upgrading and refurbishment of four premium destination hotels in Seoul, New York, Taipei and London. Good progress is being made as follows:

- Successful results in Seoul, which is the only hotel to have completed a major part of its refurbishment to-date. The Millennium Seoul Hilton has seen a 17.1% increase in average room rate compared to the first quarter of 2011;
- West wing of Millennium UN Plaza in New York was closed at the beginning of April 2012 for refurbishment and upgrading. Re-opening is planned in time for the UN General Assembly to be held in September 2012;
- Renovation of guest rooms at Grand Hyatt Taipei, necessitating phased partial closure over the next two years, will commence in the third quarter of this year; and
- Major refurbishment plans are being developed for Millennium Mayfair, appropriate to its status as our flagship London hotel.

Development of The Glyndebourne, a condominium project in Singapore, started in the second quarter of 2011, following closure of the Copthorne Orchid Hotel on 1 April 2011. The development is proving to have been well-timed, with sales contracts being concluded before the recent softening in this segment of the Singapore real estate market. Of the 150 apartments for sale since the end of October 2010, buyers have signed sales and purchase agreements for 144 units as at 16 April 2012 with sales value of S$522.5m (£260.5m), representing a price of over S$2,000 (£997) per square foot. Sales proceeds collected to date total S$157.7m (£78.6m) representing approximately 30% of the sales value. Revenue and development costs will appear in the income statement on completion, which is expected to be no later than 2015. Including land costs, development projects of this nature in Singapore typically attract an average profit margin of circa 20%.

Demolition work has begun on the site of the Group's planned 325-room deluxe hotel in the Ginza district of Tokyo. The site was acquired in September 2011. Construction of the hotel is expected to complete by 2014.

First Sponsor Capital Limited ("FSCL")

As at 29 April 2012, approximately 97% of the residential units of the Chengdu City Spring project have been sold either under sales and purchase or option agreements, with approximately 99% of the sales proceeds collected. Revenue of approximately US$107m (£67m) by FSCL was recognised in April 2012 with some additional US$4m (£3m) expected to be recognised in due course upon full collection of sales proceeds. Pre-tax development profit margin on the residential units is in excess of 40%. The Group expects to recognise circa US$14m (£9m) as its share of the profit after tax and non-controlling interests.

Approximately 73% of the Chengdu City Spring commercial units launched for sale in July 2011 have been sold either under sales and purchase or option agreements with approximately 74% of the sales proceeds collected. FSCL is expected to complete the commercial units in 2013 and plans to retain a proportion of commercial units as investment assets.

Proceeds from the residential and commercial sales will finance the development of a 195-room hotel, M Hotel Chengdu, which is scheduled to open next year as part of the Chengdu City Spring project. As one of the largest trade centres in western China, Chengdu, which is the regional capital of Sichuan province, is a highly favoured destination amongst foreign investors and business travellers.

In 2011, FSCL successfully tendered for two parcels of land in Wenjiang, Chengdu which is intended for residential and commercial development. Ground preparation works have commenced. FSCL is planning to launch its first residential phase in the fourth quarter of 2012.

Management

The Board is continuing its search for a Chief Financial Officer, which we hope to conclude in the current quarter. The new CFO will be based in London and will have a wide portfolio of responsibilities including finance and global risk management. The Board is conducting an exhaustive search for a candidate who combines such skills and experience with an understanding of our hotel operating and ownership business model. Below Board level, the Group has continued to strengthen the senior management team.

As previously announced, Richard Hartman is not seeking re-election as a non-executive director at today's annual general meeting and will retire from the Board at that time.

Pipeline

The Group's worldwide pipeline has 30 hotels offering 6,800 rooms, which are mainly management contracts.

Outlook

The Group is driving RevPAR growth in the current year through a mainly rate-led sales and marketing approach, combined with continuing cost discipline. Over the medium-term we will additionally grow RevPAR through the continuing roll-out of our asset management strategy.

While it is too early to predict the performance for 2012, trading to-date is in line with management expectations. On a like-for-like basis, Group RevPAR in the four weeks of April 2012 increased by 8.6% with London increasing by 8.3%, Singapore increasing by 6.2% and New York decreasing by 3.7% (up by 4.6% for New York if UN Plaza is excluded).

Kwek Leng Beng

CHAIRMAN
3 May 2012

Financial and Operating Highlights

	First Quarter 2012 £m	First Quarter 2011 £m	Full Year 2011 £m
Revenue	**175.5**	174.2	820.5
Headline EBITDA[1]	**35.8**	30.7	226.9
Headline operating profit[1]	**27.1**	22.0	191.4
Headline profit before tax[1]	**25.4**	19.8	184.7
Other operating income[2]	**-**	-	1.0
Other operating expense[3]	**-**	-	(0.1)
Separately disclosed items included in administrative expenses[4]	**(0.1)**	(0.1)	(29.9)
Non-operating income[5]	**-**	-	20.5
Separately disclosed items - Share of joint ventures and associates[6]	**0.6**	-	17.1
Profit before tax	**25.9**	19.7	193.3
Headline profit after tax[1]	**19.8**	15.5	146.9
Basic earnings per share (pence)	**5.7p**	4.5p	51.0p
Headline earnings per share (pence)[1]	**5.5p**	4.5p	45.7p
Net debt	**31.1**	131.8	100.2
Gearing (%)	**1.5%**	6.9%	4.8%

Note

1. The Group uses a number of key performance indicators (KPI's) to measure performance and believes that headline EBITDA, headline operating profit, headline profit before tax, headline profit after tax and headline earnings per share, net debt and gearing provide useful and necessary information on underlying trends to shareholders, the investment community and are used by the Group for internal performance analysis. Since the 2011 Annual Report, the definition of headline operating profit, one of the Group's key performance indicators, has been modified to include the share of tax, interest and non-controlling interests of joint ventures and associates. The Group believes that the revised definition simplifies the presentation of headline operating profit given to the reader on both the face of the consolidated income statement and in the segmental analysis of operating results.

Reconciliation of these measures to the closest equivalent GAAP measures are shown above and in notes 3 and 8 to these financial statements.

	First Quarter 2012 £m	*First Quarter 2011 £m*	*Full Year 2011 £m*
2 Other operating income			
Revaluation gain of investment properties	***-***	*-*	*1.0*
3 Other operating expense			
Revaluation deficit of investment properties	***-***	*-*	*(0.1)*
4 Separately disclosed items included in administrative expenses			
Impairment	***(0.1)***	*(0.1)*	*(29.9)*
5 Non-operating income			
Profit on sale and leaseback of Studio M Hotel	***-***	*-*	*17.4*
Profit on disposal of subsidiary	***-***	*-*	*1.7*
Gain arising on disposal of leasehold property	***-***	*-*	*1.2*
Gain on disposal of stapled securities in CDLHT	***-***	*-*	*0.2*
	-	*-*	*20.5*
6 Separately disclosed items - share of joint ventures and associates			
Profit/(loss) on disposal of business assets and subsidiaries	***0.6***	*-*	*(0.2)*
Revaluation gain of investment properties	***-***	*-*	*17.3*
	0.6	*-*	*17.1*

Financial Performance

For the first quarter to 31 March 2012, profit before tax increased by 31.5% to £25.9m (2011: £19.7m).

Headline profit before tax, the Group's measure of underlying profit before tax, increased by 28.3% from £19.8m to £25.4m. Headline operating profit increased by 23.2% to £27.1m (2011: £22.0m).

Basic earnings per share increased by 26.7% to 5.7p (2011: 4.5p) and headline earnings per share increased by 22.2% to 5.5p (2011: 4.5p).

Taxation

The Group recorded a tax expense of £5.4m (2011: £4.2m) excluding the tax relating to joint ventures and associates.

The estimated annual effective rate applied to profit before income tax excluding the Group's share of joint ventures and associates profits is 28.9% (2011: 28.6%). The underlying annual effective rate (excluding the Group's share of joint ventures and associates) is 30.6% (2011: 29.8%).

A tax charge of £1.1m (2011: £0.7m) relating to joint ventures and associates is included in the reported profit before tax.

Earnings per share

Basic earnings per share was 5.7p (2011: 4.5p) and headline earnings per share increased to 5.5p (2011: 4.5p). The table below reconciles basic earnings per share to headline earnings per share.

	2012 pence	2011 pence
Reported basic earnings per share	**5.7**	4.5
Separately disclosed items – Group	**0.1**	0.1
Separately disclosed items – Share of joint ventures and associates	**(0.2)**	-
Change in tax rates on opening deferred taxes	**(0.1)**	(0.1)
Headline earnings per share	**5.5**	4.5

PERFORMANCE BY REGION

For comparability, the following regional review is based on calculations in constant currency whereby 31 March 2011 average room rate and RevPAR have been translated at average exchange rates for the period ended 31 March 2012.

UNITED STATES

New York

RevPAR increased by 0.6% to £97.91 (2011: £97.35) for the first quarter. Occupancy was the driver for this growth showing a 1.3 percentage point increase to 75.6% (2011: 74.3%) while rate fell by 1.1% to £129.45 (2011: £130.95). All the growth came from Broadway which in addition to strong occupancy growth also saw modest rate growth. Lack of demand on the east side of New York, plus the transfer of an airline crew contract to Broadway prior to renovation, impacted the UN Plaza.

Regional US

RevPAR decreased by 2.3% to £29.65 (2011: £30.35) for the first quarter. This decrease was a result of lower occupancy, down 1.7 percentage points to 48.8% (2011: 50.5%), partially offset by higher rate up 1.2% to £60.75 (2011: £60.04). RevPAR growth for the quarter in Chicago, Boston and Minneapolis was offset by declines in Cincinnati, Anchorage, Buffalo and Maingate Lakeside Resort (formerly Best Western Lakeside). The Group is focused on improving Regional US performance such as cost restructuring in St Louis and Cincinnati.

EUROPE

London

RevPAR in London grew by 7.0% to £82.96 (2011: £77.52). This increase was driven by a 2.8% increase in rate to £107.88 (2011: £104.95) and an increase in occupancy of 3.0 percentage points to 76.9% (2011: 73.9%). RevPAR increases were experienced in all hotels with the exception of Knightsbridge which is in the process of a shift into a higher yielding market segment.

Rest of Europe

Quarter one RevPAR fell by 5.4% in the rest of Europe region to £43.31 (2011: £45.76).

Regional UK

Regional UK remains a challenge with RevPAR falling by 3.3% to £37.16 (2011: £38.42). This was despite strong double digit RevPAR growth in Manchester and Aberdeen. Most hotels saw a reduction in RevPAR, particularly the two Gatwick hotels and Newcastle. Average rate fell by 1.9% to £58.67 (2011: £59.83) and occupancy decreased by 0.9 percentage points to 63.3% (2011: 64.2%).

France & Germany

RevPAR increased by 4.8% to £60.20 (2011: £57.47). On a like-for-like basis, which excludes Stuttgart where the lease expired on 31 August 2011, RevPAR increased by 5.9% to £60.20 (2011: £56.86). Within the region on a like-for-like basis, average rate increased by 1.8% to £92.15 (2011: £90.53) while occupancy increased by 2.5 percentage points to 65.3% (2011: 62.8%), primarily as a result of improved performance at Paris Opera.

ASIA

RevPAR increased by 17.1% to £77.00 (2011: £65.73) driven by an 11.8% increase in average room rates to £99.20 (2011: £88.74) and an increase in occupancy of 3.5 percentage points to 77.6% (2011: 74.1%). The two quarters are not directly comparable due to the closure of Copthorne Orchid in Singapore. On a like-for-like basis RevPAR increased by 14.1% to £77.00 (2011: £67.51).

Singapore

Singapore reported an 18.4% increase in RevPAR to £102.43 (2011: £86.53). On a like-for-like basis, excluding the Copthorne Orchid, Singapore RevPAR increased by 7.7% to £102.43 (2011: £95.11). Every hotel in Singapore increased both its occupancy and rate with a 4.5% increase in rate to £116.18 (2011: £111.23) and a 2.7 percentage point increase in occupancy to 88.2% (2011: 85.5%).

Rest of Asia

RevPAR for the rest of Asia increased by 21.6% to £60.90 (2011: £50.07). This increase was driven by rate, which increased by 14.9% to £85.85 (2011: £74.74) and by occupancy, which increased by 3.9 percentage points to 70.9% (2011: 67.0%). Kuala Lumpur, Jakarta, Seoul and Beijing all saw double digit RevPAR growth. Seoul which was being refurbished in Q1 2011 saw 66.6% growth in RevPAR as a result of rate increasing by 17.1% and occupancy increasing by 24.7%.

AUSTRALASIA

For the New Zealand group, RevPAR at £43.04 was 8.0% down on last year (2011: £46.76). RevPAR excluding the three Christchurch hotels that were closed following an earthquake was down 5.0% from last year at £43.04 (2011: £45.30); occupancy declined by 1.8 percentage points to 72.8% (2011: 74.6%) and rates fell by 2.7% to £59.15 (2011: £60.77) as a result of a slowdown in tourism to New Zealand.

Of the three Christchurch hotels that were closed following the earthquake, Copthorne Hotel Christchurch City was demolished following a settlement with the insurers and owners in 2011. The two others, namely the Millennium Hotel Christchurch and Copthorne Hotel Christchurch Central still remain closed. Management is still awaiting the structural engineering reports as these hotels remain inaccessible. The impact on the two hotels cannot yet be reasonably quantified and consequently no provision for asset write-off has yet been made. Both hotels are insured for material damage and business interruption.

Financial Position

Financial structure

Group interest cover ratio, excluding share of results of joint ventures and associates, other operating income and expense, non-operating income and separately disclosed items of the Group improved to 12.2 times from 7.7 times in Q1 2011. The decrease in net finance cost of £0.5m principally reflects interest on additional cash generated by the Group.

At 31 March 2012, the Group had £388.0m cash and £189.7m of undrawn and committed facilities available, comprising revolving credit facilities which provide the Group with financial flexibility. Most of the facilities are unsecured with unencumbered assets representing 87.0% of fixed assets and investment properties. At 31 March 2012, total borrowing amounted to £419.1m of which £84.1m was drawn under £113.9m of secured bank facilities.

Future funding

Of the Group's total facilities of £656.6m, £190.7m matures in the nine months to 31 December 2012 comprising £37.4m committed revolving credit facilities, £103.4m of uncommitted facilities and overdrafts subject to annual renewal, £42.9m unsecured bonds and £7.0m secured term loans. Plans for refinancing the maturing facilities are underway.

Consolidated income statement (unaudited)
for the three months ended 31 March 2012

	Notes	**First Quarter 2012 £m**	First Quarter 2011 £m	Full Year 2011 £m
Revenue	3	**175.5**	174.2	820.5
Cost of sales		**(73.0)**	(74.1)	(318.3)
Gross profit		**102.5**	100.1	502.2
Administrative expenses		**(81.8)**	(83.2)	(361.1)
Other operating income	4	**-**	-	1.0
Other operating expense	4	**-**	-	(0.1)
		20.7	16.9	142.0
Share of profit of joint ventures and associates	5	**6.9**	5.0	37.5
Operating profit		**27.6**	21.9	179.5
Analysed between:				
Headline operating profit	3	**27.1**	22.0	191.4
Net revaluation gain of investment properties	4	**-**	-	0.9
Impairment	4	**(0.1)**	(0.1)	(29.9)
Separately disclosed items – share of joint ventures and associates	4	**0.6**	-	17.1
Non-operating income		**-**	-	20.5
Analysed between:				
Profit on sale and leaseback of Studio M Hotel		**-**	-	17.4
Profit on disposal of subsidiary		**-**	-	1.7
Gain arising on disposal of leasehold property		**-**	-	1.2
Gain on disposal of stapled securities in CDLHT		**-**	-	0.2
Finance income		**1.7**	1.3	5.5
Finance expense		**(3.4)**	(3.5)	(12.2)
Net finance expense		**(1.7)**	(2.2)	(6.7)
Profit before tax		**25.9**	19.7	193.3
Income tax expense	6	**(5.4)**	(4.2)	(28.2)
Profit for the period		**20.5**	15.5	165.1
Attributable to:				
Equity holders of the parent		**18.2**	14.1	160.9
Non-controlling interests		**2.3**	1.4	4.2
		20.5	15.5	165.1
Basic earnings per share (pence)	7	**5.7p**	4.5p	51.0p
Diluted earnings per share (pence)	7	**5.7p**	4.5p	50.8p

The financial results above derive from continuing activities.

Consolidated statement of comprehensive income (unaudited)
for the three months ended 31 March 2012

	First Quarter 2012 £m	First Quarter 2011 £m	Full Year 2011 £m
Profit for the period	**20.5**	15.5	165.1
Other comprehensive income/(expense):			
Foreign currency translation differences - foreign operations	**(1.2)**	(40.4)	(25.8)
Foreign currency translation differences - equity accounted investees	**0.6**	(9.9)	(3.7)
Net gain on hedge of net investments in foreign operations	**2.5**	6.7	3.9
Defined benefit plan actuarial losses	**(0.4)**	-	(2.3)
Share of associates and joint ventures other reserve movements	**0.1**	-	(4.8)
Effective portion of changes in fair value of cash flow hedges	**0.2**	0.5	0.3
Income tax on income and expense recognised directly in equity	**-**	-	2.4
Other comprehensive income/(expense) for the period, net of tax	**1.8**	(43.1)	(30.0)
Total comprehensive income/(expense) for the period	**22.3**	(27.6)	135.1
Total comprehensive income/(expense) attributable to:			
Equity holders of the parent	**19.0**	(26.7)	129.6
Non-controlling interests	**3.3**	(0.9)	5.5
Total comprehensive income/(expense) for the period	**22.3**	(27.6)	135.1

Consolidated statement of financial position (unaudited)
as at 31 March 2012

	Notes	As at 31 March 2012 £m	As at 31 March 2011 £m	As at 31 December 2011 £m
Non-current assets				
Property, plant and equipment		**2,041.6**	2,106.9	2,044.1
Lease premium prepayment		**46.2**	46.2	47.3
Investment properties		**168.1**	93.0	173.9
Investments in joint ventures and associates		**417.8**	384.2	422.8
Loans due from associate		**50.0**	-	50.9
Other financial assets		**7.7**	6.7	7.8
		2,731.4	2,637.0	2,746.8
Current assets				
Inventories		**3.9**	4.1	4.0
Development properties		**156.2**	101.2	148.3
Lease premium prepayment		**1.4**	1.5	1.4
Trade and other receivables		**78.4**	65.1	70.1
Loans due from associate		**-**	-	18.1
Cash and cash equivalents	8	**388.0**	274.9	332.2
Assets classified as held for sale	9	**-**	49.2	-
		627.9	496.0	574.1
Total assets		**3,359.3**	3,133.0	3,320.9
Non-current liabilities				
Loans due to associate		**(11.6)**	-	(11.8)
Interest-bearing loans, bonds and borrowings		**(243.0)**	(317.3)	(311.6)
Employee benefits		**(18.0)**	(16.4)	(17.5)
Provisions		**(7.6)**	(0.3)	(7.8)
Other non-current liabilities		**(200.3)**	(170.3)	(186.7)
Deferred tax liabilities		**(235.9)**	(244.8)	(236.4)
		(716.4)	(749.1)	(771.8)
Current liabilities				
Interest-bearing loans, bonds and borrowings		**(176.1)**	(89.4)	(120.8)
Trade and other payables		**(162.8)**	(168.7)	(146.0)
Other current financial liabilities		**(1.1)**	(1.5)	(0.9)
Provisions		**(7.4)**	(0.2)	(7.6)
Income taxes payable		**(25.1)**	(32.3)	(26.2)
		(372.5)	(292.1)	(301.5)
Total liabilities		**(1,088.9)**	(1,041.2)	(1,073.3)
Net assets		**2,270.4**	2,091.8	2,247.6
Equity				
Issued share capital		**95.6**	94.1	95.3
Share premium		**844.3**	845.3	844.3
Translation reserve		**263.3**	249.1	262.5
Cash flow hedge reserve		**(0.3)**	(0.3)	(0.5)
Treasury share reserve		**(2.2)**	(2.2)	(2.2)
Retained earnings		**885.3**	736.1	867.1
Total equity attributable to equity holders of the parent		**2,086.0**	1,922.1	2,066.5
Non-controlling interests		**184.4**	169.7	181.1
Total equity		**2,270.4**	2,091.8	2,247.6

Consolidated statement of cash flows (unaudited)
for the three months ended 31 March 2012

	First Quarter 2012 £m	First Quarter 2011 £m	Full Year 2011 £m
Cash flows from operating activities			
Profit for the period	**20.5**	15.5	165.1
Adjustments for:			
Depreciation and amortisation	**8.7**	8.7	35.5
Share of profit of joint ventures and associates	**(6.9)**	(5.0)	(37.5)
Separately disclosed items - Group	**0.1**	0.1	8.5
Equity settled share-based transactions	**0.3**	0.6	1.3
Finance income	**(1.7)**	(1.3)	(5.5)
Finance expense	**3.4**	3.5	12.2
Income tax expense	**5.4**	4.2	28.2
Operating profit before changes in working capital and provisions	**29.8**	26.3	207.8
(Increase)/decrease in inventories, trade and other receivables	**(8.2)**	1.3	(3.5)
(Increase)/decrease in development properties	**(5.9)**	(1.2)	1.0
Increase/(decrease) in trade and other payables	**29.6**	(0.1)	12.4
Increase/(decrease) in provisions and employee benefits	**0.1**	(0.3)	(1.3)
Cash generated from operations	**45.4**	26.0	216.4
Interest paid	**(2.3)**	(2.2)	(9.0)
Interest received	**0.8**	0.7	3.3
Income tax paid	**(6.0)**	(3.6)	(44.1)
Net cash generated from operating activities	**37.9**	20.9	166.6
Cash flows from investing activities			
Dividends received from associates	**13.8**	8.8	17.8
Decrease/(increase) in loans due from associate	**18.1**	-	(68.3)
Increase in investment in associate	**(1.2)**	(1.1)	(24.7)
Proceeds from sale of shares in associate	**-**	-	0.8
Net proceeds from sale of property, plant and equipment	**-**	-	78.7
Acquisition of property, plant and equipment, lease premium prepayment and investment properties	**(8.3)**	(3.6)	(107.7)
Net cash generated from/(used in) investing activities	**22.4**	4.1	(103.4)
Cash flows from financing activities			
Proceeds from issue of share capital	**0.3**	0.7	0.9
Repayment of borrowings	**(8.2)**	-	(89.7)
Drawdown of borrowings	**-**	2.1	51.1
Payment of transaction costs related to loans and borrowings	**-**	-	(0.8)
Dividends paid to non-controlling interests	**-**	(0.6)	(4.9)
Increase in loan due to associate	**-**	-	11.3
Capital contribution from non-controlling interests	**-**	-	9.3
Dividends paid to equity holders of the parent	**-**	-	(11.2)
Net cash (used in)/generated from financing activities	**(7.9)**	2.2	(34.0)
Net increase in cash and cash equivalents	**52.4**	27.2	29.2
Cash and cash equivalents at beginning of the period	**275.3**	251.5	251.5
Effect of exchange rate fluctuations on cash held	**2.7**	(4.1)	(5.4)
Cash and cash equivalents at end of the period	**330.4**	274.6	275.3
Reconciliation of cash and cash equivalents			
Cash and cash equivalents shown in the consolidated statement of financial position	**388.0**	274.9	332.2
Overdraft bank accounts included in borrowings	**(57.6)**	(0.3)	(56.9)
Cash and cash equivalents for statement of cash flows	**330.4**	274.6	275.3

Consolidated statement of changes in equity (unaudited)
for the three months ended 31 March 2012

	Share capital £m	Share premium £m	Translation reserve £m	Cash flow hedge reserve £m	Treasury share reserve £m	Retained earnings £m	Total excluding non-controlling interests £m	Non-controlling interests £m	Total equity £m
Balance as at 1 January 2011	94.0	844.7	290.4	(0.8)	(2.2)	721.4	1,947.5	171.2	2,118.7
Profit	-	-	-	-	-	14.1	14.1	1.4	15.5
Total other comprehensive income	-	-	(41.3)	0.5	-	-	(40.8)	(2.3)	(43.1)
Total comprehensive income for the period	-	-	(41.3)	0.5	-	14.1	(26.7)	(0.9)	(27.6)
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Dividends paid – non-controlling interests	-	-	-	-	-	-	-	(0.6)	(0.6)
Share-based payment transactions (net of tax)	-	-	-	-	-	0.6	0.6	-	0.6
Share options exercised	0.1	0.6	-	-	-	-	0.7	-	0.7
Total contributions by and distributions to owners	0.1	0.6	-	-	-	0.6	1.3	(0.6)	0.7
Total transactions with owners	0.1	0.6	-	-	-	0.6	1.3	(0.6)	0.7
Balance as at 31 March 2011	94.1	845.3	249.1	(0.3)	(2.2)	736.1	1,922.1	169.7	2,091.8
Profit	-	-	-	-	-	146.8	146.8	2.8	149.6
Total other comprehensive income	-	-	13.4	(0.2)	-	(3.7)	9.5	3.6	13.1
Total comprehensive income for the period	-	-	13.4	(0.2)	-	143.1	156.3	6.4	162.7
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Dividends paid to equity holders	-	-	-	-	-	(31.3)	(31.3)	-	(31.3)
Issue of shares in lieu of dividends	1.2	(1.2)	-	-	-	20.1	20.1	-	20.1
Dividends paid – non-controlling interests	-	-	-	-	-	-	-	(4.3)	(4.3)
Share-based payment transactions (net of tax)	-	-	-	-	-	(0.9)	(0.9)	-	(0.9)
Share options exercised	-	0.2	-	-	-	-	0.2	-	0.2
Contribution by non-controlling interests	-	-	-	-	-	-	-	9.3	9.3
Total contributions by and distributions to owners	1.2	(1.0)	-	-	-	(12.1)	(11.9)	5.0	(6.9)
Total transactions with owners	1.2	(1.0)	-	-	-	(12.1)	(11.9)	5.0	(6.9)
Balance as at 31 December 2011	95.3	844.3	262.5	(0.5)	(2.2)	867.1	2,066.5	181.1	2,247.6
Balance as at 1 January 2012	**95.3**	**844.3**	**262.5**	**(0.5)**	**(2.2)**	**867.1**	**2,066.5**	**181.1**	**2,247.6**
Profit	**-**	**-**	**-**	**-**	**-**	**18.2**	**18.2**	**2.3**	**20.5**
Total other comprehensive income	**-**	**-**	**0.8**	**0.2**	**-**	**(0.2)**	**0.8**	**1.0**	**1.8**
Total comprehensive income for the period	**-**	**-**	**0.8**	**0.2**	**-**	**18.0**	**19.0**	**3.3**	**22.3**
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Share-based payment transactions (net of tax)	**-**	**-**	**-**	**-**	**-**	**0.2**	**0.2**	**-**	**0.2**
Share options exercised	**0.3**	**-**	**-**	**-**	**-**	**-**	**0.3**	**-**	**0.3**
Total contributions by and distributions to owners	**0.3**	**-**	**-**	**-**	**-**	**0.2**	**0.5**	**-**	**0.5**
Total transactions with owners	**0.3**	**-**	**-**	**-**	**-**	**0.2**	**0.5**	**-**	**0.5**
Balance as at 31 March 2012	**95.6**	**844.3**	**263.3**	**(0.3)**	**(2.2)**	**885.3**	**2,086.0**	**184.4**	**2,270.4**

Notes to the consolidated financial statements (unaudited)

1. General information

Basis of preparation

The first quarter results for Millennium & Copthorne Hotels plc ('the Company') to 31 March 2012 comprise the Company and its subsidiaries (together referred to as 'the Group') and the Group's interests in joint ventures and associates.

The first quarter results were approved by the Board of Directors on 3 May 2012.

The financial information set out in this interim management statement does not constitute the Group's statutory accounts for the quarter ended 31 March 2012. Statutory accounts for 2011 will be delivered to the registrar of companies following the Annual General Meeting to be held on 3 May 2012. The auditors have reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report; and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

Whilst the financial information included in this interim management statement has been prepared in accordance with IFRS as adopted by the EU, this statement does not itself contain sufficient information to comply with all disclosure requirements of IFRS. Information contained in this statement relating to the year ended 31 December 2011 has been extracted from the full IFRS compliant Annual Report and Accounts that was approved on 21 February 2012.

The results have been prepared applying the accounting policies and presentation that were used in the preparation of the Group's published consolidated financial statements for the year ended 31 December 2011 and which were prepared in accordance with IFRS as adopted by the EU. The consolidated financial statements of the Group for the financial year ended 31 December 2011 are available from the Company's website www.millenniumhotels.com/corporate/investor_relations/financiallibrary.html.

Since the 2011 Annual Report, the definition of headline operating profit, one of the Group's key performance indicators, has been modified to include the share of tax, interest and non-controlling interests of joint ventures and associates. The Group believes that the revised definition simplifies the presentation of headline operating profit given to the reader on both the face of the consolidated income statement and in the segmental analysis of operating results. Comparatives in the consolidated income statement and operating segment information for 31 March 2011 and 31 December 2011 have been restated to reflect the change in definition.

The financial statements are presented in the Company's functional currency of sterling, rounded to the nearest hundred thousand.

Non-GAAP information

Presentation of headline operating profit, headline EBITDA, headline profit before tax, headline profit after tax and headline earnings per share
Reconciliation of headline operating profit, headline EBITDA, headline profit before tax, headline profit after tax and headline earnings per share to the closest equivalent GAAP measures are provided in note 3 'Operating segment information', note 7 'Earnings per share' and note 8 'Non-GAAP measures'.

Net debt and gearing percentage
An analysis of net debt and calculated gearing percentage is provided in note 8 'Non-GAAP measures'.

Like-for-like growth
The Group believes that like-for-like growth which is not intended to be a substitute for or superior to, reported growth, provides useful and necessary information to investors and interested parties for the following reasons:

- it provides additional information on the underlying growth of the business without the effect of factors unrelated to the operating performance of the business; and
- it is used by the Group for internal performance analysis.

Notes to the consolidated financial statements (unaudited)

2. Foreign currency translation

The Company publishes its Group financial statements in sterling. However, the majority of the Company's subsidiaries, joint ventures and associates report their revenue, costs, assets and liabilities in currencies other than sterling. The Company translates the revenue, costs, assets and liabilities of those subsidiaries, joint ventures and associates into sterling, and this translation of other currencies into sterling could materially affect the amount of these items in the Group financial statements, even if their values have not changed in their original currencies. The following table sets out the sterling exchange rates of the other principal currencies of the Group.

	As at 31 March		As at 31 December	Average for 3 months January - March		Average for the year ended
Currency (=£)	**2012**	2011	2011	**2012**	2011	2011
US dollar	**1.602**	1.604	1.572	**1.585**	1.590	1.606
Singapore dollar	**2.006**	2.018	2.030	**1.997**	2.025	2.011
New Taiwan dollar	**46.264**	47.193	46.644	**46.236**	46.774	46.979
New Zealand dollar	**1.938**	2.121	2.018	**1.933**	2.084	2.011
Malaysian ringgit	**4.896**	4.841	4.974	**4.855**	4.845	4.895
Korean won	**1.808.84**	1,775.97	1,808.82	**1,789.78**	1,776.58	1,771.54
Chinese renminbi	**9.916**	10.443	9.762	**9.830**	10.391	10.269
Euro	**1.197**	1.135	1.199	**1.192**	1.158	1.149
Japanese yen	**132.584**	130.414	121.892	**125.623**	129.827	127.259

3. Operating segment information

Disclosure of segmental information is principally presented in respect of the Group's geographical segments.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items principally comprise: interest-bearing loans, borrowings, cash and cash equivalents, net finance expense, taxation balances and corporate expenses.

Geographical segments
The hotel and property operations are managed on a worldwide basis and operate in seven principal geographical areas as follows:
- New York
- Regional US
- London
- Rest of Europe (including the Middle East)
- Singapore
- Rest of Asia
- Australasia

The segments reported reflect the operating segment information included in the internal reports that the Chief Operating Decision Maker ("CODM"), which is the Board, regularly reviews.

The reportable segments are aligned with the structure of the Group's internal organisation which is based according to geographical region. Discrete financial information is reported to and is reviewed by the CODM on a geographical basis. Each operating segment has a Chief Operating Officer ("COO") or equivalent who is directly accountable for the functioning of the segment and who maintains regular contact with the Chief Executive Officer and Chairman of the CODM to discuss the operational and financial performance. The CODM makes decisions about allocation of resources to the regions managed by the COOs.

Notes to the consolidated financial statements (unaudited)

3. Operating segment information (continued)

	First Quarter 2012								
	New York £m	**Regional US £m**	**London £m**	**Rest of Europe £m**	**Singapore £m**	**Rest of Asia £m**	**Australasia £m**	**Central Costs £m**	**Total Group £m**
Revenue									
Hotel	**19.2**	**22.9**	**21.7**	**15.7**	**38.6**	**40.4**	**13.9**	**-**	**172.4**
Property operations	**-**	**0.4**	**-**	**-**	**0.6**	**-**	**2.1**	**-**	**3.1**
Total revenue	**19.2**	**23.3**	**21.7**	**15.7**	**39.2**	**40.4**	**16.0**	**-**	**175.5**
Hotel gross operating profit	**1.2**	**1.4**	**10.8**	**3.1**	**21.3**	**15.8**	**7.4**	**-**	**61.0**
Hotel fixed charges [1]	**(4.3)**	**(4.8)**	**(3.6)**	**(2.7)**	**(12.6)**	**(5.8)**	**(2.1)**	**-**	**(35.9)**
Hotel operating profit/(loss)	**(3.1)**	**(3.4)**	**7.2**	**0.4**	**8.7**	**10.0**	**5.3**	**-**	**25.1**
Property operations operating profit/(loss)	**-**	**(0.1)**	**-**	**-**	**0.1**	**-**	**0.8**	**-**	**0.8**
Central costs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(5.1)**	**(5.1)**
Share of joint ventures and associates profit	**-**	**-**	**-**	**-**	**3.2**	**1.7**	**1.4**	**-**	**6.3**
Headline operating profit/(loss)	**(3.1)**	**(3.5)**	**7.2**	**0.4**	**12.0**	**11.7**	**7.5**	**(5.1)**	**27.1**
Add back depreciation and amortisation	**1.2**	**1.7**	**1.2**	**0.9**	**0.1**	**2.8**	**0.5**	**0.3**	**8.7**
Headline EBITDA [2]	**(1.9)**	**(1.8)**	**8.4**	**1.3**	**12.1**	**14.5**	**8.0**	**(4.8)**	**35.8**
Depreciation and amortisation									**(8.7)**
Net finance expense									**(1.7)**
Headline profit before tax									**25.4**
Separately disclosed items - Group [3]									**(0.1)**
Separately disclosed items - Share of joint ventures and associates									**0.6**
Profit before tax									**25.9**

	First Quarter 2011								
	New York £m	Regional US £m	London £m	Rest of Europe £m	Singapore £m	Rest of Asia £m	Australasia £m	Central Costs £m	Total Group £m
Revenue									
Hotel	18.5	23.5	20.3	21.8	37.9	35.7	14.3	-	172.0
Property operations	-	0.4	-	-	0.6	-	1.2	-	2.2
Total revenue	18.5	23.9	20.3	21.8	38.5	35.7	15.5	-	174.2
Hotel gross operating profit	1.5	1.2	10.0	4.9	20.9	12.5	6.6	-	57.6
Hotel fixed charges [1]	(4.2)	(4.6)	(3.3)	(4.4)	(11.1)	(5.6)	(3.4)	-	(36.6)
Hotel operating profit/(loss)	(2.7)	(3.4)	6.7	0.5	9.8	6.9	3.2	-	21.0
Property operations operating profit/(loss)	-	(0.2)	-	-	(0.6)	-	0.3	-	(0.5)
Central costs	-	-	-	-	-	-	-	(3.5)	(3.5)
Share of joint ventures and associates profit	-	-	-	-	2.5	1.2	1.3	-	5.0
Headline operating profit/(loss)	(2.7)	(3.6)	6.7	0.5	11.7	8.1	4.8	(3.5)	22.0
Add back depreciation and amortisation	1.2	2.1	1.2	0.9	0.5	2.3	0.3	0.2	8.7
Headline EBITDA [2]	(1.5)	(1.5)	7.9	1.4	12.2	10.4	5.1	(3.3)	30.7
Depreciation and amortisation									(8.7)
Net finance expense									(2.2)
Headline profit before tax									19.8
Separately disclosed items - Group [3]									(0.1)
Profit before tax									19.7

Notes to the consolidated financial statements (unaudited)

3. Operating segment information (continued)

	Full Year 2011								
	New York £m	Regional US £m	London £m	Rest of Europe £m	Singapore £m	Rest of Asia £m	Australasia £m	Central Costs £m	Total Group £m
Revenue									
Hotel	103.2	114.9	100.9	86.9	151.1	159.8	48.4	-	765.2
Property operations	-	1.4	-	-	2.4	44.3	7.2	-	55.3
Total revenue	103.2	116.3	100.9	86.9	153.5	204.1	55.6	-	820.5
Hotel gross operating profit	30.1	21.8	56.2	22.0	83.4	60.6	22.0		296.1
Hotel fixed charges [1]	(18.1)	(18.2)	(14.0)	(9.4)	(47.7)	(21.6)	(10.5)	-	(139.5)
Hotel operating profit	12.0	3.6	42.2	12.6	35.7	39.0	11.5	-	156.6
Property operations operating profit/(loss)	-	(0.8)	-	-	(0.2)	34.0	2.6	-	35.6
Central costs	-	-	-	-	-	-	-	(21.2)	(21.2)
Share of joint ventures and associates profit	-	-	-	-	13.4	3.2	3.8	-	20.4
Headline operating profit/(loss)	12.0	2.8	42.2	12.6	48.9	76.2	17.9	(21.2)	191.4
Add back depreciation and amortisation	4.7	7.5	5.1	3.8	1.3	9.8	2.4	0.9	35.5
Headline EBITDA [2]	16.7	10.3	47.3	16.4	50.2	86.0	20.3	(20.3)	226.9
Depreciation and amortisation									(35.5)
Net finance expense									(6.7)
Headline profit before tax									184.7
Separately disclosed items - Group[3]									(8.5)
Separately disclosed items - Share of joint ventures and associates									17.1
Profit before tax									193.3

[1] Hotel fixed charges include depreciation, amortisation of lease premium prepayments, property rent, taxes and insurance, operating lease rentals and management fees.
[2] EBITDA is earnings before interest, tax, depreciation and amortisation.
[3] Included within separately disclosed items - Group for the first quarter ended 31 March 2012 was an impairment charge of £0.1m (2011: £0.1m) on interest on shareholder loans in the Group's 50% investment in Bangkok and for the full year 2011 was a £0.5m impairment charge. In addition, for the year ended 31 December 2011 an impairment charge of £15.8m was made in relation to eight Regional UK hotels in Rest of Europe, £8.2m to four hotels in Regional US, £1.0m to one hotel in New Zealand and £4.4m in relation to land in India.

Notes to the consolidated financial statements (unaudited)

3. Operating segment information (continued)

Segmental assets and liabilities

As at 31 March 2012	New York £m	Regional US £m	London £m	Rest of Europe £m	Singapore £m	Rest of Asia £m	Australasia £m	Total Group £m
Hotel operating assets	**334.7**	**272.3**	**443.0**	**190.5**	**147.8**	**626.0**	**162.4**	**2,176.7**
Hotel operating liabilities	**(10.8)**	**(41.4)**	**(36.0)**	**(21.8)**	**(140.2)**	**(45.9)**	**(13.6)**	**(309.7)**
Investments in and loans due from joint ventures and associates	**-**	**-**	**-**	**-**	**171.7**	**91.7**	**65.2**	**328.6**
Loans due to associate	**-**	**-**	**-**	**-**	**-**	**(11.6)**	**-**	**(11.6)**
Total hotel operating net assets	**323.9**	**230.9**	**407.0**	**168.7**	**179.3**	**660.2**	**214.0**	**2,184.0**
Property operating assets	**-**	**28.5**	**-**	**-**	**149.0**	**73.7**	**75.6**	**326.8**
Property operating liabilities	**-**	**(0.2)**	**-**	**-**	**(85.5)**	**(0.8)**	**(1.0)**	**(87.5)**
Investments in and loans due from joint ventures and associates	**-**	**-**	**-**	**-**	**50.0**	**89.2**	**-**	**139.2**
Total property operating net assets	**-**	**28.3**	**-**	**-**	**113.5**	**162.1**	**74.6**	**378.5**
Deferred tax liabilities								**(235.9)**
Income taxes payable								**(25.1)**
Net debt								**(31.1)**
Net assets								**2,270.4**

As at 31 March 2011	New York £m	Regional US £m	London £m	Rest of Europe £m	Singapore £m	Rest of Asia £m	Australasia £m	Total Group £m
Hotel operating assets	335.5	284.0	438.2	207.5	194.6	618.8	148.8	2,227.4
Hotel assets classified as held for sale	-	-	-	-	49.2	-	-	49.2
Hotel operating liabilities	(10.4)	(29.3)	(23.3)	(28.2)	(144.6)	(58.5)	(7.9)	(302.2)
Investments in and loans due from joint ventures and associates	-	-	-	-	166.7	87.9	61.6	316.2
Total hotel operating net assets	325.1	254.7	414.9	179.3	265.9	648.2	202.5	2,290.6
Property operating assets	-	28.3	-	-	87.2	10.2	71.6	197.3
Property operating liabilities	-	(0.1)	-	-	(49.9)	(4.6)	(0.6)	(55.2)
Investments in and loans due from joint ventures and associates	-	-	-	-	-	68.0	-	68.0
Total property operating net assets	-	28.2	-	-	37.3	73.6	71.0	210.1
Deferred tax liabilities								(244.8)
Income taxes payable								(32.3)
Net debt								(131.8)
Net assets								2,091.8

As at 31 December 2011	New York £m	Regional US £m	London £m	Rest of Europe £m	Singapore £m	Rest of Asia £m	Australasia £m	Total Group £m
Hotel operating assets	342.5	278.1	438.3	188.1	144.5	625.0	150.1	2,166.6
Hotel operating liabilities	(11.7)	(41.5)	(25.8)	(21.2)	(140.1)	(47.6)	(7.7)	(295.6)
Investments in and loans due from joint ventures and associates	-	-	-	-	174.2	95.0	63.2	332.4
Loans due to associate	-	-	-	-	-	(11.8)	-	(11.8)
Total hotel operating net assets	330.8	236.6	412.5	166.9	178.6	660.6	205.6	2,191.6
Property operating assets	-	28.9	-	-	146.8	81.1	73.5	330.3
Property operating liabilities	-	(0.1)	-	-	(69.4)	(0.7)	(0.7)	(70.9)
Investments in and loans due from joint ventures and associates	-	-	-	-	69.0	90.4	-	159.4
Total property operating net assets	-	28.8	-	-	146.4	170.8	72.8	418.8
Deferred tax liabilities								(236.4)
Income taxes payable								(26.2)
Net debt								(100.2)
Net assets								2,247.6

Notes to the consolidated financial statements (unaudited)

4. Separately disclosed items

	Notes	**First Quarter 2012 £m**	First Quarter 2011 £m	Full Year 2011 £m
Other operating income				
Revaluation gain of investment properties	**(a)**	**-**	-	1.0
Other operating expense				
Revaluation deficit of investment properties	**(a)**	**-**	-	(0.1)
Separately disclosed items included in administrative expenses				
Impairment	**(b)**	**(0.1)**	(0.1)	(29.9)
Non-operating income				
Profit on sale and leaseback of Studio M Hotel	**(c)**	**-**	-	17.4
Profit on disposal of subsidiary	**(d)**	**-**	-	1.7
Gain arising on disposal of leasehold property	**(e)**	**-**	-	1.2
Gain on disposal of stapled securities in CDLHT	**(f)**	**-**	-	0.2
		-	-	20.5
Separately disclosed items – Group		**(0.1)**	(0.1)	(8.5)
Separately disclosed items – share of joint ventures and associates				
Revaluation gain of investment properties	**(g)**	**-**	-	17.3
Profit/(loss) on disposal of business assets and subsidiaries	**(h)**	**0.6**	-	(0.2)
		0.6	-	17.1

(a) Revaluation of investment properties
At the end of 2011, the Group's investment properties were subject to external professional valuation on an open-market existing use basis. Based on these valuations, together with such considerations as the Directors consider appropriate, the Tanglin Shopping Centre recorded an uplift in value of £1.0m, Biltmore Court & Tower recorded a decrease in value of £0.1m and Sunnyvale residences recorded no change.

(b) Impairment
For the quarter ended 31 March 2012, a £0.1m (2011: £0.1m) impairment charge was made relating to interest on shareholder loans in the Group's 50% investment in Bangkok.

As at the end of 2011, the Directors undertook their annual review of the carrying value of hotels and property assets for indication of impairment and where appropriate, external valuations were also undertaken. As a result of this review, an impairment charge of £29.4m was made for the year ended 31 December 2011, consisting of £15.8m in relation to eight Regional UK hotels in Rest of Europe, £8.2m for four hotels in Regional US, £1.0m in relation to one hotel in New Zealand and £4.4m in relation to land in India within Rest of Asia. A £0.5m impairment charge also was made during the year ended 31 December 2011 relating to interest on shareholder loans to the Group's 50% investment in Bangkok.

(c) Profit on sale and leaseback of Studio M Hotel
On 3 May 2011, the Group completed the sale and leaseback of the Studio M Hotel to its REIT associate CDLHT for cash consideration of S$154.0m (£75.7m), and this gave rise to a total realised pre-tax profit from the disposal of S$35.4m (£17.4m) which was recorded for the year ended 31 December 2011. Total unrealised pre-tax profit from the disposal was S$19.1m (£9.4m) which had been credited to the balance sheet as investment in joint ventures and associates, arising from the Group's then 35.1% interest in the stapled securities of CDLHT.

(d) Profit on disposal of subsidiary
For the year ended 31 December 2011, the Group recorded a £1.7m gain from the disposal of CDL Hotels (Phils.) Corporation, a Philippines based company principally providing management services to Grand Plaza Hotel Corporation, owner of The Heritage Hotel in the Philippines.

(e) Gain arising on disposal of leasehold property
Following the earthquake in Christchurch, New Zealand, the Copthorne Hotel Christchurch City was closed down by Civil Defence Emergency Management. Copthorne Hotel Christchurch City was demolished in late 2011 and, accordingly, the net book value was fully written down in third quarter 2011. A settlement was reached with the insurers and owner on the building and assets and the funds were received in fourth quarter 2011. Consequently, £1.2m was recognised as a gain arising on disposal of leasehold property in the income statement. This gain was the difference between the compensation received and the carrying value of the leased property.

Notes to the consolidated financial statements (unaudited)

4. Separately disclosed items (continued)

(f) Gain on disposal of stapled securities in CDLHT
During the year ended 31 December 2011, the Group disposed of 760,000 stapled securities in CDLHT for S$1.6m (£0.8m) which net of the carrying value of the stapled securities and the dilution impact totalling S$1.2m (£0.6m) resulted in a net gain of S$0.4m (£0.2m).

(g) Revaluation gain of investment properties
During the year ended 31 December 2011, certain investment properties of FSCL group were transferred to development properties at fair value. At 31 December 2011, the investment properties were subject to external professional valuation on an open-market existing use basis. The Group's share of the uplift in the value of the transferred properties and of the investment properties at the end of 2011 was £6.8m.

For the year ended 31 December 2011, the Group's share of CDLHT's net revaluation surplus of investment properties was £10.5m.

(h) Profit/(loss) on disposal of business assets and subsidiaries
During the quarter ended 31 March 2012, FSCL recorded a profit on disposal of the assets from its confectionery manufacturing operations in Chengdu to a third party. The Group's share of the profit is £0.6m.

For the year ended 31 December 2011, FSCL recorded £0.2m of losses from the disposal of subsidiaries.

5. Share of profit of joint ventures and associates

	First Quarter 2012 £m	First Quarter 2011 £m	Full Year 2011 £m
Share of profit for the period			
Operating profit before separately disclosed items	**8.5**	7.1	28.8
Interest	**(0.3)**	(0.5)	(1.7)
Tax	**(0.9)**	(0.7)	(3.3)
Non-controlling interests	**(1.0)**	(0.9)	(3.4)
Share of profit	**6.3**	5.0	20.4
Separately disclosed items – operating profit	**0.8**	-	19.5
Tax	**(0.2)**	-	(2.1)
Non-controlling interests	**-**	-	(0.3)
Share of profit	**0.6**	-	17.1
	6.9	5.0	37.5

6. Income tax expense

The Group recorded a tax expense of £5.4m total income tax expense for the first quarter (first quarter 2011: £4.2m) excluding the tax relating to joint ventures and associates. This comprises a UK tax credit of £0.4m and an overseas tax charge of £5.8m (first quarter 2011: a UK tax credit of £0.5m and an overseas tax charge of £4.7m). For full year 2011 the £28.2m total income tax expense comprised a UK tax credit of £2.0m and an overseas tax charge of £30.2m.

Income tax expense for the relevant period is the expected income tax payable on the taxable income for the period, calculated at estimated average annual effective income tax rate applied to the pre-tax income on the period.

The estimated annual effective rate applied to profit before income tax excluding the Group's share of joint ventures and associates profits is 28.9% (2011: 28.6%). The underlying annual effective rate (excluding the Group's share of joint ventures and associates) is 30.6% (2011: 29.8%).

For the full year 2011, the effective tax rate was affected by a number of factors which includes the following items:

- Separately disclosed items of the Group;
- Sale of Kuala Lumpur land;
- Release of a dilapidation provision for the Stuttgart hotel whose lease expired on 31 August 2011;
- Reduced tax rates applied to brought forward net deferred tax liabilities in the UK; and
- Tax adjustments in respect of previous years.

Excluding the impact of the items noted above, the Group's underlying effective tax rate for the full year 2011 was 27.7%.

A charge of £1.1m for the first quarter (first quarter 2011: £0.7m and full year 2011: £5.4m) relating to joint ventures and associates is included in the reported profit before tax.

Notes to the consolidated financial statements (unaudited)

7. Earnings per share

Earnings per share are calculated using the following information:

	First Quarter 2012	First Quarter 2011	Full Year 2011
(a) Basic			
Profit for the period attributable to holders of the parent (£m)	**18.2**	14.1	160.9
Weighted average number of shares in issue (m)	**317.2**	312.9	315.6
Basic earnings per share (pence)	**5.7p**	4.5p	51.0p
(b) Diluted			
Profit for the period attributable to holders of the parent (£m)	**18.2**	14.1	160.9
Weighted average number of shares in issue (m)	**317.2**	312.9	315.6
Potentially dilutive share options under Group's share option schemes (m)	**0.8**	1.3	1.3
Weighted average number of shares in issue (diluted) (m)	**318.0**	314.2	316.9
Diluted earnings per share (pence)	**5.7p**	4.5p	50.8p
(c) Headline earnings per share (pence)			
Profit for the period attributable to holders of the parent (£m)	**18.2**	14.1	160.9
Adjustments for:			
- Separately disclosed items - Group (net of tax and non-controlling interests) (£m)	**0.1**	0.1	1.7
- Share of separately disclosed items of joint ventures and associates (net of tax and non-controlling interests) (£m)	**(0.5)**	-	(15.7)
- Change in tax rates on opening deferred tax (£m)	**(0.2)**	(0.1)	(2.8)
Adjusted profit for the period attributable to holders of the parent (£m)	**17.6**	14.1	144.1
Weighted average number of shares in issue (m)	**317.2**	312.9	315.6
Headline earnings per share (pence)	**5.5p**	4.5p	45.7p
(d) Diluted headline earnings per share (pence)			
Adjusted profit for the period attributable to holders of the parent (£m)	**17.6**	14.1	144.1
Weighted average number of shares in issue (diluted) (m)	**318.0**	314.2	316.9
Diluted headline earnings per share (pence)	**5.5p**	4.5p	45.5p

8. Non-GAAP measures

Headline operating profit, headline EBITDA and headline profit before tax
Reconciliation of headline operating profit, headline EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) and headline profit before tax to the closest equivalent GAAP measure, profit before tax is provided in note 3 'Operating segment information'.

Headline profit after tax
Reconciliation of profit before tax to headline profit after tax is shown below.

	First Quarter 2012 £m	First Quarter 2011 £m	Full Year 2011 £m
Profit after tax	**20.5**	15.5	165.1
Adjustments for:			
Separately disclosed items (net of tax) – Group	**0.1**	0.1	1.7
Separately disclosed items (net of interest, tax and non-controlling interests) – Share of joint ventures and associates	**(0.6)**	-	(17.1)
Tax impact of changes in tax rates on opening deferred tax	**(0.2)**	(0.1)	(2.8)
Headline profit after tax	**19.8**	15.5	146.9

Notes to the consolidated financial statements (unaudited)

8. Non-GAAP measures (continued)

Net debt
In presenting and discussing the Group's indebtedness and liquidity position, net debt is calculated. Net debt is not defined under IFRS. The Group believes that it is both useful and necessary to communicate net debt to investors and other interested parties, for the following reasons:

- net debt allows the Company and external parties to evaluate the Group's overall indebtedness and liquidity position;
- net debt facilitates comparability of indebtedness and liquidity with other companies, although the Group's measure of net debt may not be directly comparable to similarly titled measures used by other companies; and
- it is used in discussions with the investment analyst community.

Analysis of net debt and calculated gearing percentage is provided below. Gearing is defined as net debt as a percentage of total equity attributable to equity holders of the parent.

	First Quarter 2012 £m	First Quarter 2011 £m	Full Year 2011 £m
Net Debt			
Cash and cash equivalents (as per consolidated statement of cash flows)	**330.4**	274.6	275.3
Bank overdrafts (included as part of borrowings)	**57.6**	0.3	56.9
Cash and cash equivalents (as per consolidated statement of financial position)	**388.0**	274.9	332.2
Interest-bearing loans, bonds and borrowings			
– Non-current	**(243.0)**	(317.3)	(311.6)
– Current	**(176.1)**	(89.4)	(120.8)
Net debt	**(31.1)**	(131.8)	(100.2)
Gearing (%)	**1.5%**	6.9%	4.8%

Reconciliation of net cash flow to movement in net debt	**First Quarter 2012 £m**	First Quarter 2011 £m	Full Year 2011 £m
Net debt at beginning of year	**(100.2)**	(165.7)	(165.7)
Net increase in cash and cash equivalents (as per consolidated statement of cash flows)	**52.4**	27.2	29.2
Net decrease/(increase) in loans	**8.2**	(2.1)	39.4
Translation adjustments	**8.5**	8.8	(3.1)
Movements in net debt	**69.1**	33.9	65.5
Net debt at end of period	**(31.1)**	(131.8)	(100.2)
Gearing (%)	**1.5%**	6.9%	4.8%

9. Assets classified as held for sale

As at 31 March 2011, assets classified as held for sale of £49.2m represented the remaining term of the 99-year leasehold interest (commencing 26 February 2007) in the hotel known as the "Studio M Hotel Singapore" that was sold to the Group's REIT associate CDLHT for cash consideration of S$154.0m (£75.7m) on 3 May 2011, and which gave rise to a total realised pre-tax profit from the disposal of S$35.4m (£17.4m) which was recorded for the year ended 31 December 2011.

APPENDIX 1: KEY OPERATING STATISTICS (UNAUDITED)
For the three months ended 31 March 2012

	First Quarter 2012 Reported currency	First Quarter 2011 Constant currency	First Quarter 2011 Reported currency	Full Year 2011 Reported currency
Occupancy %				
New York	**75.6**		74.3	85.5
Regional US	**48.8**		50.5	57.4
Total US	**55.5**		56.4	64.4
London	**76.9**		73.9	81.5
Rest of Europe	**63.9**		64.7	69.3
Total Europe	**70.2**		68.7	74.9
Singapore	**88.2**		83.5	86.9
Rest of Asia	**70.9**		67.0	71.0
Total Asia	**77.6**		74.1	77.4
Australasia	**72.8**		75.6	64.3
Total Group	**67.4**		66.9	70.8
Average Room Rate (£)				
New York	**129.45**	130.95	130.55	154.86
Regional US	**60.75**	60.04	59.86	66.00
Total US	**83.96**	83.18	82.93	95.24
London	**107.88**	104.95	104.95	120.10
Rest of Europe	**67.81**	70.76	71.77	71.37
Total Europe	**89.15**	87.02	87.55	95.58
Singapore	**116.18**	103.68	102.25	109.54
Rest of Asia	**85.85**	74.74	74.05	81.10
Total Asia	**99.20**	88.74	87.70	93.83
Australasia	**59.15**	61.83	57.38	58.38
Total Group	**87.81**	83.46	82.63	91.48
RevPAR (£)				
New York	**97.91**	97.35	97.00	132.44
Regional US	**29.65**	30.35	30.23	37.91
Total US	**46.56**	46.95	46.77	61.33
London	**82.96**	77.52	77.56	97.92
Rest of Europe	**43.31**	45.76	46.44	49.44
Total Europe	**62.59**	59.82	60.15	71.55
Singapore	**102.43**	86.53	85.38	95.20
Rest of Asia	**60.90**	50.07	49.61	57.60
Total Asia	**77.00**	65.73	64.99	72.58
Australasia	**43.04**	46.76	43.38	37.56
Total Group	**59.17**	55.84	55.28	64.81
Gross Operating Profit Margin (%)				
New York	**6.3**		8.1	29.2
Regional US	**6.1**		5.0	19.0
Total US	**6.2**		6.4	23.8
London	**49.8**		49.3	55.7
Rest of Europe	**19.7**		22.5	25.3
Total Europe	**37.2**		35.4	41.6
Singapore	**55.2**		55.1	55.2
Rest of Asia	**39.1**		35.0	37.9
Total Asia	**47.0**		45.4	46.3
Australasia	**53.2**		46.2	45.5
Total Group	**35.4**		33.5	38.7

For comparability, the 31 March 2011 Average Room Rate and RevPAR have been translated at average exchange rates for the period ended 31 March 2012.

APPENDIX 2: HOTEL ROOM COUNT AND PIPELINE (UNAUDITED)
As at 31 March 2012

Hotel and room count	Hotels 31 March 2012	Hotels 31 December 2011	Hotels 31 March 2011	Rooms 31 March 2012	Rooms 31 December 2011	Rooms 31 March 2011
Analysed by region:						
New York	**3**	3	3	**1,757**	1,757	1,757
Regional US	**16**	16	16	**5,554**	5,554	5,554
London	**7**	7	7	**2,493**	2,493	2,493
Rest of Europe	**16**	16	18	**2,696**	2,696	3,227
Middle East	**12**	10	9	**3,952**	3,623	3,299
Singapore	**6**	6	6	**2,714**	2,714	2,750
Rest of Asia	**16**	16	16	**7,260**	7,260	7,253
Australasia	**34**	34	29	**4,935**	4,935	3,506
Total	**110**	108	104	**31,361**	31,032	29,839
Analysed by ownership type:						
Owned or leased	**65**	65	68	**19,946**	19,946	20,991
Managed	**23**	21	20	**6,255**	5,926	5,602
Franchised	**11**	11	12	**1,559**	1,559	1,637
Investment	**11**	11	4	**3,601**	3,601	1,609
Total	**110**	108	104	**31,361**	31,032	29,839
Analysed by brand:						
Grand Millennium	**5**	5	5	**2,488**	2,479	2,473
Millennium	**40**	39	40	**13,924**	13,756	14,208
Copthorne	**31**	31	34	**6,403**	6,403	7,083
Kingsgate	**15**	14	14	**1,576**	1,436	1,436
Other M&C	**5**	5	5	**1,885**	1,885	1,882
Third Party	**14**	14	6	**5,085**	5,073	2,757
Total	**110**	108	104	**31,361**	31,032	29,839

Hotel Pipeline	Hotels 31 March 2012	Hotels 31 December 2011	Hotels 31 March 2011	Rooms 31 March 2012	Rooms 31 December 2011	Rooms 31 March 2011
Analysed by region:						
Middle East	**26**	26	22	**5,893**	5,700	6,324
Rest of Asia	**4**	4	2	**907**	907	388
Total	**30**	30	24	**6,800**	6,607	6,712
Analysed by ownership type:						
Franchised	**1**	1	-	**195**	195	-
Owned or leased	**1**	1	1	**325**	325	144
Managed	**28**	28	23	**6,280**	6,087	6,568
Total	**30**	30	24	**6,800**	6,607	6,712
Analysed by brand:						
Grand Millennium	**-**	-	2	**-**	-	1,298
Millennium	**18**	18	13	**4,662**	4,237	3,648
Copthorne	**7**	6	3	**1,284**	1,178	394
Kingsgate	**-**	-	4	**-**	-	892
Other M&C	**5**	6	2	**854**	1,192	480
Total	**30**	30	24	**6,800**	6,607	6,712

The Group’s worldwide pipeline has 30 hotels offering 6,800 rooms, which are mainly management contracts.