

**Miscellaneous**

\* Asterisks denote mandatory information

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Announcement is submitted with respect to *	CITY DEVELOPMENTS LIMITED
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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 to 31 March 2010](#)

Description [Please see attached the announcement released by Millennium & Copthorne Hotels plc on 5 May 2010.](#)

**Attachments**

 [MC\\_StatementQ12010Final.pdf](#)  
Total size = **152K**  
(2048K size limit recommended)

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**MILLENNIUM & COPTHORNE HOTELS PLC****INTERIM MANAGEMENT STATEMENT  
First quarter results to 31 March 2010****HIGHLIGHTS****Highlights for the first quarter 2010:**

£ millions (unless otherwise stated)	<b>First Quarter 2010</b>	First Quarter 2009	Reported Currency Change %	Constant Currency Change %
RevPAR	<b>£51.78</b>	£50.72	2.1%	3.2%
Revenue - total	<b>160.5</b>	157.1	2.2%	3.0%
Revenue – hotels	<b>158.4</b>	155.7	1.7%	2.6%
Headline operating profit	<b>21.1</b>	15.1	39.7%	31.1%
Profit before tax	<b>18.6</b>	11.0	69.1%	51.2%
Headline profit before tax	<b>18.7</b>	11.0	70.0%	52.0%

- Overall RevPAR increased in the first quarter, driven by a 3.1% rise in occupancy, partially offset by a 1.5% fall in average room rate. Strongest growth came from Singapore where, in constant currency, RevPAR grew by 17.6%.
- A 66.0% conversion rate (50.0% at hotel level) reflects the continuing impact of the profit protection plan initiated in 2008.
- Headline operating profit increase of 39.7% reflects increased revenue coupled with a strong conversion rate.
- Basic earnings per share increased by 69.6% to 3.9p (2009: 2.3p).
- The Group further strengthened its balance sheet with strong cash flows from operating activities of £14.8m (2009: £8.8m), net debt of £201.9m and gearing of 10.8% at 31 March 2010 (31 December 2009: 11.6%).

**Commenting today Mr Kwek Leng Beng, Chairman said:**

“We have made a good start to the year with revenue and trading performance in line with management expectations. The results underline the strength of our owner-operator model. Headline operating profit benefited from an improving trading environment in some regions and from our continuing focus on strong cost discipline. RevPAR increase in Asia was strong, particularly in Singapore which saw a resurgence of visitor arrivals. New York recorded a RevPAR increase of 9.5%. London RevPAR declined by 3.0%, principally due to a reduction in aircrew business. “

**Enquiries**

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**Analyst briefing**

There will be a conference call for investors and analysts hosted by Richard Hartman, Chief Executive Officer, at 8.30am (UK time) on 5 May 2010. For dial-in details, please contact Clare Akhurst on +44 (0) 20 7466 5000.

## REVIEW AND OUTLOOK

The Group delivered a good performance in the first quarter and maintained a strong financial position.

The RevPAR increase of 3.2% for the first quarter is encouraging, with occupancy increases being the key driver in most regions. Singapore saw the highest RevPAR increase of 17.6%. Singapore hotels' growth was across the portfolio and driven by a resurgence of visitor arrivals and an impressive quarterly increase in GDP.

New York recorded a 9.5% increase in RevPAR, driven entirely by occupancy.

London declined by 3.0% on the back of a 4.6% fall in occupancy. This was principally due to the reduction in aircrew business. Airlines have been exerting downward pressure on rates for aircrew accommodation as they seek to reduce their own costs in a difficult economic environment and in late 2009 this resulted in the Group not renewing some aircrew business. Excluding aircrew business, RevPAR in London overcame the adverse weather conditions in January and grew by 5% due to rate growth in the small to medium enterprises and leisure segments and occupancy growth in the corporate segments.

A 66.0% conversion rate (50.0% at hotel level) reflects management's continuing focus on strong cost discipline since implementing the profit protection plan in 2008. Combined with revenue increases, the profit protection plan helped to raise reported currency headline operating profit by 39.7% to £21.1m (2009: £15.1m). Contributions from joint ventures & associates and acquisition fee income also had a positive impact on headline operating profit. Headline profit before tax increased by 70.0% to £18.7m (2009: £11.0m). Headline earnings per share increased by 73.9% to 4.0p (2009: 2.3p).

### Financial Position

Our balance sheet strengthened further with net debt marginally reducing to £201.9m at 31 March 2010 from the 31 December 2009 position of £202.5m. At 31 March 2010 the Group had cash reserves of £154.9m and total undrawn committed bank facilities of £228.8m available. Most of these facilities are unsecured. Encumbered assets represent 12.6% of our fixed assets and investment properties. Gearing further improved to 10.8% (31 December 2009: 11.6%). Interest cover is a healthy 14.8 times (2009: 10.6 times) and net cash generated from operating activities improved to £14.8m compared to £8.8m in Q1 2009.

### Development

As previously reported, the Group approved a project to redevelop the Copthorne Orchid Singapore into condominiums. We are shortly to construct showroom flats and the hotel is expected to close in the fourth quarter of 2010. CDL Hospitality Trusts ("CDLHT"), our 39.5% owned REIT associate, acquired five hotels in Australia comprising 1,139 rooms, the Novotel Brisbane, Mercure Brisbane, Ibis Brisbane, Mercure Perth and Ibis Perth. The Group earned an acquisition fee of £1m in the quarter from the purchase of these five hotels.

On 19 March 2010, the newly constructed 360-room Studio M hotel in Singapore was soft opened.

The Group signed four management contracts in each of the following countries: Jordan, Oman, Qatar and the United Arab Emirates. These properties are due to open between 2011 and 2012 and account for 1,034 additional rooms, bringing the number of rooms in the Group's worldwide pipeline to 8,818 rooms (30 hotels).

### First Sponsor Capital Limited

The Group has a 39.8% effective interest in First Sponsor Capital Limited, a vehicle which undertakes property development projects in China. In April 2010, the Group became aware of issues relating to FSCL's investment in Idea Valley Investment Holdings Ltd ("IVIH"), whereby one of FSCL's joint venture partners - a 20% investor in IVIH - disposed of certain assets held by entities within the IVIH group without proper authority, knowledge or agreement of the relevant boards. FSCL and IVIH took immediate action to protect their interests in the remaining assets and to void the unauthorised asset sales. A report has been lodged with the PRC authorities and measures are being taken to safeguard the remaining Guangdong assets. Based on the unaudited management accounts of FSCL group at 28 February 2010, the Group's aggregate exposure to the affected assets is approximately £14.7m.

The IVGL Group has obtained legal opinion to confirm that it has a basis to recover all those assets in due course and accordingly, the Group has not made any provision for the impact of the unauthorised transactions.

### Looking Forward

We continue to see encouraging signs of recovery in some of our markets although conditions for others, notably Rest of Europe and Regional US, remain challenging. In the month of April, Group RevPAR increased by 10.6% with New York increasing by 14.0%, Singapore increasing by 46.7% and London declining by 3.9%. London is forecast to recover slowly from the impact of the reduction of aircrew business.

It is too early to predict trading performance for 2010. However the Board considers that the Group's rigorous analytical management, its geographically diversified revenues and strong balance sheet place it in a strong competitive position. We expect management's intense focus on cost control to continue delivering benefits to shareholders through our owner-operator model.

### Kwek Leng Beng

CHAIRMAN  
5 May 2010

## FIRST QUARTER 2010 RESULTS

	<b>First Quarter 2010 £m</b>	First Quarter 2009 £m	Full year 2009 £m
Revenue	<b>160.5</b>	157.1	654.0
Operating profit	<b>19.6</b>	13.4	89.2
Headline operating profit <sup>1</sup>	<b>21.1</b>	15.1	98.0
Profit before tax	<b>18.6</b>	11.0	81.9
Adjustments for:			
Other operating expense of the Group <sup>2</sup>	-	-	0.2
Other operating income of joint ventures and associates (net of tax, interest and non- controlling interests) <sup>3</sup>	-	-	(0.1)
Impairment <sup>4</sup>	<b>0.1</b>	-	2.2
Headline profit before tax <sup>1</sup>	<b>18.7</b>	11.0	84.2
Headline profit after tax <sup>1</sup>	<b>14.2</b>	8.6	67.0
Profit for the period	<b>14.1</b>	8.6	74.6
Basic earnings per share (pence)	<b>3.9p</b>	2.3p	22.9p
Headline earnings per share (pence) <sup>1</sup>	<b>4.0p</b>	2.3p	20.3p
Net debt	<b>201.9</b>	278.7	202.5
Gearing (%)	<b>10.8%</b>	15.9%	11.6%

### Notes

<sup>1</sup> The Group believes that headline operating profit, headline profit before tax, headline profit after tax and headline earnings per share provide useful and necessary information on underlying trends to shareholders, the investment community and are used by the Group for internal performance analysis. Reconciliation of these measures to the closest equivalent GAAP measures are shown in notes 3, 7 and 8 to these financial statements.

<sup>2</sup> Other operating expense of the Group for the year ended 31 December 2009 represents a loss of £0.2m on fair value adjustment to the Tanglin Shopping Centre, an investment property of the Group.

<sup>3</sup> Other operating income of joint ventures and associates for the year ended 31 December 2009 primarily represents the Group's share of fair value adjustments of investment properties of First Sponsor Capital Limited of £0.6m net of £0.5m related interest, tax and non-controlling interests.

<sup>4</sup> Impairment for the first quarter ended 31 March 2010 represents additional interest in the Group's 50% joint venture in Bangkok being fully written down by £0.1m. Impairment for the year ended 31 December 2009 represents additional funding in the Group's 50% joint venture in Bangkok being fully written down by £1.3m and a £0.9m impairment of a piece of land in India.

## FINANCIAL PERFORMANCE – FIRST QUARTER 2010

For the first quarter to 31 March 2010, profit before tax increased by 69.1% to £18.6m (2009: £11.0m). Headline profit before tax, the Group's measure of underlying profit before tax, increased by 70.0% from £11.0m to £18.7m. Headline operating profit increased by 39.7% to £21.1m (2009: £15.1m).

The 39.7% rise in headline operating profit is a reflection of levelling off of the economic decline since the second half of 2009, improved trading performance of the Group and tight cost control. Basic earnings per share increased by 69.6% to 3.9p (2009: 2.3p).

The impact of foreign exchange movements are shown below and in constant currency terms the operating profit variance of £3.1m represents a 66.0% conversion rate, while at hotel level the conversion rate is 50.0%. This conversion rate reflects the ongoing impact that the profit protection scheme and the various restructuring exercises in the last eighteen months have had on the Group's profitability. The table below summarises the exchange impact on revenue and expenses.

	Reported Currency				Constant Currency			
	2010 £m	2009 £m	Variance £m	Change %	2010 £m	2009 £m	Variance £m	Change %
Revenue	160.5	157.1	3.4	2.2%	160.5	155.8	4.7	3.0%
Expenses	(145.7)	(146.8)	1.1	0.7%	(145.7)	(144.1)	(1.6)	(1.1%)
Operating profit (excluding impairment)	14.8	10.3	4.5	43.7%	14.8	11.7	3.1	26.5%
Share of joint ventures and associates	6.3	4.8	1.5	31.3%	6.3	4.5	1.8	40.0%
Headline operating profit	21.1	15.1	6.0	39.7%	21.1	16.2	4.9	30.2%

## TAXATION

The Group recorded a tax expense of £4.5m (2009: £2.4m) excluding the tax relating to joint ventures and associates, giving rise to an effective rate of 32.8% (2009: 30.4%).

A tax charge of £0.6m (2009: £0.8m) relating to joint ventures and associates is included in the reported profit before tax.

## EARNINGS PER SHARE

Basic earnings per share was 3.9p (2009: 2.3p) and headline earnings per share increased to 4.0p (2009: 2.3p). The table below reconciles basic earnings per share to headline earnings per share.

	First Quarter 2010 pence	First Quarter 2009 pence	Full Year 2009 pence
Reported basic earnings per share	3.9	2.3	22.9
Other operating income:			
- Share of joint ventures and associates	-	-	(0.1)
Other operating expense - Group	-	-	0.1
Impairment (net of tax and non-controlling interest)	0.1	-	0.6
Change in tax rates on opening deferred taxes	-	-	(3.2)
Headline earnings per share	4.0	2.3	20.3

## PERFORMANCE BY REGION

For comparability, the following regional review is based on calculations in constant currency whereby 31 March 2009 average room rate, RevPAR, revenue and headline operating profit have been translated at 2010 average exchange rates.

### UNITED STATES

#### New York

RevPAR increased by 9.5% to £94.93 (2009: £86.72). This was driven entirely by occupancy which increased by 12.2 percentage points to 76.4% (2009: 64.2%) while rate fell by 8.0% to £124.25 (2009: £135.08). This growth is against weak comparatives, especially for the Millennium Broadway and Millennium Hilton which both saw sharp declines in Q1 2009.

#### Regional US

RevPAR declined by 3.8% to £28.00 (2009: £29.12). As evidence that the market in Regional US has still to recover, this RevPAR fall was the result of declining occupancy and rate. Occupancy fell by 0.5 percentage points to 48.8% (2009: 49.3%) and rate by 2.8% to £57.38 (2009: £59.06). Whilst the majority of the Group's hotels in the region saw declines, there were a few hotels that did see growth, the most significant being Boston.

### EUROPE

#### London

London RevPAR was down by 3.0% to £70.99 (2009: £73.17). The quarter for London was marked by adverse weather conditions that disrupted travel in the first half of January 2010 and a reduction in the value of the Group's aircrew business following contract renewals in late 2009. These renewals resulted in a considerable churn of aircrew business amongst London hotels with severe downward pressure on rates. London also saw increased competition for customers with the addition of a new 1,000 bed hotel in the Westminster area. The fall in RevPAR was attributable to an occupancy fall of 4.6 percentage points to 74.4% (2009: 79.0%). However the impact of this was softened by rate increasing 3.0% to £95.42 (2009: £92.62). The aircrew segment accounted for most – just under 85% - of the fall in occupancy. Excluding aircrew business, RevPAR in London grew by 5% due to rate growth in the small medium enterprises and leisure segments and occupancy growth in the corporate segments.

#### Rest of Europe

RevPAR fell by 5.2% in rest of Europe to £47.76 (2009: £50.36).

#### *Regional UK*

RevPAR fell by 7.2% in Regional UK to £40.27 (2009: £43.39) as a result of falling rate due to continued pressure from corporate customers most acutely felt in Gatwick, Aberdeen and Plymouth. Average rate fell by 9.2% to £61.39 (2009: £67.58) but occupancy increased by 1.4 percentage points to 65.6% (2009: 64.2%).

#### *France & Germany*

The RevPAR reduction was not as steep as that in Regional UK, but masks two very different stories in France and Germany. Both hotels in Germany saw declines in RevPAR with Hannover the weaker of the two, although this hotel is subject to the cyclical nature of trade fairs, while Stuttgart's decline can partially be attributed to the fact that only one musical was playing in the early part of the year. France was stronger with both hotels returning the same RevPAR growth. For the region, RevPAR fell by 3.1% to £59.74 (2009: £61.62) based on an increase in occupancy of 2.1 percentage points to 64.1% (2009: 62.0%) and a 6.2% drop in rate to £93.20 (2009: £99.38).

### ASIA

#### Singapore

The strongest growth has come from Singapore which has seen resurgence in visitor arrivals and GDP growth of 32.9% (on a seasonally-adjusted quarter-on-quarter annualised basis), the highest since statistics began in 1975. RevPAR grew by 17.6%, the highest in the Group, to £72.56 (2009: £61.71) driven by occupancy which increased by 12.1 percentage points to 82.6% (2009: 70.5%). Rate saw a small increase of 0.4% to £87.85 (2009: £87.53). All hotels have seen RevPAR growth and to date the new integrated resort in Sentosa has not impacted the region's performance.

The Group soft opened the Studio M hotel in Singapore on March 19, 2010. Studio M is a brand new concept offering urban contemporary style and high-specification technology to discerning guests. Early demand has been very encouraging. Studio M opened with 100 rooms and will offer 360 rooms by the end of May.

#### Rest of Asia

RevPAR grew by 4.8% to £51.67 (2009: £49.32) driven by occupancy which increased by 3.6 percentage points to 71.8% (2009: 68.2%). There was a small decline in rate of 0.5% to £71.96 (2009: £72.32). The majority of hotels have grown RevPAR, the most notable exception being the Millennium Seoul Hilton which in Q1 2009 had benefited from an influx of foreign visitors as a result of the weaker Korean Won.

### AUSTRALASIA

New Zealand saw a small recovery in RevPAR of 0.8% to £41.91 (2009: £41.57). There was increased demand in the region with occupancy up by 3.1 percentage points to 77.9% (2009: 74.8%) although pressure remains on rate as witnessed by the 3.2% fall to £53.80 (2009: £55.58) with rate decline in the majority of the hotels. Across the three brands, Copthorne and Kingsgate showed growth while Millennium experienced a decline.

**Consolidated income statement (unaudited)  
for the three months ended 31 March 2010**

	Notes	First Quarter 2010 £m	First Quarter 2009 £m	Full Year 2009 £m
Revenue		160.5	157.1	654.0
Cost of sales		(70.1)	(70.1)	(279.0)
<b>Gross profit</b>		<b>90.4</b>	87.0	375.0
Administrative expenses		(75.7)	(76.7)	(300.0)
		<b>14.7</b>	10.3	75.0
Share of profit of joint ventures and associates		<b>4.9</b>	3.1	14.2
Analysed between:				
<b>Operating profit before other income and impairment</b>		<b>6.3</b>	4.8	20.6
Other operating income		-	-	0.6
Interest, tax and non-controlling interests	5	(1.4)	(1.7)	(7.0)
<b>Operating profit</b>		<b>19.6</b>	13.4	89.2
Analysed between:				
<b>Headline operating profit</b>	3	<b>21.1</b>	15.1	98.0
Other operating expense - Group		-	-	(0.2)
Share of joint ventures and associates		-	-	0.6
- Other operating income		-	-	0.6
Impairment		-	-	(1.3)
- Joint ventures investments and loans	4	(0.1)	-	(1.3)
- Hotels and land		-	-	(0.9)
Share of interest, tax and non-controlling interests of joint ventures and associates	5	(1.4)	(1.7)	(7.0)
Finance income		1.0	1.3	3.0
Finance expense		(2.0)	(3.7)	(10.3)
<b>Net finance expense</b>		<b>(1.0)</b>	(2.4)	(7.3)
<b>Profit before tax</b>		<b>18.6</b>	11.0	81.9
Income tax expense	6	(4.5)	(2.4)	(7.3)
<b>Profit for the period</b>		<b>14.1</b>	8.6	74.6
<b>Attributable to:</b>				
Equity holders of the parent		12.2	6.9	70.1
Non-controlling interests		1.9	1.7	4.5
		<b>14.1</b>	8.6	74.6
Basic earnings per share (pence)	7	<b>3.9p</b>	2.3p	22.9p
Diluted earnings per share (pence)	7	<b>3.9p</b>	2.3p	22.9p

The financial results above all derive from continuing activities.

**Consolidated statement of comprehensive income (unaudited)  
for the three months ended 31 March 2010**

	<b>First Quarter 2010 £m</b>	First Quarter 2009 £m	Full Year 2009 £m
<b>Profit for the period</b>	<b>14.1</b>	8.6	74.6
<b>Other comprehensive income:</b>			
Foreign exchange translation differences on net investment in foreign operations	<b>113.5</b>	13.3	(43.7)
Defined benefit plan actuarial losses net of tax	-	-	(5.0)
Share of associate's other reserve movements	-	-	0.3
Net movement on cash flow hedges	<b>(0.1)</b>		
Income tax relating to other components of other comprehensive income	-	-	1.5
<b>Other comprehensive income for the period, net of tax</b>	<b>113.4</b>	13.3	(46.9)
<b>Total comprehensive income for the period</b>	<b>127.5</b>	21.9	27.7
Total comprehensive income attributable to:			
Equity holders of the parent	<b>113.4</b>	17.9	17.1
Non-controlling interests	<b>14.1</b>	4.0	10.6
<b>Total comprehensive income for the period</b>	<b>127.5</b>	21.9	27.7



**Consolidated statement of financial position (unaudited)  
as at 31 March 2010**

	As at 31 March 2010 £m	As at 31 March 2009 £m	As at 31 December 2009 £m
<b>Non-current assets</b>			
Property, plant and equipment	2,080.3	2,059.6	1,975.9
Lease premium prepayment	95.5	95.1	93.6
Investment properties	89.2	89.1	83.3
Investments in joint ventures and associates	348.7	334.4	326.4
Loans due from joint ventures and associates	-	0.9	-
Other financial assets	6.9	7.1	6.4
	<b>2,620.6</b>	<b>2,586.2</b>	<b>2,485.6</b>
<b>Current assets</b>			
Inventories	4.1	4.4	4.2
Development properties	78.9	65.2	72.3
Lease premium prepayment	1.4	1.3	1.4
Trade and other receivables	64.8	62.5	56.1
Cash and cash equivalents	154.9	154.0	135.5
	<b>304.1</b>	<b>287.4</b>	<b>269.5</b>
<b>Total assets</b>	<b>2,924.7</b>	<b>2,873.6</b>	<b>2,755.1</b>
<b>Non-current liabilities</b>			
Interest-bearing loans, bonds and borrowings	(309.7)	(326.4)	(233.0)
Employee benefits	(18.7)	(12.9)	(18.1)
Provisions	(0.6)	(0.8)	(0.6)
Other non-current liabilities	(119.5)	(116.7)	(112.2)
Deferred tax liabilities	(235.9)	(251.4)	(230.6)
	<b>(684.4)</b>	<b>(708.2)</b>	<b>(594.5)</b>
<b>Current liabilities</b>			
Interest-bearing loans, bonds and borrowings	(47.1)	(106.3)	(105.0)
Trade and other payables	(135.1)	(125.6)	(122.0)
Other current financial liabilities	(0.5)	-	-
Provisions	(0.2)	(0.3)	(0.2)
Income taxes payable	(28.5)	(30.0)	(29.7)
	<b>(211.4)</b>	<b>(262.2)</b>	<b>(256.9)</b>
<b>Total liabilities</b>	<b>(895.8)</b>	<b>(970.4)</b>	<b>(851.4)</b>
<b>Net assets</b>	<b>2,028.9</b>	<b>1,903.2</b>	<b>1,903.7</b>
<b>Equity</b>			
Issued share capital	93.6	90.7	92.9
Share premium	845.0	847.7	845.6
Translation reserve	287.1	246.6	185.8
Retained earnings	637.8	570.8	628.0
Cash hedge reserve	(0.1)	-	-
Total equity attributable to equity holders of the parent	<b>1,863.4</b>	<b>1,755.8</b>	<b>1,752.3</b>
Non-controlling interests	<b>165.5</b>	<b>147.4</b>	<b>151.4</b>
<b>Total equity</b>	<b>2,028.9</b>	<b>1,903.2</b>	<b>1,903.7</b>

**Consolidated statement of cash flows (unaudited)  
for the three months ended 31 March 2010**

	<b>First Quarter 2010 £m</b>	First Quarter 2009 £m	Full Year 2009 £m
<b>Cash flows from operating activities</b>			
Profit for the period	14.1	8.6	74.6
<i>Adjustments for:</i>			
Depreciation and amortisation	7.9	8.5	32.1
Share of profit of joint ventures and associates	(4.9)	(3.1)	(14.2)
Impairment	0.1	-	2.2
Other operating expense	-	-	0.2
Loss on sale of property, plant and equipment	0.2	-	0.4
Equity settled share-based transactions	0.6	0.4	1.6
Finance income	(1.0)	(1.3)	(3.0)
Finance expense	2.0	3.7	10.3
Income tax expense	4.5	2.4	7.3
<b>Operating profit before changes in working capital and provisions</b>	<b>23.5</b>	<b>19.2</b>	<b>111.5</b>
(Increase)/decrease in inventories, trade and other receivables	(2.2)	1.3	3.8
Increase in development properties	(0.6)	(0.2)	(2.7)
Increase/(decrease) in trade and other payables	0.6	(6.7)	(0.1)
Increase/(decrease) in provisions and employee benefits	0.2	-	(1.3)
<b>Cash generated from operations</b>	<b>21.5</b>	<b>13.6</b>	<b>111.2</b>
Interest paid	(1.0)	(2.9)	(10.3)
Interest received	0.5	0.5	2.3
Income taxes paid	(6.2)	(2.4)	(19.8)
<b>Net cash generated from operating activities</b>	<b>14.8</b>	<b>8.8</b>	<b>83.4</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment	0.1	-	0.1
Dividends received from associates	7.1	7.1	12.5
Increase in loan to joint venture	-	(0.9)	(2.3)
Increase in investment in joint ventures and associates	(0.8)	(0.7)	(2.9)
Acquisition of property, plant and equipment, and lease premium prepayment	(2.8)	(5.7)	(17.5)
<b>Net cash used in investing activities</b>	<b>3.6</b>	<b>(0.2)</b>	<b>(10.1)</b>
<b>Cash flows from financing activities</b>			
Proceeds from the issue of share capital	0.1	-	0.1
Repayment of borrowings	(68.3)	(62.9)	(170.0)
Drawdown of borrowings	64.0	1.0	36.2
Loan agreement fees	(0.9)	(1.0)	-
Dividends paid to non-controlling interests	-	-	(2.6)
Dividends paid to equity holders of the parent	(3.0)	-	(4.0)
<b>Net cash used in financing activities</b>	<b>(8.1)</b>	<b>(62.9)</b>	<b>(140.3)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>10.3</b>	<b>(54.3)</b>	<b>(67.0)</b>
Cash and cash equivalents at beginning of the year	134.9	209.3	209.3
Effect of exchange rate fluctuations on cash held	9.1	(1.3)	(7.4)
<b>Cash and cash equivalents at end of the period</b>	<b>154.3</b>	<b>153.7</b>	<b>134.9</b>
<b>Reconciliation of cash and cash equivalents</b>			
Cash and cash equivalents shown in the consolidated statement of financial position	154.9	154.0	135.5
Overdraft bank accounts included in borrowings	(0.6)	(0.3)	(0.6)
<b>Cash and cash equivalents for cash flow statement purposes</b>	<b>154.3</b>	<b>153.7</b>	<b>134.9</b>

**Condensed consolidated statement (unaudited)  
for the three months ended 31 March 2010**

	Share capital £m	Share premium £m	Translation reserve £m	Cash flow hedge reserve £m	Retained earnings £m	Total excluding minority interests £m	Minority interests £m	Total equity £m
<b>Balance as at 1 January 2009</b>	90.7	847.7	230.8	-	568.3	1,737.5	143.4	1,880.9
Reclassification	-	-	4.8	-	(4.8)	-	-	-
<b>Balance at 1 January 2009 (restated)</b>	90.7	847.7	235.6	-	563.5	1,737.5	143.4	1,880.9
Total comprehensive income for the period	-	-	11.0	-	6.9	17.9	4.0	21.9
<b>Transactions with owners, recorded directly in equity</b>								
<b>Contributions by and distributions to owners</b>								
Share-based payment transactions	-	-	-	-	0.4	0.4	-	0.4
Total contributions by and distributions to owners	-	-	-	-	0.4	0.4	-	0.4
Total transactions with owners	-	-	-	-	0.4	0.4	-	0.4
<b>Balance as at 31 March 2009</b>	90.7	847.7	246.6	-	570.8	1,755.8	147.4	1,903.2
Total comprehensive income for the period	-	-	(60.8)	-	60.0	(0.8)	6.6	5.8
<b>Transactions with owners, recorded directly in equity</b>								
<b>Contributions by and distributions to owners</b>								
Dividends paid to equity holders	-	-	-	-	(19.0)	(19.0)	-	(19.0)
Issue of shares in lieu of dividends	2.2	(2.2)	-	-	15.0	15.0	-	15.0
Dividends paid – minority interests	-	-	-	-	-	-	(2.6)	(2.6)
Share-based payment transactions	-	-	-	-	1.2	1.2	-	1.2
Share options exercised	-	0.1	-	-	-	0.1	-	0.1
Total contributions by and distributions to owners	2.2	(2.1)	-	-	(2.8)	(2.7)	(2.6)	(5.3)
Total transactions with owners	2.2	(2.1)	-	-	(2.8)	(2.7)	(2.6)	(5.3)
<b>Balance as at 31 December 2009</b>	92.9	845.6	185.8	-	628.0	1,752.3	151.4	1,903.7
<b>Balance as at 1 January 2010</b>	92.9	845.6	185.8	-	628.0	1,752.3	151.4	1,903.7
Total comprehensive income for the period	-	-	101.3	(0.1)	12.2	113.4	14.1	127.5
<b>Transactions with owners, recorded directly in equity</b>								
<b>Contributions by and distributions to owners</b>								
Dividends paid to equity holders	-	-	-	-	(12.9)	(12.9)	-	(12.9)
Issue of shares in lieu of dividends	0.7	(0.7)	-	-	9.9	9.9	-	9.9
Share-based payment transactions	-	-	-	-	0.6	0.6	-	0.6
Share options exercised	-	0.1	-	-	-	0.1	-	0.1
Total contributions by and distributions to owners	0.7	(0.6)	-	-	(2.4)	(2.3)	-	(2.3)
Total transactions with owners	0.7	(0.6)	-	-	(2.4)	(2.3)	-	(2.3)
<b>Balance as at 31 March 2010</b>	93.6	845.0	287.1	(0.1)	637.8	1,863.4	165.5	2,028.9

## 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 2010 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 4 May 2010.

The financial information set out in this interim management statement does not constitute the Group's statutory accounts for the quarter ended 31 March 2010. Statutory accounts for 2009 will be delivered to the registrar of companies following the Annual General Meeting to be held on 5 May 2010. 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, 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 2009 has been extracted from the full IFRS compliant Annual Report and Accounts that was approved on 18 February 2010.

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 2009. The consolidated financial statements of the Group for the financial year ended 31 December 2009 are available from the Company's website [www.millenniumhotels.co.uk](http://www.millenniumhotels.co.uk).

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

#### Non-GAAP information

*Headline operating profit, headline EBITDA, headline profit before tax and headline profit after tax.*

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

*Net debt and gearing percentage*

An analysis of net debt and calculated gearing percentage is provided in note 8.

*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.

### 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 value has not changed in their original currency. The following table sets out the sterling exchange rates of the other principal currencies of the Group.

Currency (=£)	As at 31 March		As at 31 December	Average for 3 months January - March		Average for the year ended
	2010	2009	2009	2010	2009	2009
US dollar	<b>1.493</b>	1.446	1.596	<b>1.562</b>	1.441	1.553
Singapore dollar	<b>2.094</b>	2.181	2.245	<b>2.196</b>	2.157	2.257
New Taiwan dollar	<b>47.215</b>	49.400	51.081	<b>49.672</b>	49.362	51.654
New Zealand dollar	<b>2.112</b>	2.500	2.253	<b>2.215</b>	2.636	2.461
Malaysian ringgit	<b>4.882</b>	5.225	5.473	<b>5.275</b>	5.172	5.472
Korean won	<b>1,688.71</b>	1,921.59	1,847.74	<b>1,790.78</b>	1,964.57	1,969.72
Euro	<b>1.110</b>	1.069	1.110	<b>1.128</b>	1.080	1.114

## Notes to the consolidated financial statements (unaudited)

### 3. Operating segment information

The Group has adopted IFRS 8 *Operating Segments* for its 2009 consolidated financial statements and comparatives have been restated. 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 and net finance expense, taxation balances and corporate expenses.

#### *Geographical segments*

The hotel and operations are managed on a worldwide basis and operate in seven principal geographical areas:

- New York
- Regional US
- London
- Rest of Europe
- 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'), 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 executive members of the CODM to discuss the operational and financial performance. The CODM makes decisions about allocation of resources to the regions managed by the COO.

	First Quarter 2010								Total
	New York	Regional US	London	Rest of Europe <sup>3</sup>	Singapore	Rest of Asia	Australasia	Central Costs	Group
	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>Revenue</b>									
Hotel	19.0	23.1	18.5	21.9	30.9	31.0	14.0	-	158.4
Property operations	-	0.4	-	-	0.6	-	1.1	-	2.1
<b>Total Revenue</b>	<b>19.0</b>	<b>23.5</b>	<b>18.5</b>	<b>21.9</b>	<b>31.5</b>	<b>31.0</b>	<b>15.1</b>	<b>-</b>	<b>160.5</b>
<b>Hotel Gross Operating Profit</b>	<b>1.6</b>	<b>1.0</b>	<b>9.0</b>	<b>5.0</b>	<b>16.5</b>	<b>12.0</b>	<b>6.4</b>	<b>-</b>	<b>51.5</b>
Hotel fixed charges <sup>1</sup>	(4.6)	(4.8)	(3.0)	(4.9)	(9.7)	(3.8)	(2.1)	-	(32.9)
Hotel operating profit	(3.0)	(3.8)	6.0	0.1	6.8	8.2	4.3	-	18.6
Property operations operating profit/(loss)	-	(0.1)	-	-	0.4	-	0.3	-	0.6
Central costs	-	-	-	-	-	-	-	(4.4)	(4.4)
Share of joint ventures and associates operating profit	-	-	-	-	3.7	2.6	-	-	6.3
<b>Headline operating profit/(loss)</b>	<b>(3.0)</b>	<b>(3.9)</b>	<b>6.0</b>	<b>0.1</b>	<b>10.9</b>	<b>10.8</b>	<b>4.6</b>	<b>(4.4)</b>	<b>21.1</b>
Add back depreciation and amortisation	1.3	2.2	1.2	1.0	0.1	1.4	0.5	0.2	7.9
<b>Headline EBITDA<sup>2</sup></b>	<b>(1.7)</b>	<b>(1.7)</b>	<b>7.2</b>	<b>1.1</b>	<b>11.0</b>	<b>12.2</b>	<b>5.1</b>	<b>(4.2)</b>	<b>29.0</b>
Depreciation and amortisation									(7.9)
Share of interest, tax and non-controlling interests of joint ventures and associates									(1.4)
Net finance expense									(1.0)
<b>Headline profit before tax</b>									<b>18.7</b>
Impairment – Associates, joint ventures investments and loans									(0.1)
<b>Profit before Tax</b>									<b>18.6</b>

<sup>1</sup> Hotel Fixed charges include depreciation, amortisation of lease premium prepayments, property rent, taxes and insurance, operating lease rentals and management fees

<sup>2</sup> Earnings before interest, tax, depreciation and amortisation

<sup>3</sup> Including Middle East

## Notes to the consolidated financial statements (unaudited)

### 3. Operating segment information (continued)

	First Quarter 2009								
	New York £m	Regional US £m	London £m	Rest of Europe <sup>3</sup> £m	Singapore £m	Rest of Asia £m	Australasia £m	Central Costs £m	Total Group £m
<b>Revenue</b>									
Hotel	19.0	25.3	19.4	23.7	27.2	29.2	11.9	-	155.7
Property operations	-	0.5	-	-	0.6	-	0.3	-	1.4
<b>Total Revenue</b>	19.0	25.8	19.4	23.7	27.8	29.2	12.2	-	157.1
<b>Hotel Gross Operating Profit</b>	1.3	1.9	9.1	6.2	13.6	10.1	5.4	-	47.6
Hotel fixed charges <sup>1</sup>	(5.1)	(5.8)	(3.1)	(4.9)	(7.4)	(4.4)	(1.7)	-	(32.4)
Hotel operating profit	(3.8)	(3.9)	6.0	1.3	6.2	5.7	3.7	-	15.2
Property operations operating profit/(loss)	-	(0.4)	-	-	0.4	-	(0.1)	-	(0.1)
Central costs	-	-	-	-	-	-	-	(4.8)	(4.8)
Share of joint ventures and associates operating profit	-	-	-	-	3.1	1.7	-	-	4.8
<b>Headline operating profit/(loss)</b>	(3.8)	(4.3)	6.0	1.3	9.7	7.4	3.6	(4.8)	15.1
Add back depreciation and amortisation	1.5	2.5	1.3	1.0	0.1	1.4	0.4	0.3	8.5
<b>Headline EBITDA<sup>2</sup></b>	(2.3)	(1.8)	7.3	2.3	9.8	8.8	4.0	(4.5)	23.6
Depreciation and amortisation									(8.5)
Share of interest, tax and non-controlling interests of joint ventures and associates									(1.7)
Net finance expense									(2.4)
<b>Profit before tax</b>									11.0

	Full Year 2009								
	New York £m	Regional US £m	London £m	Rest of Europe <sup>3</sup> £m	Singapore £m	Rest of Asia £m	Australasia £m	Central Costs £m	Total Group £m
<b>Revenue</b>									
Hotel	95.6	110.8	88.0	92.9	102.8	116.1	40.7	-	646.9
Property operations	-	1.5	-	-	2.3	0.1	3.2	-	7.1
<b>Total Revenue</b>	95.6	112.3	88.0	92.9	105.1	116.2	43.9	-	654.0
<b>Hotel Gross Operating Profit</b>	24.3	18.3	46.4	23.8	51.2	42.2	15.3	-	221.5
Hotel fixed charges <sup>1</sup>	(19.0)	(21.8)	(12.7)	(22.2)	(29.3)	(15.5)	(5.6)	-	(126.1)
Hotel operating profit	5.3	(3.5)	33.7	1.6	21.9	26.7	9.7	-	95.4
Property operations operating profit/(loss)	-	(1.2)	-	-	1.7	(0.1)	0.8	-	1.2
Central costs	-	-	-	-	-	-	-	(19.2)	(19.2)
Share of joint ventures and associates operating profit	-	-	-	-	12.6	8.0	-	-	20.6
<b>Headline operating profit/(loss)</b>	5.3	(4.7)	33.7	1.6	36.2	34.6	10.5	(19.2)	98.0
Add back depreciation and amortisation	5.2	9.4	5.2	3.9	0.3	5.3	1.7	1.1	32.1
<b>Headline EBITDA<sup>2</sup></b>	10.5	4.7	38.9	5.5	36.5	39.9	12.2	(18.1)	130.1
Depreciation and amortisation									(32.1)
Share of interest, tax and non-controlling interests of joint ventures and associates									(6.5)
Net finance expense									(7.3)
<b>Headline profit before tax</b>									84.2
Other operating expense - Group									(0.2)
Other operating income of joint ventures and associates									0.6
Share of interest, tax and non-controlling interests of joint ventures and associates other operating income									(0.5)
Impairment									
- Joint ventures investments and loans									(1.3)
- Hotels									(0.9)
<b>Profit before tax</b>									81.9

## Notes to the consolidated financial statements (unaudited)

### 3. Operating segment information (continued)

#### Segmental assets and liabilities

<b>As at 31 March 2010</b>	<b>New York £m</b>	<b>Regional US £m</b>	<b>London £m</b>	<b>Rest of Europe £m</b>	<b>Singapore £m</b>	<b>Rest of Asia £m</b>	<b>Australasia £m</b>	<b>Total Group £m</b>
Hotel operating assets	375.1	307.6	443.1	216.8	232.4	524.1	149.9	2,249.0
Hotel operating liabilities	(11.7)	(32.2)	(26.4)	(24.7)	(134.6)	(37.7)	(6.0)	(273.3)
Investments in and loans to joint ventures and associates	-	-	-	-	140.0	142.0	66.7	348.7
<b>Total hotel operating net assets</b>	<b>363.4</b>	<b>275.4</b>	<b>416.7</b>	<b>192.1</b>	<b>237.8</b>	<b>628.4</b>	<b>210.6</b>	<b>2,324.4</b>
Property operating assets	-	35.3	-	-	54.5	9.1	73.4	172.3
Property operating liabilities	-	-	-	-	(0.9)	-	(0.6)	(1.5)
<b>Total property operating net assets</b>	<b>-</b>	<b>35.3</b>	<b>-</b>	<b>-</b>	<b>53.6</b>	<b>9.1</b>	<b>72.8</b>	<b>170.8</b>
Deferred tax liabilities								(235.9)
Income taxes payable								(28.5)
Net debt								(201.9)
<b>Net assets</b>								<b>2,028.9</b>

<b>As at 31 March 2009</b>	<b>New York £m</b>	<b>Regional US £m</b>	<b>London £m</b>	<b>Rest of Europe £m</b>	<b>Singapore £m</b>	<b>Rest of Asia £m</b>	<b>Australasia £m</b>	<b>Total Group £m</b>
Hotel operating assets	382.4	336.4	446.0	226.8	201.1	503.4	134.3	2,230.4
Hotel operating liabilities	(15.0)	(28.3)	(16.8)	(23.0)	(124.9)	(38.6)	(7.1)	(253.7)
Investments in and loans to joint ventures and associates	-	-	-	-	175.7	142.0	17.6	335.3
<b>Total hotel operating net assets</b>	<b>367.4</b>	<b>308.1</b>	<b>429.2</b>	<b>203.8</b>	<b>251.9</b>	<b>606.8</b>	<b>144.8</b>	<b>2,312.0</b>
Property operating assets	-	36.5	-	-	49.5	8.4	59.4	153.8
Property operating liabilities	-	(0.5)	-	-	(1.5)	-	(0.5)	(2.5)
<b>Total property operating net assets</b>	<b>-</b>	<b>36.0</b>	<b>-</b>	<b>-</b>	<b>48.0</b>	<b>8.4</b>	<b>58.9</b>	<b>151.3</b>
Deferred tax liabilities								(251.4)
Income taxes payable								(30.0)
Net debt								(278.7)
<b>Net assets</b>								<b>1,903.2</b>

<b>As at 31 December 2009</b>	<b>New York £m</b>	<b>Regional US £m</b>	<b>London £m</b>	<b>Rest of Europe £m</b>	<b>Singapore £m</b>	<b>Rest of Asia £m</b>	<b>Australasia £m</b>	<b>Total Group £m</b>
Hotel operating assets	346.9	295.8	443.5	216.6	210.5	480.1	140.6	2,134.0
Hotel operating liabilities	(9.8)	(29.5)	(22.8)	(25.5)	(125.0)	(33.1)	(5.1)	(250.8)
Investments in and loans to joint ventures and associates	-	-	-	-	175.3	131.6	19.5	326.4
<b>Total hotel operating net assets</b>	<b>337.1</b>	<b>266.3</b>	<b>420.7</b>	<b>191.1</b>	<b>260.8</b>	<b>578.6</b>	<b>155.0</b>	<b>2,209.6</b>
Property operating assets	-	33.0	-	-	50.8	8.1	67.3	159.2
Property operating liabilities	-	(0.1)	-	-	(1.3)	-	(0.9)	(2.3)
<b>Total property operating net assets</b>	<b>-</b>	<b>32.9</b>	<b>-</b>	<b>-</b>	<b>49.5</b>	<b>8.1</b>	<b>66.4</b>	<b>156.9</b>
Deferred tax liabilities								(230.6)
Income taxes payable								(29.7)
Net debt								(202.5)
<b>Net assets</b>								<b>1,903.7</b>

## Notes to the consolidated financial statements (unaudited)

### 4. Impairment

	Notes	First Quarter 2010 £m	First Quarter 2009 £m	Full Year 2009 £m
Impairment				
- Joint venture loans	(a)	(0.1)	-	(1.3)
- Hotels and land	(b)	-	-	(0.9)
		<b>(0.1)</b>	-	<b>(2.2)</b>

(a) Joint ventures investments and loans

Impairment for 2010 and 2009 represents the full write-down of the interest in the Group's 50% Investment in Bangkok.

(b) Hotels

An impairment charge for 2009 of £0.9m was in relation to land in India.

### 5. Share of joint ventures and associates interest, tax and non-controlling interests

	First Quarter 2010 £m	First Quarter 2009 £m	Full Year 2009 £m
Interest	(0.2)	(0.7)	(2.8)
Tax	(0.6)	(0.8)	(2.3)
Non-controlling interests	(0.6)	(0.2)	(1.9)
	<b>(1.4)</b>	<b>(1.7)</b>	<b>(7.0)</b>

### 6. Income tax expense

The Group has recorded a £4.5m total income tax expense for the first quarter 2010 (first quarter 2009: £2.4m), excluding the tax relating to joint ventures and associates. This comprises a UK tax charge of £1.2m and an overseas tax charge of £3.3m (first quarter 2009: a UK charge of £0.6m and an overseas tax charge of £1.8m). For the full year 2009 the £7.3m total income tax expense comprised a UK tax charge of £7.8m and an overseas tax credit of £0.5m.

A tax charge of £0.6m (2009: £0.8m) relating to joint ventures and associates is included in the reported profit before tax.

Income tax expense for the relevant period is the expected income tax payable on the taxable income for the period, calculated at the estimated average annual effective income tax rate applied to the pre-tax income of 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 32.8% (2009: first quarter estimate 30.4%). The effective rate for the full year 2009 was only 10.8% and was due to a combination of lower corporate tax rates in a number of jurisdictions, in particular Taiwan and Korea, profit mix and prior year adjustments. Excluding the impact of changes in corporate tax rates on brought forward deferred taxes and adjustments to previous years, the Group's effective underlying tax rate for 2009 was 33.2%.



## Notes to the consolidated financial statements (unaudited)

### 7. Earnings per share

Earnings per share are calculated using the following information:

	First Quarter 2010	First Quarter 2009	Full Year 2009
<b>(a) Basic</b>			
Profit for the period attributable to holders of the parent (£m)	12.2	6.9	70.1
Weighted average number of shares in issue (m)	309.7	302.3	306.1
<b>Basic earnings per share (pence)</b>	<b>3.9p</b>	2.3p	22.9p
<b>(b) Diluted</b>			
Profit for the period attributable to holders of the parent (£m)	12.2	6.9	70.1
Weighted average number of shares in issue (m)	309.7	302.3	306.1
Potentially dilutive share options under Group's share option schemes (m)	1.1	-	0.6
Weighted average number of shares in issue (diluted) (m)	310.8	302.3	306.7
<b>Diluted earnings per share (pence)</b>	<b>3.9p</b>	2.3p	22.9p
<b>(c) Headline earnings per share (pence)</b>			
Profit for the period attributable to holders of the parent (£m)	12.2	6.9	70.1
Adjustments for:			
- Fair value adjustments of investment property	-	-	0.2
- Impairment (net of tax) (£m)	0.1	-	1.8
- Share of other operating expenses/income of joint ventures and associates (nil tax) (£m)	-	-	(0.1)
- Change in tax rates on opening deferred tax (£m)	-	-	(9.9)
Adjusted profit for the period attributable to holders of the parent (£m)	12.3	6.9	62.1
Weighted average number of shares in issue (m)	309.7	302.3	306.1
<b>Headline earnings per share (pence)</b>	<b>4.0p</b>	2.3p	20.3p
<b>(d) Diluted headline earnings per share</b>			
Adjusted profit for the period attributable to holders of the parent (£m)	12.3	6.9	62.1
Weighted average number of shares in issue (diluted) (m)	310.8	302.3	306.7
<b>Diluted headline earnings per share (pence)</b>	<b>4.0p</b>	2.3p	20.2p

### 8. Non-GAAP measures

#### Headline profit before tax, headline operating profit, and headline EBITDA

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

#### Headline profit after tax

Reconciliation of headline profit after tax is shown below.

	As at 31 March 2010 £m	As at 31 March 2009 £m	As at 31 December 2009 £m
Headline profit before tax (per note 3 'Operating segment information')	18.7	11.0	84.2
Income tax expense (per note 6 'Income tax expense')	(4.5)	(2.4)	(7.3)
Change in tax rates on opening deferred tax	-	-	(9.9)
<b>Headline profit after tax</b>	<b>14.2</b>	8.6	67.0

## 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.

	<b>As at 31 March 2010 £m</b>	As at 31 March 2009 £m	As at 31 December 2009 £m
<b>Net Debt</b>			
Cash and cash equivalents (as per cash flow statement)	<b>154.3</b>	153.7	134.9
Bank overdrafts (included as part of borrowings)	<b>0.6</b>	0.3	0.6
Cash and cash equivalents (as per the consolidated statement of financial position)	<b>154.9</b>	154.0	135.5
Interest-bearing loans, bonds and borrowings - Non-current	<b>(309.7)</b>	(326.4)	(233.0)
- Current	<b>(47.1)</b>	(106.3)	(105.0)
<b>Net debt</b>	<b>(201.9)</b>	(278.7)	(202.5)
<b>Gearing (%)</b>	<b>10.8%</b>	15.9%	11.6%

An analysis of movements in net debt is presented below:

	<b>As at 31 March 2010 £m</b>	As at 31 March 2009 £m	As at 31 December 2009 £m
Net (decrease)/increase in cash, cash equivalents and bank overdrafts per consolidated cash flow statement	<b>10.3</b>	(54.3)	(67.0)
Decrease in debt and lease financing	<b>5.2</b>	62.9	133.8
Movement in net debt	<b>15.5</b>	8.6	66.8
Translation adjustments	<b>(14.9)</b>	(2.2)	15.8
Net debt at beginning of period	<b>(202.5)</b>	(285.1)	(285.1)
<b>Net debt at end of period</b>	<b>(201.9)</b>	(278.7)	(202.5)

**APPENDIX 1: KEY OPERATING STATISTICS (UNAUDITED)**  
for the three months ended 31 March 2010

	First Quarter 2010 Reported Currency	First Quarter 2009 Constant currency	First Quarter 2009 Reported currency	Full Year 2009 Reported currency
<b>Occupancy %</b>				
New York	76.4		64.2	82.7
Regional US	48.8		49.3	55.8
Total US	55.5		52.8	62.2
London	74.4		79.0	84.2
Rest of Europe	65.0		63.3	66.9
Total Europe	69.1		70.3	74.6
Singapore	82.6		70.5	78.0
Rest of Asia	71.8		68.2	69.5
Total Asia	76.5		69.2	73.2
Australasia	77.9		74.8	62.4
<b>Total Group</b>	<b>67.3</b>		<b>64.2</b>	<b>68.3</b>
<b>Average Room Rate (£)</b>				
New York	124.25	135.08	146.40	143.43
Regional US	57.38	59.06	64.01	63.15
Total US	79.54	80.98	87.77	88.73
London	95.42	92.62	92.62	99.11
Rest of Europe	73.47	79.56	81.24	74.33
Total Europe	83.91	86.05	86.90	86.71
Singapore	87.85	87.53	89.09	75.43
Rest of Asia	71.96	72.32	70.37	69.34
Total Asia	79.39	79.00	78.59	72.14
Australasia	53.80	55.58	46.71	45.80
<b>Total Group</b>	<b>76.94</b>	<b>78.14</b>	<b>79.00</b>	<b>78.51</b>
<b>RevPAR (£)</b>				
New York	94.93	86.72	93.99	118.62
Regional US	28.00	29.12	31.56	35.24
Total US	44.14	42.76	46.34	55.19
London	70.99	73.17	73.17	83.45
Rest of Europe	47.76	50.36	51.42	49.73
Total Europe	57.98	60.49	61.09	64.69
Singapore	72.56	61.71	62.81	58.84
Rest of Asia	51.67	49.32	47.99	48.19
Total Asia	60.73	54.67	54.38	52.81
Australasia	41.91	41.57	34.94	28.58
<b>Total Group</b>	<b>51.78</b>	<b>50.17</b>	<b>50.72</b>	<b>53.62</b>
<b>Gross Operating Profit Margin (%)</b>				
New York	8.4		6.8	25.4
Regional US	4.3		7.5	16.5
Total US	6.2		7.2	20.6
London	48.6		46.9	52.7
Rest of Europe	22.8		26.2	25.6
Total Europe	34.7		35.5	38.8
Singapore	53.4		50.0	49.8
Rest of Asia	38.7		34.6	36.3
Total Asia	46.0		42.0	42.7
Australasia	45.7		45.4	37.6
<b>Total Group</b>	<b>32.5</b>		<b>30.6</b>	<b>34.2</b>

For comparability the 31 March 2009 Room Rate and RevPAR have been translated at 31 March 2010 exchange rates.

**APPENDIX 2: HOTEL ROOM COUNT AND PIPELINE (UNAUDITED)**  
for the first quarter ended 31 March 2010

Hotel and room count	Hotels			Rooms		
	31 March 2010	31 December 2009	31 March 2009	31 March 2010	31 December 2009	31 March 2009
<b>Analysed by region:</b>						
New York	3	3	3	1,746	1,746	1,746
Regional US	16	16	16	5,727	5,727	5,727
London	7	7	7	2,487	2,487	2,487
Rest of Europe	18	18	18	3,231	3,231	3,213
Middle East	8	8	8	2,407	2,416	2,416
Singapore	6	5	5	2,750	2,390	2,390
Rest of Asia	17	17	15	7,570	7,594	6,890
Australasia	30	30	30	3,533	3,533	3,533
<b>Total</b>	<b>105</b>	<b>104</b>	<b>102</b>	<b>29,451</b>	<b>29,124</b>	<b>28,402</b>
<b>Analysed by ownership type:</b>						
Owned and leased	67	66	67	20,648	20,288	20,809
Managed	19	19	17	4,519	4,526	3,859
Franchised	13	13	13	1,883	1,883	1,883
Investment	6	6	5	2,401	2,427	1,851
<b>Total</b>	<b>105</b>	<b>104</b>	<b>102</b>	<b>29,451</b>	<b>29,124</b>	<b>28,402</b>
<b>Analysed by brand:</b>						
Grand Millennium	4	4	4	1,648	1,657	1,657
Millennium	41	41	39	14,573	14,571	13,922
Copthorne	35	35	35	7,128	7,128	7,110
Kingsgate	14	14	14	1,425	1,425	1,425
Studio M	1	-	-	360	-	-
Other M&C	3	-	-	1,109	-	-
Third party	7	10	10	3,208	4,343	4,288
<b>Total</b>	<b>105</b>	<b>104</b>	<b>102</b>	<b>29,451</b>	<b>29,124</b>	<b>28,402</b>
<b>Pipeline</b>						
	Hotels			Rooms		
	31 March 2010	31 December 2009	31 March 2009	31 March 2010	31 December 2009	31 March 2009
<b>Analysed by region:</b>						
Regional US	1	1	1	250	250	250
Rest of Europe	3	3	3	639	639	614
Middle East	24	20	8	7,565	6,743	2,822
Singapore	-	1	1	-	365	370
Rest of Asia	2	2	3	364	364	790
<b>Total</b>	<b>30</b>	<b>27</b>	<b>16</b>	<b>8,818</b>	<b>8,361</b>	<b>4,846</b>
<b>Analysed by ownership type:</b>						
Owned or leased	2	3	2	370	735	620
Managed	28	24	13	8,448	7,626	4,106
Franchised	-	-	-	-	-	-
Investment	-	-	1	-	-	120
<b>Total</b>	<b>30</b>	<b>27</b>	<b>16</b>	<b>8,818</b>	<b>8,361</b>	<b>4,846</b>
<b>Analysed by brand:</b>						
Grand Millennium	2	2	-	1,423	1,423	-
Millennium	15	13	10	3,988	3,700	3,388
Copthorne	3	3	1	480	480	240
Kingsgate	4	3	2	892	752	478
Other M&C	6	6	3	2,035	2,006	740
<b>Total</b>	<b>30</b>	<b>27</b>	<b>16</b>	<b>8,818</b>	<b>8,361</b>	<b>4,846</b>

The Group signed four management contracts in each of the following countries: Jordan, Oman, Qatar and the United Arab Emirates. These properties are due to open between 2011 and 2012 and account for 1,034 additional rooms, bringing the number of rooms in the Group's worldwide pipeline to 8,818 rooms (30 hotels).