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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 Results for Fourth Quarter and Full Year Ended 31 December 2010
Description	Please see the attached announcement released by Millennium & Copthorne Hotels plc on 16 February 2011.
Attachments	FinalResults2010.pdf Total size = **173K** (2048K size limit recommended)

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For Immediate Release **15 February 2011**

MILLENNIUM & COPTHORNE HOTELS PLC
FINAL RESULTS ANNOUNCEMENT
Fourth quarter and full year to 31 December 2010

Highlights for the full year 2010:

£ millions (unless otherwise stated)	**Full Year 2010**	Full Year 2009	Reported Currency Change %	Constant Currency Change %
RevPAR	**£61.06**	£53.62	13.9%	10.7%
Revenue – total	**743.7**	654.0	13.7%	10.0%
Revenue – hotels	**734.0**	646.9	13.5%	9.9%
Headline operating profit*	**144.1**	98.0	47.0%	38.4%
Profit before tax	**128.6**	81.9	57.0%	46.6%
Headline profit before tax**	**128.5**	84.2	52.6%	42.5%
Basic earnings per share	**30.9p**	22.9p	34.9%	
Dividend	**10.0p**	6.25p	60.0%	

- RevPAR (in constant currency terms) increased in all regions. Singapore 29.3%, London 7.9%, Rest of Europe 4.6%, New York 8.8%, Regional US 5.2%, Rest of Asia 8.7% and New Zealand 5.3%.
- Strong cash flows from operating activities of £166.9m (2009: £83.4m). Net debt reduced from £202.5m to £165.7m and gearing of 8.5% (2009: 11.6%).
- Conversion rate was 54.1% excluding sales and marketing expenditure on the Orchid hotel redevelopment project (63.9% at hotel GOP level), reflecting strict cost discipline in improved trading environment.
- Dilution of interest in CDLHT to 34.8% from 39.0% gave rise to a non-cash £7.2m pre-tax profit.
- Final dividend 7.92p which, taken with the interim dividend of 2.08p brings the total dividend for the year to 10p (2009: 6.25p).
- Good progress on asset management initiatives, including Orchid redevelopment, land sale in Malaysia and refurbishment plans for key hotels.
- First Sponsor Capital Limited dispute with former subsidiary shareholder was settled.
- Additional 40% interest in the Grand Millennium Beijing was acquired, resulting in it becoming a 70% subsidiary.

Highlights for the fourth quarter 2010:

£ millions (unless otherwise stated)	**Fourth Quarter 2010**	Fourth Quarter 2009	Reported Currency Change %	Constant Currency Change %
RevPAR	**£65.21**	£56.13	16.2%	11.0%
Revenue – total	**207.3**	178.0	16.5%	10.8%
Revenue – hotels	**205.4**	175.7	16.9%	11.3%
Headline operating profit*	**45.7**	34.0	34.4%	25.5%
Profit before tax	**36.7**	29.5	24.4%	15.8%
Headline profit before tax**	**38.6**	30.5	26.6%	18.0%
Basic earnings per share	**10.1p**	9.6p	5.2%	

- RevPAR (in constant currency terms) increased in all regions. Singapore 22.4%, London 12.4%, Rest of Europe 9.5%, New York 2.4%, Regional US 11.2%, Rest of Asia 6.1% and New Zealand 3.8%.
- Profit before tax increased to £36.7m (2009: £29.5m).

Commenting today Mr Kwek Leng Beng, Chairman said:

"The Group performed well during 2010, delivering a strong operating result and making good progress on its asset management initiatives. Changes we have introduced at the operating level have strengthened the Group, enabling us to find ways to increase revenues whilst continuing to control costs. The economic outlook is more favourable than this time last year, although some uncertainty remains. The Group's strong balance sheet, focused management and effective business model make it well placed to take advantage of expansion opportunities worldwide and to meet the competitive challenges of 2011."

*Headline operating profit and ** Headline profit before tax: see definition on footnote on page 4.

Enquiries
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Analyst briefing
A meeting for analysts will be held at 9.00 am at Brewers' Hall, Aldermanbury Square, London EC2B 7HR on Wednesday 16 February 2011.

CHAIRMAN'S STATEMENT

2010 was a successful year for the Group, with profits before tax increasing by 57.0% to £128.6 million (2009: £81.9 million) and earnings per share up 34.9% to 30.9 pence (2009: 22.9 pence).

Management focused on driving increases in revenue per available room (RevPAR) across all of our regions. This was due to two key factors: first, the location of the Group's highest revenue-generating hotels in gateway destinations that were quickest to respond to recovery; and second, a revitalised management structure, enabling our hotel leadership teams to optimise the balance between room rate and occupancy.

Management also succeeded in maintaining strict cost discipline throughout the year, enabling a high proportion of increased revenue to feed through to profits. The Group's core strategy of owning as well as managing most of its hotels gives it a considerable degree of flexibility when managing direct costs.

Financial Performance

Average Group RevPAR for the year was £61.06, an increase of 10.7% over 2009 at constant rates of exchange. Amongst our gateway cities the strongest RevPAR improvements were in Singapore, which enjoyed a strong V-shaped recovery over the year (up 29.3%). London (up 7.9%) was more stable over the past two years, having experienced only a small drop (2.5%) in RevPAR during 2009. New York was up 8.8%, compared to 2009.

General economic recovery played a key role in our improved performance. However it was also driven by a dynamic combination of local rate and occupancy strategies that varied throughout the year according to general economic conditions and local factors. On a consolidated basis, occupancy contributed 46.7% of RevPAR growth whilst rate produced 53.3%.

In constant currency terms revenue increased by 10.0% to £743.7million. A high proportion of the cost savings achieved by the Group in anticipation of the severe downturn in 2009 were maintained during 2010, although variable costs increased as a result of greater customer demand for food and hospitality services and in rental charges in Singapore. Operating costs, including hotel fixed charges, non-hotel expenses, central costs, and excluding redundancy costs and impairment, in constant currency terms rose by 5.9% over the year to £628.7 million.

The good revenue performance combined with successful cost control resulted in a 47.0% increase in headline operating profits to £144.1 million (2009: £98.0 million). Headline profit before tax rose by 52.6% to £128.5 million (2009: £84.2 million). Profit before tax increased by 57.0% to £128.6 million (2009: £81.9 million) and headline earnings per share increased by 48.3% to 30.1 pence (2009: 20.3 pence).

Financial Position

The Group anticipated the likelihood of constrained credit markets several years ago and continued to pursue a debt reduction strategy during 2010. We believe that low gearing puts the company in a strong and flexible position to meet future challenges and take advantage of opportunities.

Over the year, the Group generated £166.9 million from operating activities (2009: £83.4 million) reflecting improved performance together with successful cost control. At 31 December 2010 the Group had cash reserves of £251.9 million (2009: £135.5 million) and total undrawn committed bank facilities of £152.4 million, most of which are unsecured. The average duration of Group debt is 24 months (2009: 27 months).

The Group exercised its option to increase its equity ownership in the Grand Millennium Beijing Hotel, from 30.0% to 70.0%. The acquisition was in keeping with our strategy to make selective acquisitions when favourable opportunities arise. This resulted in the Group's net debt increasing by £75.0m. Overall, net debt reduced over the year to £165.7 million (2009: £202.5 million). Gearing improved to 8.5% (2009: 11.6%). Net interest expense for the year was £5.9 million (2009: £7.3 million).

The net book value of the Group's unencumbered assets at 31 December 2010 was £2,088.6 million (2009: £1,891.6 million) representing 88.7% (2009: 87.8%) of all fixed assets and investment properties.

Asset Management

The Group's asset management strategy is focused on enhancing the performance of each of the Group's individual property assets and assessing which asset management options will deliver best value for our shareholders. Management focus is concentrated on the 20% or so of properties in the Group's portfolio that generate 80% or more of Group earnings, with a view to developing a structured and phased investment programme to enhance returns on certain prime-location assets in the portfolio. The Group has commenced execution of detailed refurbishment plans at the Millennium Seoul Hilton and The Grand Hyatt Taipei and is drawing up plans for refurbishment of The Millennium UN Plaza. Plans are underway to re-position the Millennium Mayfair after the London Olympics in 2012. Additional projects are being considered. In each case the Group is establishing optimal timing of refurbishment work to minimise revenue impact and capex costs. The locations of these properties are such that the Group expects each to attract a higher proportion of premium rate customers following refurbishment, thereby increasing hotel earnings and profitability.

The Group announced on 15 September, 2010 that it had entered into an agreement to sell a parcel of land adjacent to the Grand Millennium Kuala Lumpur for a consideration of RM210 million (£44.2m). The sale, which achieved a very good price in current market conditions, is contingent on the Malaysian authorities' approval of changes to the land title on such terms and conditions that are acceptable to the company. The purchasers have paid CDL Hotels (Malaysia) Sdn. Bhd. a deposit amounting to 10% of the consideration price and have agreed to pay certain amounts on specified future dates with the remainder payable on completion, which is expected to occur before the end of the second quarter of 2012. The Group's carrying value of the land is RM42.8m (£9.0m). Based on this value, the sale is expected to result in a pre-tax profit on completion of RM164.1m (£34.5m) after transaction costs. Until completion our interest in the land will be held on the balance sheet at book value.

The Group announced on 16 June 2010 that it had signed a collective sales agreement ("CSA") with other unit-holders in Tanglin Shopping Centre, a shopping-cum-office development situated within the Orchard prime tourist district in Singapore, in which the

Group has a 34% interest in the total strata area. The CSA requirement for 80% of unit-holders to agree for the sale process to proceed was attained. However, the first open tender which carries a very high reserve price for the collective sale of the property did not receive any bid. The sales committee will assess the situation and decide the next course of action.

The launch of our new Studio M brand during 2010 got off to a strong start with the first branded hotel in Singapore achieving good levels of occupancy following its official opening on 17 June 2010. The hotel was EBIDTA-positive within the first three months of operation, which is unusual for a new property in the hospitality industry. Studio M is a mid-range brand, offering guests contemporary accommodation with high technology specifications and connectivity. The success of the project is encouraging and further Studio M projects are being considered.

Development of a mid-range hotel in Chennai, India resumed during the course of the year, after plans were suspended in the wake of the 2009 recession. Construction of the 144-room Studio M hotel is scheduled for completion in 2013. This will mark a small but significant extension of the Group's activities, being our first hotel on the fast-growing Indian sub-continent.

In November the Group began marketing the Glyndebourne luxury condominium development, to be built on the site of the Copthorne Orchid. The Orchid is one of our oldest hotels in Singapore and located in a part of the city that has become increasingly residential over the years. Converting the site will be sympathetic to its location, as demonstrated by the very high take-up of options on the development. Booking fees relating to the purchase for each unit were collected. By 31 December 2010 sale and purchase agreements had been signed for 137 out of a total 150 apartments. Should buyers who have signed S&P agreements not proceed with the purchase of the apartments, the Group would have the choice of either forfeiting 20% of the purchase price or pursuing other remedies at law. The development is expected to complete no later than 2015.

Excluding redundancy and sales and marketing costs associated with the redevelopment, the hotel contributed £4.9m million to pre-tax profits in 2010. It is scheduled to close in March 2011. Sales and marketing costs including show flat construction costs and sales commissions of £4.3m were expensed to the income statement in 2010. There was no recognition of revenue from the development during the year as recognition is only on completion of sale of units.

Pipeline
The Group has signed four management contracts in the Middle East this year. The new hotels - in Jordan, Oman, Qatar and the United Arab Emirates - will offer 993 rooms on completion between 2011 and 2012. The Group's worldwide pipeline has 25 hotels offering 7,006 rooms, which are mainly management contracts.

CDL Hospitality Trusts REIT
The Group's interest in its real estate investment trust associate, CDL Hospitality Trusts ("CDLHT") was diluted from 39.0% to 34.8% during 2010. The dilution occurred when CDLHT raised capital through a private placement of 116.96 million stapled securities, priced at S$1.71 each, raising new capital of S$196.7 million net of fees (gross: S$200 million). Proceeds were used by CDLHT to pay down debt. The Group's share of net proceeds was greater than its share of net tangible assets diluted by the issue, resulting in a non-cash accounting gain of £7.2m. As at 31 December 2010, the Group's interest in CDLHT was 34.9%.

CDLHT's strategy - to invest in a diversified portfolio of earnings-accretive real estate, primarily in the hospitality sector, is complementary to the Group's operational and asset management objectives. Benefits to the Group include a more efficient balance sheet and diversification of revenue through fee income from managing the REIT and some of its individual hotels. The Group pays lease rentals to CDLHT for the hotels which it leases. Three of these hotels - Orchard, M and Copthorne King's - were sold to the REIT by the Group in 2006.

The REIT also offers a flexible platform through which the Group can extend its hospitality interests. In 2010 the REIT acquired five hotels with 1,139 rooms in Australia: the Novotel Brisbane, Mercure Brisbane, Ibis Brisbane, Mercure Perth and Ibis Perth, all of which were bought from and leased back to Accor. As REIT Manager, the Group earned £1 million as an acquisition fee for this transaction.

At 31 December, 2010 CDLHT owned eleven hotels with 3,942 rooms, as well as a shopping centre connected to the Orchard Hotel.

China
The Group regards the hospitality market in the People's Republic of China as a significant strategic development opportunity. Its first managed hotel in China - the Millennium Hongqiao in Shanghai - opened in 2006, and today it has six hotels with 2,295 rooms in the country, five of which are managed/franchised. The one owned hotel is the award-winning Grand Millennium Beijing, in which the Group exercised an option to increase its equity holding from 30% to 70% in November 2010 at a purchase price of £26.2m comprising £18.4m of cash and £7.8m of deferred consideration.

In addition to its owned, managed and franchised hotels, the Group has a 41.2% effective interest in First Sponsor Capital Limited ("FSCL"). FSCL is a majority shareholder in Idea Valley Investment Holdings Ltd ("IVIHL") which conducts property and hospitality-related business in the China provinces of Guangdong and Sichuan. The Group regards FSCL as an effective and capital-efficient platform to grow its hospitality interests in China.

Development of the Cityspring project in Chengdu, Sichuan Province is progressing well. As at 27 January 2011, 5 out of 6 residential blocks had been formally launched. 569 sale and purchase agreements totalling in excess of US$80 million and 25 option agreements were signed. This represents a sale rate of approximately 98% of the 608 units formally launched. Revenue and profit recognition for this project is expected by the end of 2011. The Cityspring project is a mixed development totalling more than 80,000 square metres and includes a 124 room mid-scale hotel that is intended to be managed by the Group. The development is scheduled for completion in 2012.

For the year ended 2010, the Group's effective share of FSCL's net profit after tax and minority interest was £0.3m. The Group's share of FSCL's provision for assets write-off and legal expenses was £2.3m (mainly incurred in FSCL's dispute with a former shareholder of IVIHL), and the Group's attributable share of fair value gain for investment properties was £4.8m. As announced on 5 January 2011, the dispute was resolved through a settlement agreement signed on 31 December 2010. Under the terms of the settlement agreement, the joint venture agreement with the former shareholder Cheung would be terminated and all legal actions commenced by all parties withdrawn. The joint venture agreement has been terminated and the parties are in the process of withdrawing all legal actions. FSCL has to-date bought out Cheung's entire stake in IVIHL, thereby increasing its stake to 95% and regained control of two remaining companies previously under his control. Recovery of the Hainan hotel and another small business will not be pursued. The Group and the Board of Millennium & Copthorne Hotels New Zealand Limited consider the settlement to be a favourable outcome and in the best interests of shareholders. Most of the transactions under the settlement have been completed and those transactions to be accounted for in FY2011 do not have any material adverse P&L impact.

Settlement of the dispute enables FSCL to renew its focus on value creation through mixed development opportunities in China. These include the proposed acquisition of additional land in Chengdu, for which it is raising US$100 million of fresh capital financing. During the year, the Group together with its New Zealand subsidiary provided US$25.0 million of new financing, primarily for the purchase of the Chengdu land, and plans to invest a further US$25 million. As M&C funded the portion of the cash call that the New Zealand subsidiary did not take up, the Group's effective interest in FSCL has increased from 39.8% to 41.2%.

Board Changes

Christopher Sneath retired from the Board at the company's annual general meeting in May, 2010. He was succeeded as Chairman of the Audit Committee by Nicholas George who took up his appointment on 25 March, 2010. Mr Sneath had served on the Board since 1999. We thank him for his valuable contribution to the Group during that time.

Kwek Leng Joo has advised the Board of his intention to retire as a Director at the Company's Annual General Meeting to be held on 6 May 2011. We thank him for his contribution to the Group, where he has been a non-executive Director since its flotation on the London Stock Exchange in 1996. Kwek Eik Sheng (29), who has been an alternate director to Kwek Leng Joo since April 2008, will join the Board as a non-executive Director at the conclusion of the Annual General Meeting. Kwek Eik Sheng is Assistant General Manager and Head, Corporate Development at City Developments Limited in Singapore.

As previously announced, Richard Hartman, Group Chief Executive Officer, will retire from that role in 2011, upon the appointment of his successor. Mr. Hartman will thereafter remain on the Board of the Group as a non-executive director.

Dividend

The Board has proposed a final dividend of 7.92 pence per ordinary share, bringing the total dividend for the year to 10 pence per share.

Employees

On behalf of the Board, I would like to thank all our employees for their dedication and commitment to the success of the Group in what has been a demanding year.

Outlook

The current year will present both challenges and opportunities. Though conditions appear more favourable than this time last year, there are uncertainties that have yet to be dealt with in the world economy, including re-capitalisation of banks, the changing economic balance between East and West and the evident fiscal strains within the Eurozone. How these issues will be resolved and the commercial impacts of that resolution are not clear. However, we remain confident that our owner/operator business model, our low gearing and the strength and geographical diversity of our assets place the Group in a sound competitive position for 2011.

While it is too early to predict trading performance for the current year, the opening weeks have been encouraging. In the first 5 weeks of trading this year Group RevPAR increased by 4.5% like for like in spite of some significant seasonal factors adversely affecting the period.

Kwek Leng Beng
CHAIRMAN
15 February 2011

*Headline operating profit is operating profit adjusted to exclude the impact of revaluation of investment properties, impairment of hotels, redundancy costs on hotel closure, goodwill written-off in respect of the step-up on acquisition of the Beijing Fortune Co., Ltd, ("Beijing Fortune") share of revaluation gains in CDL Hospitality Trusts ("CDLHT") and First Sponsor Capital Limited ("FSCL") and provision for asset write-off and legal costs in FSCL.

**Headline profit before tax is profit before tax adjusted to exclude the impact of revaluation of investment properties, impairment of hotels, redundancy costs on hotel closure, gain on dilution of investment in CDLHT, net gain on acquisition of Beijing Fortune, share of revaluation gains in CDLHT and FSCL and provision for asset write-off and legal costs in FSCL.

Financial and Operating Highlights

	Fourth Quarter 2010 £m	Fourth Quarter 2009 £m	**Full Year 2010 £m**	Full Year 2009 £m
Revenue	**207.3**	178.0	**743.7**	654.0
Headline EBITDA[1]	**54.4**	41.8	**176.8**	130.1
Headline operating profit[1]	**45.7**	34.0	**144.1**	98.0
Headline profit before tax	**38.6**	30.5	**128.5**	84.2
Other operating income[2]	**9.3**	-	**9.3**	-
Other operating expense[3]	**(5.2)**	(0.2)	**(5.2)**	(0.2)
Separately disclosed items included in administrative expenses[4]	**(23.1)**	(0.9)	**(25.0)**	(2.2)
Non-operating income[5]	**8.4**	-	**15.6**	-
Separately disclosed items - Share of joint ventures and associates[6]	**11.5**	0.6	**6.9**	0.6
Separately disclosed items - Share of interest, tax and non-controlling interests of joint ventures and associates-	**(2.8)**	(0.5)	**(1.5)**	(0.5)
Profit before tax	**36.7**	29.5	**128.6**	81.9
Headline profit after taxation[1]	**30.4**	23.3	**95.4**	67.0
Basic earnings per share (pence)	**10.1p**	9.6p	**30.9p**	22.9p
Headline earnings per share (pence) [1]	**8.8p**	7.1p	**30.1p**	20.3p
Free cash flow	**91.7**	25.6	**148.0**	66.0
Net debt	**165.7**	202.5	**165.7**	202.5
Gearing (%)	**8.5%**	11.6%	**8.5%**	11.6%

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

	Fourth Quarter 2010 £m	*Fourth Quarter 2009 £m*	***Full Year 2010 £m***	*Full Year 2009 £m*
2 Other operating income				
Revaluation gain of investment properties	***9.3***	*-*	***9.3***	*-*
3 Other operating expense				
Revaluation deficit of investment properties	***(5.2)***	*(0.2)*	***(5.2)***	*(0.2)*
4 Separately disclosed items included in administrative expenses				
Goodwill written-off in respect of Beijing	***(8.1)***	*-*	***(8.1)***	*-*
Impairment	***(14.8)***	*(0.9)*	***(15.2)***	*(2.2)*
Redundancy costs	***(0.2)***	*-*	***(1.7)***	*-*
	(23.1)	*(0.9)*	***(25.0)***	*(2.2)*
5 Non-operating income				
Gain on dilution of interest in associate	***-***	***-***	***7.2***	*-*
Gain arising in respect of step up acquisition of Beijing	***8.4***	*-*	***8.4***	*-*
	8.4	*-*	***15.6***	*-*
6 Separately disclosed items - Share of joint ventures and associates				
Provision for asset write-off and legal costs in FSCL	***2.3***	*-*	***(2.3)***	*-*
Revaluation gain of investment properties	***9.2***	*0.6*	***9.2***	*0.6*
	11.5	*0.6*	***6.9***	*0.6*

Financial Performance – fourth quarter overview
For the fourth quarter to 31 December 2010, profit before tax increased by 24.4% to £36.7m (2008: £29.5m). Property operations gave rise to a £4.0m loss compared to a £0.5m profit in 2009. The loss was a result of expensing £4.3m of sales and marketing expenditure, including show flat construction costs and sales commissions on the Orchid hotel re-development,. Excluding this expense, profit before tax would have increased by 39.0%. Headline profit before tax, the Group's measure of underlying profit before tax, increased by 26.6% from £30.5m to £38.6m and headline operating profit increased by 34.4% to £45.7m (2009: £34.0m). Both measures of profitability were similarly impacted by the aforementioned sales and marketing costs.

Financial Performance – year end overview
Headline operating profit increased by 47.0% to £144.1m (2009: £98.0m). Headline profit before tax rose by 52.6% to £128.5m (2009: £84.2m). The bigger increase in headline profit before tax was due to reduced net finance cost arising from lower interest rates and lower net debt. The smaller increase in headline earnings per share - up 48.3% to 30.1p (2009: 20.3p) - reflects the impact of a higher effective tax rate.

In constant currency terms, as shown in the table below, the operating profit variance of £32.5m represents a 48.0% conversion rate. This conversion rate has been adversely impacted by the expensing of £4.3m sales and marketing expenditure on the Orchid hotel re-development into condominiums which will only produce revenue on completion. If this expenditure is excluded then the conversion rate is 54.1%. At hotel level the GOP conversion rate is 63.9%. This conversion rate illustrates the ongoing impact on Group profitability of strong cost management and various restructuring exercises over the last two years. The difference between the operating profit conversion and the hotel GOP is principally attributable to the aforementioned Orchid expenditure and secondly to variable rentals charged to the four Singapore hotels owned by CDLHT. These rentals are determined by both revenue and profit streams of the properties.

	Reported Currency				Constant Currency			
	2010 £m	2009 £m	Variance £m	Change %	**2010 £m**	2009 £m	Variance £m	Change %
Revenue	**743.7**	654.0	89.7	13.7%	**743.7**	675.9	67.8	10.0%
Expenses	**(628.7)**	(576.6)	(52.1)	9.0%	**(628.7)**	(593.4)	(35.3)	5.9%
Operating profit (excluding other operating income and expense)	**115.0**	77.4	37.6	48.6%	**115.0**	82.5	32.5	39.4%
Share of joint ventures and associates	**29.1**	20.6	8.5	41.3%	**29.1**	21.6	7.5	34.7%
Headline operating profit	**144.1**	98.0	46.1	47.0%	**144.1**	104.1	40.0	38.4%

Taxation
The Group recorded a tax expense of £30.7m (2009: £7.3m) excluding the tax relating to joint ventures and associates, giving rise to an effective rate of 29.6% (2009: 10.8%). The higher effective rate is due primarily to the impact of a change in tax legislation in New Zealand, which has removed the ability to depreciate buildings for tax purposes, resulting in an increased deferred tax liability. This is partly offset by the impact of reduced tax rates applied to brought forward net deferred tax liabilities in Taiwan, New Zealand and the UK.

The total effective rate has decreased to 29.6% from the forecast total of 34.3% on which the third quarter net tax charge was based. This is primarily due to the impact of non-taxable other operating income and impairments taxed at higher rates in overseas jurisdictions, arising in the final quarter.

A tax charge of £4.4m (2009: £2.3m) relating to joint ventures and associates is included in the reported profit before tax.

Earnings per share
Basic earnings per share was 30.9p (2009: 22.9p) and headline earnings per share increased to 30.1p (2009: 20.3p). The table below reconciles basic earnings per share to headline earnings per share.

	2010 pence	2009 pence
Reported basic earnings per share	**30.9**	22.9
Other operating income and expense – Group	**(0.4)**	0.6
Share of joint ventures and associates other operating income and expense	**(1.8)**	-
Change in tax rates on opening deferred taxes	**(2.4)**	(3.2)
Changes in tax legislation	**3.8**	-
Headline earnings per share	**30.1**	20.3

Dividends
The Group is recommending a full year dividend of 10p (2009: 6.25p) per share comprising a final dividend of 7.92p (2009: 4.17p second interim dividend in-lieu of a final dividend) taken together with the interim dividend of 2.08p (2009: 2.08p). Subject to approval by shareholders at the Annual General Meeting to be held on 6 May 2011, the final dividend will be paid on 20 May 2011 to shareholders on the register on 25 March 2011.

PERFORMANCE BY REGION

For comparability, the following regional review is based on calculations in constant currency whereby 31 December 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 8.8% to £129.53 (2009: £119.05) for the full year. Occupancy and rate both made contributions to this growth in all three hotels. Occupancy grew by 2.5 percentage points to 85.2% (2009: 82.7%), while rate increased by 5.6% to £152.03 (2009: £143.95). The Millenium Hilton achieved double digit growth while Millennium Broadway was close to achieving double digit growth.

By the end of the year, the Group's New York properties were still trading at a discount to peak performance levels in 2008. This reflects in part the patchiness of economic recovery in the United States. Through its asset management strategy, the Group is examining ways to accelerate recovery to previous performance levels. Initially the Group's focus will be on refurbishment of the Millennium UN Plaza.

The final quarter however saw a slowing down of the growth of the first nine months, due in part to stronger comparatives in 2009. Occupancy fell in all three hotels by an aggregate of 1.9 percentage points to 84.5% (2009: 86.4%), offset by a 4.7% increase in rate to £177.75 (2009: £169.77). The resultant RevPAR was £150.20 (2009: £146.68), an increase of 2.4%. Whilst all three hotels experienced lower growth, management issues at the Millennium Broadway produced the lowest growth at this hotel. These have now been resolved and the hotel is expected to resume improved trading in 2011.

Regional US
Regional US has shown improving growth all year and concluded the full year with a 5.2% increase in RevPAR to £37.22 (2009: £35.37). Growth was achieved through a 3.6% increase in rate to £65.64 (2009: £63.38) and a modest 0.9 percentage point increase in occupancy to 56.7% (2009: 55.8%). The region continued to produce a mixed set of results with double digit growth in some parts of the regional estate and decline in others. The best year-on-year performance was seen at the Group's hotels in Los Angeles, Boston and Cincinnati, all of which recorded revenue increases of more than 10% over the previous year. The Millennium Hotel Raleigh-Durham and Best Western Lakeside both suffered double-digit declines.

The fourth quarter was the best quarter of 2010 with an 11.2% RevPAR increase to £34.99 (2009: £31.46) primarily driven by a 7.2% increase in rate to £66.91 (2009: £62.43) being the primary driver. Occupancy increased by 1.9 percentage points to 52.3% (2009: 50.4%).

EUROPE
London
London continued to improve with a 7.9% RevPAR growth to £90.04 (2009: £83.45). The growth has all been in rate. Current average rate is £107.45, an 8.4% increase on 2009 (£99.11). Occupancy fell by 0.4 percentage points to 83.8% (2009: 84.2%). RevPAR growth ranged from single digit to low double digit growth.

London produced the second highest RevPAR growth in the Group in the fourth quarter. Rate has been a factor in this growth in all five hotels and occupancy in three. RevPAR for the quarter was £97.71 (2009: £86.91) with rate growing 10.0% to £116.04 (2009: £105.47) and occupancy growing 1.8 percentage points to 84.2% (2009: 82.4%).

Rest of Europe
Full year RevPAR grew by 4.6% in the rest of Europe region to £51.03 (2009: £48.80). During the fourth quarter, RevPAR increased by a stronger 9.5% to £52.35 (2009: £47.82).

Regional UK
Regional UK performance weakened over the year with RevPAR falling by 1.1% to £44.80 (2009: £45.28). The reduction was due to average room rate decreasing by 3.5% to £61.45 (2009: £63.69), offset by a 1.8 percentage point increase in occupancy to 72.9% (2009: 71.1%). Pressure on rate was most acute in hotels at Aberdeen, Newcastle, Manchester and Plymouth, due to a combination of increased supply and contracting government expenditure.

The fourth quarter saw a modest return to growth with a 2.0% increase to £44.78 (2009: £43.92).

France & Germany
By contrast, RevPAR in France and Germany increased by 12.2% to £60.97 (2009: £54.33). A 4.5 percentage point increase in occupancy to 64.6% (2009: 60.1%) was complemented by a 4.4% increase in rate to £94.38 (2009: £90.40). All four hotels showed growth.

The sub-region reported strong RevPAR growth in the final quarter of 19.4% to £64.50 (2009: £54.01). This was through a combination of occupancy and rate growth. Occupancy increased by 6.4 percentage points to 68.1% (2009: 61.7%) while rate grew 8.2% to £94.72 (2009: £87.54). The lease in Stuttgart will expire in August 2011.

ASIA
RevPAR increased by 19.2% to £67.67 (2009: £56.75) driven by a 10.3% increase in average room rates to £85.55 (2009: £77.53) and a 5.9 percentage point occupancy increase to 79.1%.

Singapore
The strongest growth has come from Singapore which is seeing record visitor arrivals. RevPAR grew by 29.3%, the highest in the Group, to £81.36 (2009: £62.91) driven by occupancy which increased by 8.7 percentage points to 86.7% (2009: 78.0%) while rate saw an increase of 16.3% to £93.84 (2009: £80.66). All hotels have seen strong RevPAR growth and the two new integrated resorts in Sentosa and Marina Bay have not negatively impacted the region's performance.

The Group launched its new Studio M brand in the first half of the year. It has traded very well for a new opening and was EBITDA-positive within the first three months of operation.

Due to stronger comparatives, the RevPAR growth in the fourth quarter slowed down to a still impressive 22.4% with a 1.0 percentage point increase in occupancy and a 21.0% increase in rate.

Rest of Asia
RevPAR grew by 8.7% to £56.54 (2009: £52.03) driven by occupancy which increased by 3.5 percentage points to 73.0% (2009: 69.5%) and a 3.4% increase in rate to £77.45 (2009: £74.87). The most significant volume increase was in Heritage Manila.

In the final quarter RevPAR grew by 6.1% to £61.00 (2009: £57.49) driven by rate which grew 9.0% to £82.77 (2009: £75.95), offset by a 2.0% percentage point fall in occupancy to 73.7% (2009: 75.7%).

The Group stepped up its investment in the Grand Millennium Beijing from 30% to 70% on November 15 and as a result, commenced including that hotel's KPIs within the Group's KPIs. Excluding Grand Millennium Beijing, RevPAR in Rest of Asia grew by 8.8%.

AUSTRALASIA
New Zealand saw a recovery in RevPAR of 5.3% to £34.45 (2009: £32.72). There was increased demand in the region with occupancy up by 3.9 percentage points to 66.3% (2009: 62.4%) although pressure remains on rate as witnessed by the 0.9% fall to £51.96 (2009: £52.44) with rate decline in the majority of the hotels. Across the three brands, Copthorne and Millennium showed growth while Kingsgate was flat.

In the fourth quarter, RevPAR increased by 3.8% to £37.78 (2009: £36.39). There were contributions to this growth from both rate and occupancy. Rate increased by 1.2% to £55.07 (2009: £54.40) while occupancy increased by 1.7 percentage points to 68.6% (2009: 66.9%).

The Millennium Hotel Christchurch, the Copthorne Hotel Christchurch Central and the Copthorne Hotel Christchurch Durham Street were affected to varying degrees by the Canterbury earthquake on 4 September 2010. The Durham Street hotel was closed to effect repairs and refurbishment which will be completed this month. The hotel will be renamed as Copthorne Hotel Christchurch City upon reopening. The other two hotels suffered minor damage and remained open.

Financial Position and Resources

	2010 **£m**	Restated 2009 £m	Change £m
Property, plant, equipment and lease premium prepayment	**2,257.2**	2,070.3	**186.9**
Investment properties	**94.9**	83.3	**11.6**
Investments in and loans to joint ventures and associates	**396.8**	326.4	**70.4**
Other non-current assets	**6.9**	6.4	**0.5**
Non-current assets	**2,755.8**	2,486.4	**269.4**
Current assets excluding cash	**177.6**	133.2	**44.4**
Provisions and other liabilities excluding interest bearing loans, bonds and borrowings	**(397.2)**	(282.8)	**(114.4)**
Net debt	**(165.7)**	(202.5)	**36.8**
Deferred tax liabilities	**(251.8)**	(230.6)	**(21.2)**
Net assets	**2,118.7**	1,903.7	**215.0**
Equity attributable to equity holders of the parent	**1,947.5**	1,752.3	**195.2**
Non-controlling interests	**171.2**	151.4	**19.8**
Total equity	**2,118.7**	1,903.7	**215.0**

Financial Position

The Group's balance sheet strengthened during 2010 with net debt reducing to £165.7m at 31 December 2010 from the 31 December 2009 position of £202.5m notwithstanding the addition of £75.0m relating to acquiring an additional 40% interest in Beijing Fortune Co., Ltd.

Non-current assets

Property, plant, equipment and lease premium prepayment

Property, plant, equipment and lease premium prepayment increased by £186.9m, the main contributors to the increase were: £108.9m through acquiring an additional 40% interest in Beijing Fortune Co., Ltd to that resulted in the Group's interest increasing to 70%; £103.9m effect of exchange movements; £14.0m to improve its hotel portfolio and £7.4m on completing construction of the 360-room Studio M in Singapore which opened in March 2010; a depreciation charge of £32.7m; and an impairment charge of £14.6m was made in relation to 6 hotels each in Regional UK and Regional US.

Investment Properties

Investment properties increased by £11.6m and were due to £4.1m of fair adjustments and £7.5m of favourable exchange movement.

Investments in and loans to joint ventures and associates

The table below reconciles the movement of investments in joint ventures and associates of £70.4m.

	2010 £m
Share of profits/(losses) analysed:	
– Operating profit before other operating income and expense	**29.1**
– Other operating income	**6.9**
– Interest, tax and non-controlling interests	**(11.2)**
	24.8
Gain on dilution on interest in an associate	**7.2**
Additions - CDLHT management fees paid in stapled units	**3.7**
- Additional investment in First Sponsor Capital Limited	**16.4**
Dividends received from associates	**(15.2)**
Foreign exchange adjustment	**33.5**
Total movement	**70.4**

Liquidity and Capital Resources

Cash flow and net debt

At 31 December 2010 the Group's net debt was £36.8m lower than 2009 at £165.7m (2009: £202.5m). A summary of the consolidated cash flow is set out below:

	2010 £m	2009 £m
Cash flows from operating activities before changes in working capital and provisions	**146.9**	111.5
Changes in working capital and provisions	**49.1**	(0.3)
Interest and tax paid	**(29.1)**	(27.8)
Cash generated from operating activities	**166.9**	83.4
Acquisition of property, plant and equipment	**(18.9)**	(17.5)
Proceeds from sale of property, plant and equipment	**-**	0.1
Free cash flow	**148.0**	66.0
Investment in and loans to joint ventures and associates	**(20.1)**	(5.2)
Dividends received from associates	**15.2**	12.5
Dividends paid		
– to equity holders of the parent	**(4.1)**	(4.0)
– to non-controlling interests	**(2.6)**	(2.6)
Purchase of own shares	**(2.2)**	-
Acquisition of subsidiary, net of cash acquired	**(12.6)**	-
Acquisition of subsidiary - borrowings taken on	**(62.4)**	-
Proceeds from issue of share capital	**0.2**	0.1
Translation adjustments	**(22.6)**	15.8
Decrease in net debt	**36.8**	82.6
Opening net debt	**(202.5)**	(285.1)
Closing net debt	**(165.7)**	(202.5)

The net cash inflow from operating activities was £146.9m, an increase of £35.4m reflecting higher profit before tax.

Free cash flow is the amount of cash generated by the business after meeting its obligations for interest, tax and after capital expenditure on property, plant and equipment. For 2010 free cash flow was £148.0m, an increase of 124.2% over 2009. This principally reflected the higher operating profit and a reduced level of working capital. The Group's free cash flow measure is not defined in IFRS and may not be directly comparable with similarly described measures used by other companies. The table above reconciles cash flows from operating activities, which is the closest equivalent IFRS measure to free cash flow.

Changes in working capital and provisions include the impact of the early stages of redeveloping the Orchid hotel in Singapore into condominiums. A show flat was constructed and a marketing campaign launched in the final quarter. By the end of 2010, £41.5m of deposits had been collected for over 90% of the apartments, which will be available to purchasers no later than 2015. In addition £21.2m of development expenditure comprising mostly development charge to the Singapore authorities was capitalised. As the development unfolds further cash calls on the buyers will be forthcoming under terms of the purchase granted to make the development self-funding. Other deposits received were £4.4m in relation to sale of a parcel of land adjacent to the Grand Millennium Kuala Lumpur.

The completion of the Group's planned increase in equity ownership in the Grand Millennium Beijing from 30.0% to 70.0%, resulted in the Group's net debt increasing by £75.0m (comprising cash consideration of £18.4m less cash acquired of £5.8m and borrowing taken on of £62.4m). Overall, net debt reduced over the year to £165.7 million (2009: £202.5 million).

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

	2010 £m	2009 £m
Net Debt		
Cash and cash equivalents (as per cash flow statement)	**251.5**	134.9
Bank overdrafts (included as part of borrowings)	**0.4**	0.6
Cash and cash equivalents (as per the consolidated statement of financial position)	**251.9**	135.5
Interest-bearing loans, bonds and borrowings		
– Non-current	**(323.7)**	(233.0)
– Current	**(93.9)**	(105.0)
Net debt	**(165.7)**	(202.5)

A summary reconciliation of movements in net debt is shown below.

Reconciliation of net cash flow to movement in net debt

	2010 £m	2009 £m
Net debt at beginning of year	**(202.5)**	(285.1)
Increase/(decrease) in cash debt equivalents and bank overdrafts per the consolidated cash flow statement	**101.4**	(67.0)
Net decrease in loans	**20.4**	133.8
Net borrowings in respect of subsidiary acquired in the year	**(62.4)**	-
Translation adjustments	**(22.6)**	15.8
Movements in net debt	**36.8**	82.6
Net debt at end of year	**(165.7)**	(202.5)
Gearing (%)	**8.5%**	11.6%

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 19.5 times from 10.6 times in 2009. The decrease in net finance cost of £1.4m reflects lower interest rates and repayment of borrowings as a result of repatriation of cash from overseas.

At 31 December 2010, the Group had £251.9m cash and £152.4m of undrawn and committed facilities available, comprising revolving credit facilities which provide the Group with financial flexibility. Most of the facilities are unsecured with encumbered assets representing 11.2% of fixed assets and investment properties. At 31 December 2010, total borrowing amounted to £417.6m of which £84.3m was drawn under £112.0m of secured bank facilities.

Future funding

Of the Group's total facilities of £620.3m, £213.7m matures during 2011, comprising £81.2m committed facilities (of which £70.8m is currently undrawn), £49.2m of uncommitted facilities and overdrafts subject to annual renewal, £59.6m unsecured bonds and £23.7m secured term loans. Plans for refinancing of maturing facilities are underway.

Treasury risk management

Group treasury matters are governed by policies and procedures approved by the Board of Directors. The treasury committee monitors and reviews treasury matters on a regular basis. A written summary of major treasury activity is presented at each Board meeting.

Consolidated income statement
for the year ended 31 December 2010

	Notes	**Fourth Quarter 2010 £m**	Fourth Quarter 2009 £m	**Full Year 2010 £m**	Full Year 2009 £m
Revenue	3	**207.3**	178.0	**743.7**	654.0
Cost of sales		**(82.4)**	(72.3)	**(303.4)**	(279.0)
Gross profit		**124.9**	105.7	**440.3**	375.0
Administrative expenses		**(113.2)**	(80.1)	**(350.3)**	(299.8)
Other operating income	4	**9.3**	-	**9.3**	-
Other operating expense	4	**(5.2)**	(0.2)	**(5.2)**	(0.2)
		15.8	25.4	**94.1**	75.0
Share of profit of joint ventures and associates	5	**15.5**	5.4	**24.8**	14.2
Operating profit		**31.3**	30.8	**118.9**	89.2
Analysed between:					
Headline operating profit	3	**45.7**	34.0	**144.1**	98.0
Goodwill written-off in respect of Beijing	4	**(8.1)**	-	**(8.1)**	-
Net revaluation gain/(deficit) of investment properties	4	**4.1**	(0.2)	**4.1**	(0.2)
Impairment	4	**(14.8)**	(0.9)	**(15.2)**	(2.2)
Redundancy costs	4	**(0.2)**	-	**(1.7)**	-
Separately disclosed items – share of joint ventures and associates	4	**11.5**	0.6	**6.9**	0.6
Interest, tax and non-controlling interests – share of joint ventures and associates	5	**(6.9)**	(2.7)	**(11.2)**	(7.0)
Non-operating income		**8.4**	-	**15.6**	-
Analysed between:					
Gain on dilution of interest in associate	4	**-**	-	**7.2**	-
Gain arising in respect of step up acquisition of Beijing	4	**8.4**	-	**8.4**	-
Finance income		**4.0**	0.6	**8.8**	3.0
Finance expense		**(7.0)**	(1.9)	**(14.7)**	(10.3)
Net finance expense		**(3.0)**	(1.3)	**(5.9)**	(7.3)
Profit before tax		**36.7**	29.5	**128.6**	81.9
Income tax expense	6	**(2.4)**	1.2	**(30.7)**	(7.3)
Profit for the year		**34.3**	30.7	**97.9**	74.6
Attributable to:					
Equity holders of the parent		**31.5**	29.7	**96.2**	70.1
Non-controlling interests		**2.8**	1.0	**1.7**	4.5
		34.3	30.7	**97.9**	74.6
Basic earnings per share (pence)	7	**10.1p**	9.6p	**30.9p**	22.9p
Diluted earnings per share (pence)	7	**10.0p**	9.6p	**30.7p**	22.9p

The financial results above all derive from continuing activities.

Consolidated statement of comprehensive income
for the year ended 31 December 2010

	2010	2009
	£m	£m
Profit for the year	**97.9**	74.6
Other comprehensive income:		
Foreign currency translation differences - foreign operations	**97.3**	(43.6)
Foreign currency translation differences -equity accounted investees	**33.5**	(18.2)
Net (loss)/gain on hedge of net investments in foreign operations	**(16.9)**	18.1
Defined benefit plan actuarial gains/(losses)	**1.1**	(6.5)
Share of associate's other reserve movements	**-**	0.3
Effective portion of changes in fair value of cash flow hedges	**(0.8)**	-
Income tax on income and expense recognised directly in equity	**(1.2)**	3.0
Other comprehensive income/(expense) for the year, net of tax	**113.0**	(46.9)
Total comprehensive income for the year	**210.9**	27.7
Total comprehensive income attributable to:		
Equity holders of the parent	**199.9**	17.1
Non-controlling interests	**11.0**	10.6
Total comprehensive income for the year	**210.9**	27.7

Consolidated statement of financial position
as at 31 December 2010

	As at 31 December 2010 £m	Restated As at 31 December 2009 £m	Restated As at 31 December 2008 £m
Non-current assets			
Property, plant and equipment	**2,185.7**	2,045.1	2,138.2
Lease premium prepayment	**71.5**	25.2	26.1
Investment properties	**94.9**	83.3	79.3
Investments in joint ventures and associates	**396.8**	326.4	338.7
Other financial assets	**6.9**	6.4	6.7
	2,755.8	2,486.4	2,589.0
Current assets			
Inventories	**4.5**	4.2	4.9
Development properties	**103.3**	72.3	63.2
Lease premium prepayment	**1.8**	0.6	0.5
Trade and other receivables	**68.0**	56.1	62.9
Cash and cash equivalents	**251.9**	135.5	212.1
	429.5	268.7	343.6
Total assets	**3,185.3**	2,755.1	2,932.6
Non-current liabilities			
Interest-bearing loans, bonds and borrowings	**(323.7)**	(233.0)	(415.1)
Employee benefits	**(16.7)**	(18.1)	(12.8)
Provisions	**(0.4)**	(0.6)	(0.9)
Other non-current liabilities	**(165.1)**	(112.2)	(118.6)
Deferred tax liabilities	**(251.8)**	(230.6)	(258.1)
	(757.7)	(594.5)	(805.5)
Current liabilities			
Interest-bearing loans, bonds and borrowings	**(93.9)**	(105.0)	(82.1)
Trade and other payables	**(181.5)**	(122.0)	(133.3)
Other current financial liabilities	**(1.3)**	-	-
Provisions	**(0.2)**	(0.2)	(0.3)
Income taxes payable	**(32.0)**	(29.7)	(30.5)
	(308.9)	(256.9)	(246.2)
Total liabilities	**(1,066.6)**	(851.4)	(1,051.7)
Net assets	**2,118.7**	1,903.7	1,880.9
Equity			
Issued share capital	**94.0**	92.9	90.7
Share premium	**844.7**	845.6	847.7
Translation reserve	**290.4**	185.8	230.8
Cash flow hedge reserve	**(0.8)**	-	-
Treasury share reserve	**(2.2)**	-	-
Retained earnings	**721.4**	628.0	568.3
Total equity attributable to equity holders of the parent	**1,947.5**	1,752.3	1,737.5
Non-controlling interests	**171.2**	151.4	143.4
Total equity	**2,118.7**	1,903.7	1.880.9

Consolidated statement of cash flows
for the year ended 31 December 2010

	Full Year 2010 £m	Full Year 2009 £m
Cash flows from operating activities		
Profit for the year	**97.9**	74.6
Adjustments for:		
Depreciation and amortisation	**32.7**	32.1
Share of profit of joint ventures and associates	**(24.8)**	(14.2)
Separately disclosed items - Group	**5.3**	2.4
Loss on sale of property, plant and equipment	**-**	0.4
Equity settled share-based transactions	**(0.8)**	1.6
Finance income	**(8.8)**	(3.0)
Finance expense	**14.7**	10.3
Income tax expense	**30.7**	7.3
Operating profit before changes in working capital and provisions	**146.9**	111.5
(Increase)/decrease in inventories, trade and other receivables	**(7.9)**	3.8
Increase in development properties	**(21.4)**	(2.7)
Increase/(decrease) in trade and other payables	**79.6**	(0.1)
Decrease in provisions and employee benefits	**(1.2)**	(1.3)
Cash generated from operations	**196.0**	111.2
Interest paid	**(7.0)**	(10.3)
Interest received	**2.0**	2.3
Income taxes paid	**(24.1)**	(19.8)
Net cash generated from operating activities	**166.9**	83.4
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	**-**	0.1
Dividends received from associates	**15.2**	12.5
Increase in loan to joint venture	**-**	(2.3)
Increase in investment in joint ventures and associates	**(20.1)**	(2.9)
Acquisition of subsidiary, net of cash acquired	**(12.6)**	-
Acquisition of property, plant and equipment, and lease premium prepayment	**(18.9)**	(17.5)
Net cash used in investing activities	**(36.4)**	(10.1)

Cash flows from financing activities		
Proceeds from the issue of share capital	**0.2**	0.1
Repayment of borrowings	**(90.2)**	(170.0)
Drawdown of borrowings	**71.1**	36.2
Payment of transaction costs related to loans and borrowings	**(1.3)**	-
Repurchase of own shares	**(2.2)**	-
Dividends paid to non-controlling interests	**(2.6)**	(2.6)
Dividends paid to equity holders of the parent	**(4.1)**	(4.0)
Net cash used in financing activities	**(29.1)**	(140.3)
Net increase/(decrease) in cash and cash equivalents	**101.4**	(67.0)
Cash and cash equivalents at beginning of the year	**134.9**	209.3
Effect of exchange rate fluctuations on cash held	**15.2**	(7.4)
Cash and cash equivalents at end of the year	**251.5**	134.9
Reconciliation of cash and cash equivalents		
Cash and cash equivalents shown in the consolidated statement of financial position	**251.9**	135.5
Overdraft bank accounts included in borrowings	**(0.4)**	(0.6)
Cash and cash equivalents for cash flow statement purposes	**251.5**	134.9

Consolidated statement of changes in equity
for the year ended 31 December 2010

	Share capital £m	Share premium £m	Translation reserve £m	Cash flow hedge reserve £m	Treasury share reserve £m	Retained earnings £m	Total excluding minority interests £m	Non-controlling interests £m	Total equity £m
Balance at 1 January 2009	90.7	847.7	235.6	-	-	563.5	1,737.5	143.4	1,880.9
Profit	-	-	-	-	-	70.1	70.1	4.5	74.6
Total other comprehensive income	-	-	(49.8)	-	-	(3.2)	(53.0)	6.1	(46.9)
Total comprehensive income for the year	-	-	(49.8)	-	-	66.9	17.1	10.6	27.7
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
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 – non controlling interests	-	-	-	-	-	-	-	(2.6)	(2.6)
Share-based payment transactions	-	-	-	-	-	1.6	1.6	-	1.6
Share options exercised	-	0.1	-	-	-	-	0.1	-	0.1
Total contributions by and distributions to owners	2.2	(2.1)	-	-	-	(2.4)	(2.3)	(2.6)	(4.9)
Total transactions with owners	2.2	(2.1)	-	-	-	(2.4)	(2.3)	(2.6)	(4.9)
Balance as at 31 December 2009	92.9	845.6	185.8	-	-	628.0	1,752.3	151.4	1,903.7
Balance at 1 January 2010	**92.9**	**845.6**	**185.8**	**-**	**-**	**628.0**	**1,752.3**	**151.4**	**1,903.7**
Profit	**-**	**-**	**-**	**-**	**-**	**96.2**	**96.2**	**1.7**	**97.9**
Total other comprehensive income	**-**	**-**	**104.6**	**(0.8)**	**-**	**(0.1)**	**103.7**	**9.3**	**113.0**
Total comprehensive income for the year	**-**	**-**	**104.6**	**(0.8)**	**-**	**96.1**	**199.9**	**11.0**	**210.9**
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Dividends paid to equity holders	**-**	**-**	**-**	**-**	**-**	**(19.4)**	**(19.4)**	**-**	**(19.4)**
Issue of shares in lieu of dividends	**1.1**	**(1.1)**	**-**	**-**	**-**	**15.3**	**15.3**	**-**	**15.3**
Own shares purchased	**-**	**-**	**-**	**-**	**(2.2)**	**-**	**(2.2)**	**-**	**(2.2)**
Dividends paid – non controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(2.6)**	**(2.6)**
Share-based payment transactions (net of tax)	**-**	**-**	**-**	**-**	**-**	**1.4**	**1.4**	**-**	**1.4**
Share options exercised	**-**	**0.2**	**-**	**-**	**-**	**-**	**0.2**	**-**	**0.2**
Total contributions by and distributions to owners	**1.1**	**(0.9)**	**-**	**-**	**(2.2)**	**(2.7)**	**(4.7)**	**(2.6)**	**(7.3)**
Total changes in ownership interests in subsidiaries:									
Non-controlling interests arising on acquisition of 40% interest in Beijing unchanged to subsidiary	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**11.4**	**11.4**
	-	**-**	**-**	**-**	**-**	**-**	**-**	**11.4**	**11.4**
Total transactions with owners	**1.1**	**(0.9)**	**-**	**-**	**(2.2)**	**(2.7)**	**(4.7)**	**8.8**	**4.1**
Balance as at 31 December 2010	**94.0**	**844.7**	**290.4**	**(0.8)**	**(2.2)**	**721.4**	**1,947.5**	**171.2**	**2,118.7**

Notes to the consolidated financial statements
1. General information

Basis of preparation

The consolidated financial statements in this preliminary results announcement for Millennium & Copthorne Hotels plc ('the Company') as at and year ended 31 December 2010 comprise the Company and its subsidiaries (together referred to as the 'Group') and the Group's interests in joint ventures and associates.

These primary statements and selected notes comprise the audited consolidated financial results of the Group for the year ended 31 December 2010 and 2009. The information set out in this final results announcement does not comprise statutory accounts within the meaning of Section 435 of the Companies Act 2006.

The comparative figures as at 31 December 2009 have been extracted from the Group's statutory Annual Report and Accounts for that financial year but do not constitute those accounts. Those accounts have been reported on by the auditors and delivered to the Registrar of Companies. The report of the auditors was (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. The consolidated financial statements of the Group as at and for the financial year ended 31 December 2009 are available from the Company's website www.millenniumhotels.co.uk.

The 2009 comparatives for the consolidated income statement have been restated to present information to enhance the readers understanding of the Group's performance for the year whereby operating profit is now analysed into more appropriate captions with no impact on overall operating profit.

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 except for the following changes to accounting policies due to release of amendments and standards impacting for the year ended 31 December 2010:

- Improvement to IFRSs (issued April 2009) included amendments to IAS 17 'Leases'. IAS 17 was amended so that leases of land with an indefinite economic life need not be classified as an operating lease. A land lease with a lease term of several decades may be classified as a finance lease, even if at the end of the lease term title does not pass to the lessee. Certain land leases had been reclassified from operating leases to finance leases. Previously these operating leases had a lease premium prepayment held on the Statement of Financial Position, which were amortised over the lease term. With the amendment to IAS 17, the lease premium prepayments have been reclassified to Land and Buildings and the 2009 and 2008 comparative consolidated statements of financial position have been restated accordingly. As at 31 December 2009 cost of £95.9m (31 December 2008 £96.4m) and accumulated amortisation of £26.7m (31 December 2008 £25.9m) was reclassified from non-current and current lease premium prepayment to property plant and equipment. There was no effect on the consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flows.

- IFRS 3 (revised) was applied to the acquisition of Beijing Fortune Co., Ltd.

Other amendments and new interpretations do not have a material impact.

The financial statements were approved by the Board of Directors on 15 February 2011.

The financial statements are presented in the Group'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 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 'Segmental analysis'.

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.

Notes to the consolidated financial statements

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.

	As at 31 December		Average for 12 months January - December		Average for 3 months October - December	
Currency (=£)	**2010**	2009	**2010**	2009	**2010**	2009
US dollar	**1.541**	1.596	**1.547**	1.553	**1.561**	1.622
Singapore dollar	**1.993**	2.245	**2.111**	2.257	**2.041**	2.280
New Taiwan dollar	**45.461**	51.081	**48.531**	51.654	**47.262**	52.162
New Zealand dollar	**2.021**	2.253	**2.149**	2.461	**2.072**	2.269
Malaysian ringgit	**4.753**	5.473	**5.004**	5.472	**4.881**	5.566
Korean won	**1,757.50**	1,847.74	**1,792.11**	1,969.72	**1,783.06**	1,910.98
Euro	**1.172**	1.110	**1.164**	1.114	**1.164**	1.110

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 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'), 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 executive members of the CODM to discuss the operational and financial performance. The CODM makes decisions about allocation of resources based on all five reported segment profits contained in the segmental results to the regions managed by the COO.

Notes to the consolidated financial statements

	Fourth Quarter 2010								
	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	**30.5**	**28.3**	**26.2**	**26.8**	**39.4**	**40.5**	**13.7**	**-**	**205.4**
Property operations	**-**	**0.3**	**-**	**-**	**0.6**	**-**	**1.0**	**-**	**1.9**
Total Revenue	**30.5**	**28.6**	**26.2**	**26.8**	**40.0**	**40.5**	**14.7**	**-**	**207.3**
Hotel Gross Operating Profit	**11.0**	**4.6**	**13.9**	**7.9**	**21.1**	**16.2**	**5.5**	**-**	**80.2**
Hotel fixed charges [1]	**(3.9)**	**(4.4)**	**(3.4)**	**(7.3)**	**(11.2)**	**(4.8)**	**(2.1)**	**-**	**(37.1)**
Hotel operating profit	**7.1**	**0.2**	**10.5**	**0.6**	**9.9**	**11.4**	**3.4**	**-**	**43.1**
Property operations operating profit/(loss)	**-**	**(0.3)**	**-**	**-**	**(3.9)**	**-**	**0.2**	**-**	**(4.0)**
Central costs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(4.3)**	**(4.3)**
Share of joint ventures and associates operating profit	**-**	**-**	**-**	**-**	**3.5**	**6.3**	**1.1**	**-**	**10.9**
Headline operating profit/(loss)	**7.1**	**(0.1)**	**10.5**	**0.6**	**9.5**	**17.7**	**4.7**	**(4.3)**	**45.7**
Add back depreciation and amortisation	**1.1**	**2.3**	**1.2**	**0.9**	**0.8**	**1.7**	**0.6**	**0.1**	**8.7**
Headline EBITDA [2]	**8.2**	**2.2**	**11.7**	**1.5**	**10.3**	**19.4**	**5.3**	**(4.2)**	**54.4**
Depreciation and amortisation									**(8.7)**
Share of interest, tax and non-controlling interests of joint ventures and associates									**(4.1)**
Net finance expense									**(3.0)**
Headline profit before tax									**38.6**
Separately disclosed items - Group [3]									**(10.6)**
Separately disclosed items - Share of joint ventures and associates									**11.5**
Separately disclosed items - Share of joint ventures and associates interest, tax and non-controlling interests									**(2.8)**
Profit before tax									**36.7**

[1] Hotel fixed charges include depreciation, amortisation of lease premium prepayments, property rent, taxes and insurance, operating lease rentals and management fees

[2] Earnings before interest, tax, depreciation and amortisation

[3] Included within separately disclosed items - Group is a £14.8m impairment charge. An impairment charge of £8.8m was made in relation to 6 Regional UK hotels in Rest of Europe and £5.8m was made in relation to 6 hotels in Regional US. Also a £0.2m impairment charge was made within Rest of Asia on an additional shareholder loan and interest in the Group’s 50% investment in Bangkok.

Notes to the consolidated financial statements
3. Operating segment information (continued)

	Fourth Quarter 2009 (restated[4])								
	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	29.0	25.4	23.4	25.0	28.5	32.7	11.7	-	175.7
Property operations	-	0.3	-	-	0.5	-	1.5	-	2.3
Total Revenue	29.0	25.7	23.4	25.0	29.0	32.7	13.2		178.0
Hotel Gross Operating Profit	10.2	3.5	13.0	6.0	14.5	12.9	4.6	-	64.7
Hotel fixed charges [1]	(3.9)	(5.1)	(3.2)	(7.1)	(8.6)	(3.5)	(1.7)	-	(33.1)
Hotel operating profit	6.3	(1.6)	9.8	(1.1)	5.9	9.4	2.9	-	31.6
Property operations operating profit/(loss)	-	(0.3)	-	-	0.4	(0.1)	0.5	-	0.5
Central costs	-	-	-	-	-	-	-	(5.6)	(5.6)
Share of joint ventures and associates operating profit	-	-	-	-	3.4	3.7	0.4	-	7.5
Headline operating profit/(loss)	6.3	(1.9)	9.8	(1.1)	9.7	13.0	3.8	(5.6)	34.0
Add back depreciation and amortisation	1.3	2.2	1.2	1.0	0.1	1.1	0.5	0.4	7.8
Headline EBITDA [2]	7.6	0.3	11.0	(0.1)	9.8	14.1	4.3	(5.2)	41.8
Depreciation and amortisation									(7.8)
Share of interest, tax and non-controlling interests of joint ventures and associates									(2.2)
Operating profit									31.8
Net finance expense									(1.3)
Headline profit before tax									30.5
Separately disclosed items - Group [3]									(1.1)
Separately disclosed items - Share of joint ventures and associates									0.6
Separately disclosed items - Share of joint ventures and associates interest, tax and non-controlling interests									(0.5)
Profit before tax									29.5

[1] Hotel Fixed charges include depreciation, amortisation of lease premium prepayments, property rent, taxes and insurance, operating lease rentals and management fees

[2] Earnings before interest, tax, depreciation and amortisation

[3] Included within separately disclosed items - Group is an impairment charge of £0.9m in Rest of Asia made in relation to land in India.

[4] Operations of the REIT in Australasia of £0.4m previously recorded in the Singapore segment have been reclassified.

Notes to the consolidated financial statements
3. Operating segment information (continued)

	Full Year 2010								
	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	**102.3**	**116.0**	**93.5**	**94.6**	**140.9**	**137.6**	**49.1**	**-**	**734.0**
Property operations	**-**	**1.5**	**-**	**-**	**2.4**	**0.1**	**5.7**	**-**	**9.7**
Total Revenue	**102.3**	**117.5**	**93.5**	**94.6**	**143.3**	**137.7**	**54.8**	**-**	**743.7**
Hotel Gross Operating Profit	**28.4**	**20.0**	**50.1**	**25.3**	**76.1**	**53.8**	**18.6**	**-**	**272.3**
Hotel fixed charges [1]	**(18.1)**	**(19.2)**	**(13.0)**	**(21.1)**	**(41.5)**	**(16.6)**	**(8.2)**	**-**	**(137.7)**
Hotel operating profit	**10.3**	**0.8**	**37.1**	**4.2**	**34.6**	**37.2**	**10.4**	**-**	**134.6**
Property operations operating profit/(loss)	**-**	**(0.7)**	**-**	**-**	**(2.7)**	**-**	**1.9**	**-**	**(1.5)**
Central costs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(18.1)**	**(18.1)**
Share of joint ventures and associates operating profit	**-**	**-**	**-**	**-**	**13.1**	**12.0**	**4.0**	**-**	**29.1**
Headline operating profit/(loss)	**10.3**	**0.1**	**37.1**	**4.2**	**45.0**	**49.2**	**16.3**	**(18.1)**	**144.1**
Add back depreciation and amortisation	**5.0**	**8.8**	**4.8**	**3.8**	**2.1**	**5.3**	**2.0**	**0.9**	**32.7**
Headline EBITDA [2]	**15.3**	**8.9**	**41.9**	**8.0**	**47.1**	**54.5**	**18.3**	**(17.2)**	**176.8**
Depreciation and amortisation									**(32.7)**
Share of interest, tax and non-controlling interests of joint - operating profit									**(9.7)**
Net finance expense									**(5.9)**
Headline profit before tax									**128.5**
Separately disclosed items - Group [3]									**(5.3)**
Separately disclosed items - Share of joint ventures and associates									**6.9**
Separately disclosed items - Share of joint ventures and associates interest, tax and non-controlling interests									**(1.5)**
Profit before tax									**128.6**

[1] Hotel Fixed charges include depreciation, amortisation of lease premium prepayments, property rent, taxes and insurance, operating lease rentals and management fees.

[2] Earnings before interest, tax, depreciation and amortisation.

[3] Included within separately disclosed items - Group is a £15.2m impairment charge. An impairment charge of £8.8m was made in relation to 6 Regional UK hotels in Rest of Europe and £5.8m was made in relation to 6 hotels in Regional US. Also a £0.6m impairment charge was made within Rest of Asia on an additional shareholder loan and interest in the Group's 50% investment in Bangkok.

Notes to the consolidated financial statements
3. Operating segment information (continued)

	Full Year 2009 (restated[4])								
	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	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
Total Revenue	95.6	112.3	88.0	92.9	105.1	116.2	43.9	-	654.0
Hotel Gross Operating Profit	24.3	18.3	46.4	23.8	51.2	42.2	15.3	-	221.5
Hotel fixed charges [1]	(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	-	-	-	-	11.3	8.0	1.3	-	20.6
Headline operating profit/(loss)	5.3	(4.7)	33.7	1.6	34.9	34.6	11.8	(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
Headline EBITDA [2]	10.5	4.7	38.9	5.5	35.2	39.9	13.5	(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)
Headline profit before tax									84.2
Separately disclosed items - Group [3]									(2.4)
Separately disclosed items - Share of joint ventures and associates									0.6
Separately disclosed items - Share of joint ventures and associates interest, tax and non-controlling interests									(0.5)
Profit before tax									81.9

[1] Hotel Fixed charges include depreciation, amortisation of lease premium prepayments, property rent, taxes and insurance, operating lease rentals and management fees

[2] Earnings before interest, tax, depreciation and amortisation

[3] Included within separately disclosed items - Group is a £2.2m impairment charge. An impairment charge of £0.9m in Rest of Asia was made in relation to land in India and a £1.3m impairment charge was made on an additional shareholder loan and interest in the Group's 50% investment in Bangkok.

[4] Operations of the REIT in Australasia of £1.3m previously recorded in the Singapore segment have been reclassified.

Notes to the consolidated financial statements

3. Operating segment information (continued)

Segmental assets and liabilities

As at 31 December 2010	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	**354.2**	**297.3**	**439.7**	**207.7**	**245.2**	**634.9**	**157.1**	**2,336.1**
Hotel operating liabilities	**(9.9)**	**(30.5)**	**(22.8)**	**(31.1)**	**(153.1)**	**(61.3)**	**(9.1)**	**(317.8)**
Investments in and loans to joint ventures and associates	**-**	**-**	**-**	**-**	**173.2**	**160.7**	**62.9**	**396.8**
Total hotel operating net assets	**344.3**	**266.8**	**416.9**	**176.6**	**265.3**	**734.3**	**210.9**	**2,415.1**
Property operating assets	**-**	**29.0**	**-**	**-**	**87.6**	**9.8**	**74.1**	**200.5**
Property operating liabilities	**-**	**(0.1)**	**-**	**-**	**(42.2)**	**(4.4)**	**(0.7)**	**(47.4)**
Total property operating net assets	**-**	**28.9**	**-**	**-**	**45.4**	**5.4**	**73.4**	**153.1**
Deferred tax liabilities								**(251.8)**
Income taxes payable								**(32.0)**
Net debt								**(165.7)**
Net assets								**2,118.7**

As at 31 December 2009	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	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
Total hotel operating net assets	337.1	266.3	420.7	191.1	260.8	578.6	155.0	2,209.6
Property operating assets	-	33.0	-	-	50.8	8.1	67.3	159.2
Property operating liabilities	-	(0.1)	-	-	(1.3)	-	(0.9)	(2.3)
Total property operating net assets	-	32.9	-	-	49.5	8.1	66.4	156.9
Deferred tax liabilities								(230.6)
Income taxes payable								(29.7)
Net debt								(202.5)
Net assets								1,903.7

4. Separately disclosed items

	Notes	Fourth Quarter 2010 £m	Fourth Quarter 2009 £m	Full Year 2010 £m	Full Year 2009 £m
Other operating income					
Revaluation gain of investment properties	**(a)**	**9.3**	-	**9.3**	-
Other operating expense					
Revaluation deficit of investment properties	**(a)**	**(5.2)**	(0.2)	**(5.2)**	(0.2)
Separately disclosed items included in administrative expenses					
Goodwill written-off in respect of Beijing	**(b)**	**(8.1)**	-	**(8.1)**	-
Impairment	**(c)**	**(14.8)**	(0.9)	**(15.2)**	(2.2)
Redundancy costs	**(d)**	**(0.2)**	-	**(1.7)**	-
		(23.1)	(0.9)	**(25.0)**	(2.2)
Non-operating income					
Gain on dilution of interest in associate	**(e)**	**-**	**-**	**7.2**	-
Gain arising in respect of step up acquisition of Beijing	**(b)**	**8.4**	-	**8.4**	-
		8.4	-	**15.6**	-
Separately disclosed items - Group		**(10.6)**	(1.1)	**(5.3)**	(2.4)
Separately disclosed items - share of joint ventures and associates					
Provision for asset write-off and legal costs in FSCL	**(f)**	**2.3**	-	**(2.3)**	-
Revaluation gain of investment properties	**(g)**	**9.2**	0.6	**9.2**	0.6
		11.5	0.6	**6.9**	0.6

Notes to the consolidated financial statements

4. Separately disclosed items (continued)

(a) Revaluation of investment properties
At the end of 2010, the Group's investment properties were subject to external professional valuation on an open market existing use basis. Tanglin Shopping Centre recorded uplift in value of £9.3m whereas Biltmore Court & Tower and Sunnyvale residences recorded decreases in value of £1.9m and £3.3m respectively. In 2009 Tanglin Shopping Centre recorded a decrease in value of £0.2m and both Biltmore Court & Tower and Sunnyvale residences recorded no change.

(b) Gain on acquisition of subsidiary
On 15 November 2010, Beijing Fortune Co., Ltd. ("Beijing Fortune") which owns and operates the Grand Millennium Hotel Beijing became a 70% owned subsidiary following the Group exercising an option to buy an additional 40% interest from Beijing Xiangjiang Xinli Real Estate Development Co., Ltd. The Group previously held a 30% interest in Beijing Fortune and accounted for its share of the results and net assets in accordance with IAS 31, Interests in Joint Ventures. A £0.3m net gain arose on the transaction which consisted of a £8.4m gain from revaluing the previously held 30% interest net of a £8.1m write-off of goodwill arising from the acquired 40% interest.

(c) Impairment
The Directors undertook an annual review of the carrying value of hotels and property assets for indication of impairment and where appropriate, external valuations were also undertaken. An impairment charge of £14.6m was made in relation to 6 hotels each in Regional UK and Regional US and a £0.6m impairment charge made on additional shareholder loan and interest in the Group's 50% investment in Bangkok. In 2009, an impairment charge of £0.9m was made in relation to land in India and £1.3m on additional shareholder loan and interest in Bangkok.

In the previous year end review of those hotels now being impaired, the value of the hotels was based on a planned recovery of trading post the economic downturn in 2008 and 2009. With trading recovery not as strong as expected in Regional US and Regional UK, this has resulted in an impairment charge for a number of our hotels.

(d) Redundancy costs
Following a decision to redevelop the Orchid Hotel Singapore into apartments, a £1.7m provision was recorded in relation to redundancy costs announced to its workforce during 2010, associated with its closure anticipated during the first quarter of 2011.

(e) Gain on dilution of interest in associate
On 1 July 2010, CDLHT announced the issue of 116,960,000 new stapled securities, priced at S$1.71 each, pursuant to a private placement, and raising net proceeds of S$196.7m (S$200.0m gross). Proceeds were applied to pay down debt. The Group's interest in CDLHT fell to 34.77% from its pre-issuance interest of 39.03%, which resulted in a gain of S$15.0m (£7.2m). The gain arises from the Group's share of proceeds being greater than its share of net tangible assets diluted by the issue.

(f) Provision for asset write-off and legal costs in FSCL
The £2.3m charge represents the Group's share of provision against assets write-off and legal costs in First Sponsor Capital Limited ("FSCL").

(g) Revaluation gain of investment properties
At end of 2010, the investment properties of CDL Hospitality Trusts ("CDLHT"), the Groups associate in a Singapore-listed REIT, and of First Sponsor Capital Limited ("FSCL") were subject to external professional valuation on an open market existing use basis. The Group's share of CDLHT's and FSCL's net revaluation surplus of investment properties was £4.4m and £4.8m respectively. In 2009, the Group's share of FSCL's revaluation surplus of investment properties was £0.6m and CDLHT recorded no change.

5. Share of profits of joint ventures and associates

	Fourth Quarter 2010 £m	Fourth Quarter 2009 £m	**Full Year 2010 £m**	Full Year 2009 £m
Share of profit for the period				
Operating profit before separately disclosed items	**10.9**	7.5	**29.1**	20.6
Separately disclosed items (refer note 4)	**11.5**	0.6	**6.9**	0.6
Interest	**(0.5)**	(0.8)	**(3.0)**	(2.8)
Tax	**(2.9)**	(0.6)	**(4.4)**	(2.3)
Non-controlling interests	**(3.5)**	(1.3)	**(3.8)**	(1.9)
Interest, tax and non-controlling interests	**(6.9)**	(2.7)	**(11.2)**	(7.0)
	15.5	5.4	**24.8**	14.2

Notes to the consolidated financial statements

6. Income tax expense

The Group recorded a tax expense of £30.7m (2009: £7.3m) excluding the tax relating to joint ventures and associates, giving rise to an effective rate of 29.6% (2009: 10.8%). The higher effective rate is due primarily to the impact of a change in tax legislation in New Zealand, which has removed the ability to depreciate buildings for tax purposes, resulting in an increased deferred tax liability. This is partly offset by the impact of reduced tax rates applied to brought forward net deferred tax liabilities in Taiwan, New Zealand and the UK.

Excluding the impact of separately disclosed items of the Group within profit before tax, changes in corporate tax rates on brought forward deferred taxes, changes in tax legislation and adjustments in respect of previous years, the Group's underlying effective tax rate is 29.8% (2009: 33.2%).

A tax charge of £4.4m (2009: £2.3m) relating to joint ventures and associates is included in the reported profit before tax.

Income tax recognised directly in equity

	2010 £m	2009 £m
Current tax		
Corporation tax charge for the year	**29.6**	23.0
Adjustment in respect of prior years	**(4.5)**	(3.1)
Total current tax expense	**25.1**	19.9
Deferred tax		
Origination and reversal of timing differences	**(5.1)**	3.4
Effect of change in tax rates on opening deferred taxes	**(7.4)**	(9.9)
Benefits/(utilisation) of tax losses recognised	**0.2**	(3.1)
Changes in tax legislation	**11.9**	-
Under/(over) provision in respect of prior years	**6.0**	(3.0)
Total deferred tax charge/(credit)	**5.6**	(12.6)
Total income tax charge in the income statement	**30.7**	7.3
UK	**7.1**	7.8
Overseas	**23.6**	(0.5)
Total income tax charge in the income statement	**30.7**	7.3

Income tax reconciliation

Profit before income tax in income statement	**128.6**	81.9
Less share of profits of joint ventures and associates	**(24.8)**	(14.2)
	103.8	67.7
Income tax on ordinary activities at the standard rate of UK tax of 28.0% (2009: 28.0%)	**29.1**	19.0
Tax exempt income	**(5.3)**	(1.6)
Non deductible expenses	**4.8**	5.1
Recognition of deferred tax on undistributed profits of associates	**(0.2)**	-
Current year losses for which no deferred tax asset was recognised	**0.7**	0.8
Unrecognised deferred tax assets	**1.0**	1.3
Effect of higher tax rates on other operating expense	**(3.0)**	-
Recognition of previously unrecognised tax losses	**(0.2)**	(1.0)
Other effect of tax rates in foreign jurisdictions	**(2.2)**	(0.3)
Effect of change in tax rates on opening deferred taxes	**(7.4)**	(9.9)
Changes in tax legislation	**11.9**	-
Other adjustments to tax charge in respect of prior years	**1.5**	(6.1)
Total income tax charge in the income statement	**30.7**	7.3

Notes to the consolidated financial statements

7. Earnings per share

Earnings per share are calculated using the following information:

	Fourth Quarter 2010	Fourth Quarter 2009	**Full Year 2010**	Full Year 2009
(a) Basic				
Profit for the year attributable to holders of the parent (£m)	**31.5**	29.7	**96.2**	70.1
Weighted average number of shares in issue (m)	**313.1**	309.5	**311.8**	306.1
Basic earnings per share (pence)	**10.1p**	9.6p	**30.9p**	22.9p
(b) Diluted				
Profit for the year attributable to holders of the parent (£m)	**31.5**	29.7	**96.2**	70.1
Weighted average number of shares in issue (m)	**313.1**	309.5	**311.8**	306.1
Potentially dilutive share options under Group's share option schemes (m)	**1.4**	1.1	**1.2**	0.6
Weighted average number of shares in issue (diluted) (m)	**314.5**	310.6	**313.0**	306.7
Diluted earnings per share (pence)	**10.0p**	9.6p	**30.7p**	22.9p
(c) Headline earnings per share (pence)				
Profit for the year attributable to holders of the parent (£m)	**31.5**	29.7	**96.2**	70.1
Adjustments for:				
- Separately disclosed items - Group (net of tax and non-controlling interests) (£m)	**4.0**	0.7	**(1.6)**	2.0
- Share of separately disclosed items of joint ventures and associates (net of tax and non-controlling interests) (£m)	**(8.7)**	(0.1)	**(5.4)**	(0.1)
- Change in tax rates on opening deferred tax (£m)	**(2.3)**	(8.4)	**(7.4)**	(9.9)
- Changes in tax legislation (£m)	**3.1**	-	**11.9**	-
Adjusted profit for the year attributable to holders of the parent (£m)	**27.6**	21.9	**93.7**	62.1
Weighted average number of shares in issue (m)	**313.1**	309.5	**311.8**	306.1
Headline earnings per share (pence)	**8.8p**	7.1p	**30.1p**	20.3p
(d) Diluted headline earnings per share				
Adjusted profit for the year attributable to holders of the parent (£m)	**27.6**	21.9	**93.7**	62.1
Weighted average number of shares in issue (diluted) (m)	**314.5**	310.6	**313.0**	306.7
Diluted headline earnings per share (pence)	**8.8p**	7.1p	**29.9p**	20.2p

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.

	Notes	**Fourth Quarter 2010 £m**	Fourth Quarter 2009 £m	**Full Year 2010 £m**	Full Year 2009 £m
Profit after tax		**34.3**	30.7	**97.9**	74.6
Adjustments for:					
Separately disclosed items (net of tax) - Group		**4.0**	1.1	**(1.6)**	2.4
Separately disclosed items (net of interest, tax and non- controlling interests) – Share of joint ventures and associates		**(8.7)**	(0.1)	**(5.4)**	(0.1)
Tax impact of changes in tax rates on opening deferred tax	6	**(2.3)**	(8.4)	**(7.4)**	(9.9)
Tax impact of changes in tax legislation	6	**3.1**	-	**11.9**	-
Headline profit after taxation		**30.4**	23.3	**95.4**	67.0

Notes to the consolidated financial statements

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.

	2010 £m	2009 £m
Net Debt		
Cash and cash equivalents (as per cash flow statement)	**251.5**	134.9
Bank overdrafts (included as part of borrowings)	**0.4**	0.6
Cash and cash equivalents (as per the consolidated statement of financial position)	**251.9**	135.5
Interest-bearing loans, bonds and borrowings		
– Non-current	**(323.7)**	(233.0)
– Current	**(93.9)**	(105.0)
Net debt	**(165.7)**	(202.5)
Gearing (%)	**8.5%**	11.6%

APPENDIX 1: KEY OPERATING STATISTICS
for the year ended 31 December 2010

	Year Ended 2010 Reported currency	Year Ended 2009 Constant currency	Year Ended 2009 Reported currency
Occupancy %			
New York	**85.2**		82.7
Regional US	**56.7**		55.8
Total US	**63.6**		62.2
London	**83.8**		84.2
Rest of Europe	**69.7**		66.9
Total Europe	**75.9**		74.6
Singapore	**86.7**		78.0
Rest of Asia	**73.0**		69.5
Total Asia	**79.1**		73.2
Australasia	**66.3**		62.4
Total Group	**71.4**		68.3
Average Room Rate (£)			
New York	**152.03**	143.95	143.43
Regional US	**65.64**	63.38	63.15
Total US	**93.78**	89.06	88.73
London	**107.45**	99.11	99.11
Rest of Europe	**73.22**	72.94	74.33
Total Europe	**89.93**	86.02	86.71
Singapore	**93.84**	80.66	75.43
Rest of Asia	**77.45**	74.87	69.34
Total Asia	**85.55**	77.53	72.14
Australasia	**51.96**	52.44	45.80
Total Group	**85.52**	80.75	78.51
RevPAR (£)			
New York	**129.53**	119.05	118.62
Regional US	**37.22**	35.37	35.24
Total US	**59.64**	55.40	55.19
London	**90.04**	83.45	83.45
Rest of Europe	**51.03**	48.80	49.73
Total Europe	**68.26**	64.17	64.69
Singapore	**81.36**	62.91	58.84
Rest of Asia	**56.54**	52.03	48.19
Total Asia	**67.67**	56.75	52.81
Australasia	**34.45**	32.72	28.58
Total Group	**61.06**	55.15	53.62
Gross Operating Profit Margin (%)			
New York	**27.8**		25.4
Regional US	**17.2**		16.5
Total US	**22.2**		20.6
London	**53.6**		52.7
Rest of Europe	**26.7**		25.6
Total Europe	**40.1**		38.8
Singapore	**54.0**		49.8
Rest of Asia	**39.1**		36.3
Total Asia	**46.6**		42.7
Australasia	**37.9**		37.6
Total Group	**37.1**		34.2

For comparability, the 31 December 2009 Average Room Rate and RevPAR have been translated at average exchange rates for the year ended 31 December 2010.

APPENDIX 2: KEY OPERATING STATISTICS
for the year ended 31 December 2010

	Fourth Quarter 2010 Reported Currency	Fourth Quarter 2009 Constant currency	Fourth Quarter 2009 Reported currency
Occupancy %			
New York	**84.5**		86.4
Regional US	**52.3**		50.4
Total US	**60.3**		59.1
London	**84.2**		82.4
Rest of Europe	**69.9**		67.3
Total Europe	**76.3**		73.9
Singapore	**88.4**		87.4
Rest of Asia	**73.7**		75.7
Total Asia	**80.3**		80.8
Australasia	**68.6**		66.9
Total Group	**71.1**		69.6
Average Room Rate (£)			
New York	**177.75**	169.77	164.58
Regional US	**66.91**	62.43	59.57
Total US	**105.31**	100.24	96.55
London	**116.04**	105.47	105.47
Rest of Europe	**74.89**	71.06	72.58
Total Europe	**95.00**	88.01	88.78
Singapore	**96.03**	79.35	71.45
Rest of Asia	**82.77**	75.95	69.55
Total Asia	**89.29**	77.54	70.43
Australasia	**55.07**	54.40	49.18
Total Group	**91.71**	84.42	80.64
RevPAR (£)			
New York	**150.20**	146.68	142.20
Regional US	**34.99**	31.46	30.02
Total US	**63.50**	59.24	57.06
London	**97.71**	86.91	86.91
Rest of Europe	**52.35**	47.82	48.85
Total Europe	**72.49**	65.04	65.61
Singapore	**84.89**	69.35	62.45
Rest of Asia	**61.00**	57.49	52.65
Total Asia	**71.70**	62.65	56.91
Australasia	**37.78**	36.39	32.90
Total Group	**65.21**	58.76	56.13
Gross Operating Profit Margin (%)			
New York	**36.1**		35.2
Regional US	**16.3**		13.8
Total US	**26.5**		25.2
London	**53.1**		55.6
Rest of Europe	**29.5**		24.0
Total Europe	**41.1**		39.3
Singapore	**53.6**		50.9
Rest of Asia	**40.0**		39.4
Total Asia	**46.7**		44.8
Australasia	**40.1**		39.3
Total Group	**39.0**		36.8

For comparability, the 31 December 2009 Average Room Rate and RevPAR have been translated at average exchange rates for the quarter ended 31 December 2010.

APPENDIX 3: HOTEL ROOM COUNT AND PIPELINE
for the year ended 31 December 2010

Hotel and room count	**Hotels**			**Rooms**		
	2010	2009	Change	**2010**	2009	Change
Analysed by region:						
New York	**3**	3	-	**1,755**	1,746	9
Regional US	**16**	16	-	**5,554**	5,727	(173)
London	**7**	7	-	**2,493**	2,487	6
Rest of Europe	**18**	18	-	**3,227**	3,231	(4)
Middle East	**8**	8	-	**2,991**	2,416	575
Singapore	**6**	5	1	**2,750**	2,390	360
Rest of Asia	**16**	17	(1)	**7,256**	7,594	(338)
Australasia	**29**	30	(1)	**3,506**	3,533	(27)
Total	**103**	104	(1)	**29,532**	29,124	408
Analysed by ownership type:						
Owned and leased	**68**	66	2	**20,992**	20,288	704
Managed	**20**	19	1	**5,375**	4,526	849
Franchised	**11**	13	(2)	**1,556**	1,883	(327)
Investment	**4**	6	(2)	**1,609**	2,427	(818)
Total	**103**	104	(1)	**29,532**	29,124	408
Analysed by brand:						
Grand Millennium	**5**	4	1	**2,473**	1,657	816
Millennium	**39**	40	(1)	**13,897**	14,158	(261)
Copthorne	**34**	35	(1)	**7,083**	7,128	(45)
Kingsgate	**14**	14	-	**1,436**	1,425	11
Other M&C	**5**	4	1	**1,882**	1,522	360
Third Party	**6**	7	(1)	**2,761**	3,234	(473)
Total	**103**	104	(1)	**29,532**	29,124	408

Pipeline	**Hotels**			**Rooms**		
	2010	2009	Change	**2010**	2009	Change
Analysed by region:						
Regional US	**-**	1	(1)	**-**	250	(250)
Rest of Europe	**-**	3	(3)	**-**	639	(639)
Middle East	**23**	20	3	**6,618**	6,743	(125)
Singapore	**-**	1	(1)	**-**	365	(365)
Rest of Asia	**2**	2	-	**388**	364	24
Total	**25**	27	(2)	**7,006**	8,361	(1,355)
Analysed by ownership type:						
Owned or leased	**1**	3	(2)	**144**	735	(591)
Managed	**24**	24	-	**6,862**	7,626	(764)
Total	**25**	27	(2)	**7,006**	8,361	(1,355)
Analysed by brand:						
Grand Millennium	**2**	2	-	**1,298**	1,423	(125)
Millennium	**14**	13	1	**3,942**	3,700	242
Copthorne	**3**	3	-	**394**	480	(86)
Kingsgate	**4**	3	1	**892**	752	140
Other M&C	**2**	6	(4)	**480**	2,006	(1,526)
Total	**25**	27	(2)	**7,006**	8,361	(1,355)

The Group has signed four management contracts in the Middle East this year. The new hotels - in Jordan, Oman, Qatar and the United Arab Emirates - will offer 993 rooms on completion between 2011 and 2012.