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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 Full Year and Fourth Quarter Results to 31 December 2011
Description	Please see the attached announcement released by Millennium & Copthorne Hotels plc on 22 February 2012.
Attachments	MnC_Results_2011.pdf Total size = **182K** (2048K size limit recommended)

Close Window

For Immediate Release **22nd February 2012**

MILLENNIUM & COPTHORNE HOTELS PLC
FINAL RESULTS ANNOUNCEMENT
Full year and fourth quarter results to 31 December 2011

Highlights for the full year 2011:

£ millions (unless otherwise stated)	**Full Year 2011**	Full Year 2010	Reported Currency Change %	Constant Currency Change %
RevPAR	**£64.81**	£61.06	6.1%	5.8%
Revenue – total	**820.5**	743.7	10.3%	9.5%
Revenue – hotels	**765.2**	734.0	4.3%	3.5%
Headline operating profit	**199.8**	144.1	38.7%	36.2%
Profit before tax	**193.3**	128.6	50.3%	47.2%
Headline profit before tax	**184.7**	128.5	43.7%	40.0%
Basic earnings per share	**51.0p**	30.9p	65.0%	
Dividend	**16.5p**	10.0p	65.0%	

- Overall RevPAR (in constant currency terms) rose by 5.8% primarily driven by an increase in room rate.
- On a like-for-like basis[1] Group RevPAR increased by 5.5% with London RevPAR increasing 8.8% and Singapore and New York both increasing by 6.1%.
- Headline profit before tax increased by 43.7% to £184.7m (2010: £128.5m), including a gain of £34.0m from the sale of development land in Kuala Lumpur (KL). Excluding KL land, headline profit before tax increased by 17.3% to £150.7m (2010: £128.5m).
- The sale and leaseback of Studio M to CDL Hospitality Trusts REIT resulted in a £17.4m gain.
- Profit before tax increased by 50.3% to £193.3m (2010: £128.6m), including KL land and Studio M profits.
- Strong cash flows from operating activities of £166.6m (2010: £166.9m). Net debt reduced to £100.2m (31 December 2010: £165.7m) and gearing was 4.8% (31 December 2010: 8.5%).
- Dividends of 16.5p per share for the year, up 65%.

Highlights for the fourth quarter 2011:

£ millions (unless otherwise stated)	**Fourth Quarter 2011**	Fourth Quarter 2010	Reported Currency Change %	Constant Currency Change %
RevPAR	**£68.26**	£65.21	4.7%	4.6%
Revenue – total	**207.8**	207.3	0.2%	-
Revenue – hotels	**204.0**	205.4	(0.7%)	(0.9%)
Headline operating profit	**53.0**	45.7	16.0%	16.6%
Profit before tax	**43.7**	36.7	19.1%	19.5%
Headline profit before tax	**49.0**	38.6	26.9%	28.2%
Basic earnings per share	**12.7p**	10.1p	25.7%	

- Overall RevPAR (in constant currency terms) rose by 4.6%, primarily driven by an increase in room rate.
- On a like-for-like basis[2] Group RevPAR increased by 3.9% with New York increasing by 4.7% and Singapore and London increasing by 4.3% and 3.4%, respectively.
- Total revenue was near constant at £207.8m (2010: £207.3m); the growth of the underlying business and consolidation of Beijing were largely offset by the closure of the three Christchurch hotels and Copthorne Orchid and expiry of the lease in Stuttgart.
- Headline operating profit increased by 16.0% to £53.0m (2010: £45.7m).
- Profit before tax increased by 19.1% to £43.7m (2010: £36.7m).

Commenting today Mr Kwek Leng Beng, Chairman said:

"The Group performed well in 2011, with a robust performance from hotel operations and gains from asset management activities.

The Board is recommending a dividend of 14.42p per share comprising a final dividend of 10.42p (2010: 7.92p) per share plus a special dividend of 4.0p per share. Together with the interim dividend of 2.08p per share (2010: 2.08p), the total dividend of 16.5p per share represents an increase of 65.0% over last year's total of 10.0p. The dividend reflects both growth in profit after tax and the Group's future investment needs.

In 2012, the Group will deploy its balance sheet to continue its investment programme in key gateway cities, enhancing both our brands and the yield on our assets. One of the year's highlights was the Group's success in seizing a rare opportunity to secure prime-location land in Ginza, Tokyo.

The economic outlook continues to be uncertain. However the global distribution of our business and the strength of our management provide a stable base from which we can respond quickly to economic conditions. We are focused on increasing sales whilst maintaining strict control of costs. We expect the Group's debt level to increase over time as we continue to invest in our properties and take advantage of other opportunities as they arise."

[1] For the full year, like-for-like Singapore RevPAR excludes Studio M hotel for the first six months of 2011 and 2010 (Studio M hotel opened in March 2010, but is not fully comparable for the full year) and Copthorne Orchid (closed in April 2011 for development into condominiums) and for the Group like-for-like also excludes Group Millennium Hotel & Resort Stuttgart (lease expired in August 2011) and the three Christchurch hotels (closed in February 2011 due to earthquake damage) and includes Grand Millennium Beijing for both years (although only fully consolidated from 15 November 2010 when the Group's interest increased from 30% to 70%).

[2] For the quarter, like-for-like Singapore RevPAR excludes Copthorne Orchid (closed in April 2011 for development into condominiums) and for the Group like-for-like also excludes Group Millennium Hotel & Resort Stuttgart (lease expired in August 2011) and the three Christchurch hotels (closed in February 2011 due to earthquake damage) and includes Grand Millennium Beijing for both quarters (although only fully consolidated from 15 November 2010 when the Group's interest increased from 30% to 70%).

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CHAIRMAN'S STATEMENT

2011 was a record year for the Group in terms of revenues and profits. This was a result of a strong hotel operating performance combined with significant gains from asset management activities. Profit before tax rose by 50.3% to £193.3m (2010: £128.6m). Basic earnings per share increased by 65.0% to 51.0p (2010: 30.9p).

As in past years, our hotel operating strategy concentrated on maximising revenues from each hotel by achieving an optimal balance between occupancy and room rate, whilst maintaining strict control of cost. This is reflected in the Group's hotel gross operating margin increasing by 1.6 percentage points to 38.7% (2010: 37.1%). In constant currency terms global RevPAR grew by 5.8% to £64.81 (2010: £61.28), driven primarily by an increase in room rate. Like for like, RevPAR increased by 5.5%.

Our gateway cities performed well. Like-for-like RevPAR grew by 8.8% in London, 6.1% in Singapore (excluding Copthorne Orchid for the full year and Studio M for the first half of the year) and 6.1% in New York. RevPAR increased in every region, with the exception of the UK outside of London, where trading conditions continued to be challenging. The Rugby World Cup in New Zealand helped Australasia to increase RevPAR by 5.3%, excluding the impact of three hotel closures in Christchurch due to earthquake damage in February 2011.

The Group recorded two significant asset management gains during the year. The sale of Studio M in Singapore to the real estate investment trust associate, CDL H-REIT, was completed in May 2011, resulting in a £17.4m pre-tax profit and we completed the sale of land adjacent to the Grand Millennium Kuala Lumpur in August 2011, providing a pre-tax profit of £34.0m. Other asset management initiatives are proceeding well, as detailed below.

Financial Performance

Headline profit before tax increased by 43.7% to £184.7m (2010: £128.5m) and headline operating profit increased by 38.7% to £199.8m (2010: £144.1m). Both these measures of profit performance were buoyed by the £34.0m profit from sale of land in Kuala Lumpur.

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

- Closure of the Copthorne Orchid on 1 April 2011, prior to its demolition and redevelopment of the site into a condominium complex;
- Consolidation of the results of the Grand Millennium Beijing since November 2010 (when the Group's stake was increased from 30% to 70%);
- Closure of the three Christchurch hotels following the New Zealand earthquake;
- Opening of Studio M towards the end of the first quarter of 2010 and its subsequent sale and leaseback to the REIT in May 2011; and
- Expiry of the lease in Stuttgart in August 2011 which included a £10.1m year-on-year impact of the release of a dilapidation provision.

Excluding all of these factors, headline operating profit increased by 8.0% to £160.0m (2010: £148.2m), reflecting improved hotel trading performance coupled with tight cost control.

Financial Position

The Group strengthened its financial position during the year with net debt falling to £100.2m (2010: £165.7m) principally through strong cash flows from operating activities. Gearing improved to 4.8% (2010: 8.5%) At 31 December 2011, the Group had cash reserves of £332.2m and total undrawn committed bank facilities of £184.3m. Most of the facilities are unsecured with unencumbered assets representing 87.3% of the Group's fixed assets and investment properties.

Dividend

The Board is recommending a dividend of 14.42p per share comprising a final dividend of 10.42p (2010: 7.92p) per share plus a special dividend of 4.0p per share. Together with the interim dividend of 2.08p per share (2010: 2.08p), the total dividend of 16.5p per share represents an increase of 65.0% over last year's total of 10.0p. The dividend reflects both growth in profit after tax and the Group's future investment needs.

Asset Management

The Group completed the acquisition of a prime-location land site in the Ginza district of Tokyo, Japan on 30 September 2011, where it intends to construct a 325-room deluxe hotel. Construction of the hotel is expected to complete by 2014. An agreement has been entered into with Mitsui Fuodosan Co., Ltd ("MFC") setting out the indicative principal terms by which MFC is granted a fixed-term master lease of the hotel. The purchase price for the site was ¥9.5bn (£79.6m), and with construction and other related costs estimated at a preliminary ¥5.06bn (£39.9m), results in a total cost for land site and development of the investment property of ¥14.56bn (£119.5m).The acquisition is significant for the Group, and will add a further gateway city destination to our global hospitality portfolio.

Development of The Glyndebourne, a condominium project in Singapore, started in the second quarter of 2011, following closure of the Copthorne Orchid Hotel on 1 April 2011. Of the 150 apartments for sale since the end of October 2010, buyers have signed sales and purchase agreements for 144 units as at 20 February 2012 with sales value of S$522.5m (£257.5m), representing a price of over S$2,000 (£985) per square foot. Sales proceeds collected to date total S$138.2m (£68.1m) representing circa 27% of the sales value. Revenue and development costs will appear in the income statement on completion, which is expected to be no later than 2015. Including land costs, development projects of this nature in Singapore typically attract an average profit margin of circa 20%.

The Millennium Seoul Hilton completed the first phase of its refurbishment programme - the renovation of 249 rooms – at the end of the second quarter 2011. RevPAR performance by the hotel accelerated as a result of this investment, with quarterly RevPAR increasing by 8.4% to £113.10 in the last three months of the year. The renovation of the ballroom at Grand Hyatt Taipei is completed. It is undergoing re-cladding of its façade and will commence renovation of the guest rooms in the third quarter of 2012. The refurbishment at Orchard Hotel Singapore was completed at the end of the third quarter of 2011. We are close to awarding construction contracts for the west wing refurbishment at the Millennium UN Plaza, with completion expected by September 2012. Refurbishment plans for the Millennium Mayfair are being developed.

A collective sales agreement with other unit-holders in the Tanglin Shopping Centre, Singapore expired on 26 September 2011. The Group will, together with other unit-holders, re-consider its position at a later date.

In August 2011, the Group completed the sale of 29,127 square feet of development land adjacent to the Grand Millennium Kuala Lumpur to Urusharta Cemerlang (KL) Sdn Bhd for a consideration of RM215.1m (£44.2m), and this resulted in a pre-tax profit of £34.0m.

First Sponsor Capital Limited ("FSCL")

In November 2011, FSCL successfully tendered for two parcels of land in Chengdu at an all in net cost of approximately US$130 million. The total area of land is approximately 270,500 square metres and will be developed as a residential and commercial development, including a hotel and convention centre.

As at 12 February 2012, 711 out of 726 residential units of the Chengdu City Spring project have been sold either under sale and purchase or option agreements. 98.6% of the sales proceeds have been collected for those residential units sold under sale and purchase agreements. In addition, 527 of the 709 commercial units launched for sale in July 2011 have been sold either under sale and purchase or option agreements with 65.1% of the sales proceeds having been collected. Revenue and profit recognition requirement for the residential units is expected to be met in 2012. Proceeds from the residential and commercial sales will finance the development of a 195-room hotel, M Hotel Chengdu, which will be franchised by the Group.

At 31 December 2011, the investment properties of FCSL were subject to external professional valuation on an open-market existing use basis. The Group's share of the uplift in the value of the transferred properties and the investment properties at the end of the year was £9.2m (2010: £4.8m).

CDL Hospitality Trusts REIT

On 3 May 2011, the Group completed the sale and leaseback of the Studio M hotel to the REIT associate, CDLHT, for a cash consideration of S$154.0m (£75.7m). This gave rise to a total realised pre-tax profit from the disposal of S$35.4m (£17.4m). Total unrealised pre-tax profit from the disposal is S$19.1m (£9.4m) which has been credited to the balance sheet as investment in joint ventures and associates, arising from the Group's then 35.2% interest in the stapled securities of CDLHT.

For the year ended 31 December 2011, the Group's share of CDLHT's net revaluation surplus of investment properties was £10.5m (£4.4m).

CDLHT is continuing its strategy to opportunistically pursue acquisitions while maintaining a disciplined approach to investment activities.

Pipeline

The Group opened two hotels in the Middle East, both under management contract. The Group's worldwide pipeline has 30 hotels offering 6,607 rooms, which are mainly management contracts.

Directors and Management

Wong Hong Ren was appointed as Chief Executive Officer of the Company on 27 June 2011, succeeding Richard Hartman. Richard Hartman has announced his intention not to stand for re-election to the Board at the Annual General Meeting in May 2012. The Board extends its thanks for his valuable contribution to the Group.

Kwek Leng Joo retired as a non-executive Director on 6 May 2011. He was replaced by Kwek Eik Sheng, who had been an alternate Director to Kwek Leng Joo since April 2008.

Connal Rankin retired from the Board for health reasons on 27 June 2011. Mr. Rankin had been an independent non-executive Director on the Company's Board since December 2007 and latterly served as Chairman of the Remuneration Committee. We thank Mr Rankin for his services. On the same date, Alexander Waugh, an independent non-executive Director of the Company since June 2009, was appointed Chairman of the Remuneration Committee.

Ian Batey, 75, was appointed an independent non-executive Director of the Company on 15 August 2011 to replace Mr. Rankin. Mr Batey was the founder of Batey Ads, a prominent Asian advertising agency, and brings a wealth of experience to the Board in the field of brand development.

The Company is in the process of recruiting a Chief Financial Officer, following Wong Hong Ren's appointment as Chief Executive Officer.

Employees

The Group's employees have worked hard throughout the year to help us a deliver a robust performance in a challenging year. On behalf of the Board, I would like to thank them for their contribution to the business.

Outlook

The results for 2011 reflect the hard work and expertise of our management, driving the owner/operator strategy that has been a hallmark of the Group since its creation in 1996. We will continue to deploy this strategy in the current year, exploiting asset management opportunities and managing the operation of our hotels in a disciplined, analytical and profitable manner thereby optimising total long-term returns for our shareholders. In 2012 we are focused on improving customer service and driving sales across the Group through enhanced yield management and cross-regional collaboration. The Group is implementing plans to improve trading performance in those hotels that are currently generating weaker returns, especially in parts of the US.

Refurbishment of key properties, which has already yielded trading benefits as a result of work completed at the Millennium Seoul Hilton, will continue over the next two years, with the aim of developing our brands and enhancing yield. These and other asset management initiatives will help the Group to sustain and build financial performance.

We see signs that the US market is improving slowly. Europe is facing a difficult period, although we do not anticipate significant declines in trading. On a like-for-like basis, Group RevPAR in the first six weeks of this year increased by 3.4% with London increasing by 10.6%, Singapore (like-for-like excluding Copthorne Orchid) increasing by 8.9% and New York decreasing by 1.6%, although the performance in the first six weeks is not indicative for the year.

Kwek Leng Beng

CHAIRMAN
21 February 2012

Financial and Operating Highlights

	Fourth Quarter 2011 £m	Fourth Quarter 2010 £m	Full Year 2011 £m	Full Year 2010 £m
Revenue	**207.8**	207.3	**820.5**	743.7
Headline EBITDA[1]	**62.6**	54.4	**235.3**	176.8
Headline operating profit[1]	**53.0**	45.7	**199.8**	144.1
Headline profit before tax[1]	**49.0**	38.6	**184.7**	128.5
Other operating income [2]	**1.0**	9.3	**1.0**	9.3
Other operating expense [3]	**(0.1)**	(5.2)	**(0.1)**	(5.2)
Separately disclosed items included in administrative expenses[4]	**(23.7)**	(23.1)	**(29.9)**	(25.0)
Non-operating income[5]	**1.0**	8.4	**20.5**	15.6
Separately disclosed items - Share of joint ventures and associates[6]	**18.3**	11.5	**19.5**	6.9
Separately disclosed items - Share of interest, tax and non-controlling interests of joint ventures and associates	**(1.8)**	(2.8)	**(2.4)**	(1.5)
Profit before tax	**43.7**	36.7	**193.3**	128.6
Headline profit after tax[1]	**41.9**	30.4	**146.9**	95.4
Basic earnings per share (pence)	**12.7p**	10.1p	**51.0p**	30.9p
Headline earnings per share (pence) [1]	**13.1p**	8.8p	**45.7p**	30.1p
Net debt [1]	**100.2**	165.7	**100.2**	165.7
Gearing (%)[1]	**4.8%**	8.5%	**4.8%**	8.5%

Notes

1. The Group believes that headline EBITDA, headline operating profit, headline profit before tax, headline profit after tax, 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 9 to these financial statements.

	Fourth Quarter 2011 £m	*Fourth Quarter 2010 £m*	***Full Year 2011 £m***	*Full Year 2010 £m*
2 Other operating income				
Revaluation gain of investment properties	***1.0***	*9.3*	***1.0***	*9.3*
3 Other operating expense				
Revaluation deficit of investment properties	***(0.1)***	*(5.2)*	***(0.1)***	*(5.2)*
4 Separately disclosed items included in administrative expenses				
Impairment	***(23.7)***	*(14.8)*	***(29.9)***	*(15.2)*
Goodwill written-off in respect of Beijing	***-***	*(8.1)*	***-***	*(8.1)*
Redundancy costs	***-***	*(0.2)*	***-***	*(1.7)*
	(23.7)	*(23.1)*	***(29.9)***	*(25.0)*
5 Non-operating income				
Profit on sale and leaseback of Studio M hotel	***-***	*-*	***17.4***	*-*
Profit on disposal of subsidiary	***(0.2)***	*-*	***1.7***	*-*
Gain arising on disposal of leasehold property	***1.2***	*-*	***1.2***	*-*
Gain on disposal of stapled securities in CDLHT	***-***	*-*	***0.2***	*7.2*
Gain arising in respect of step up acquisition of Beijing	***-***	*8.4*	***-***	*8.4*
	1.0	*8.4*	***20.5***	*15.6*
6 Separately disclosed items - Share of joint ventures and associates				
Revaluation gain of investment properties	***18.1***	*9.2*	***19.7***	*9.2*
Disposal of subsidiaries in First Sponsor Capital Limited group	***0.2***	*2.3*	***(0.2)***	*(2.3)*
	18.3	*11.5*	***19.5***	*6.9*

Financial Performance – fourth quarter overview

For the fourth quarter to 31 December 2011, total revenue was near constant at £207.8m (2010: £207.3m). The growth of the underlying business and consolidation of Beijing since November 2010 were largely offset by the closure of the three Christchurch hotels in February 2011 and Copthorne Orchid in April 2011 as well as the expiry of the lease in Stuttgart in August 2011.

Profit before tax increased by 19.1% to £43.7m (2010: £36.7m). Headline operating profit, the Group's measure of underlying operating profit, increased by 16.0% to £53.0m (2010: £45.7m). Headline profit before tax increased by 26.9% from £38.6m to £49.0m.

Financial Performance – year end overview

For the year ended 31 December 2011, profit before tax increased by 50.3% to £193.3m (2010: £128.6m). The headline operating profit increase of 38.7% to £199.8m (2010: £144.1m) was impacted by several factors. These include the following:

- The sale of development land in Kuala Lumpur;
- Closure of the Copthorne Orchid on 1 April 2011, prior to its demolition and redevelopment of the site into a condominium complex;
- Consolidation of the results of the Grand Millennium Beijing since November 2010 (when the Group's stake was increased from 30% to 70%);
- Closure of the three Christchurch hotels following the New Zealand earthquake;
- Opening of Studio M towards the end of the first quarter of 2010 and its subsequent sale and leaseback to the REIT in May 2011; and
- Expiry of the lease in Stuttgart in August 2011 which included a £10.1m year-on-year impact of the release of a dilapidation provision.

Excluding these factors, the headline operating profit increased by 8.0% to £160.0m (2010: £148.2m), which reflects both improved hotel trading performance coupled with tight cost control.

Basic earnings per share increased by 65.0% to 51.0p (2010: 30.9p), reflecting both higher profit and a lower effective tax rate.

The impact of foreign exchange movements are shown below and in constant currency terms, the operating profit variance of £53.9m represents a 75.8% profit conversion rate. The conversion masks the impact of items noted above. Excluding the revenue and operating results of these factors, the conversion rate is 38.5%. At the hotel level, the GOP conversion is 77.2% and if similarly adjusted to exclude these factors is 66.1%.

The difference between the operating profit and hotel GOP conversion rates is principally attributable to variable rentals charged to the five Singapore hotels owned by CDLHT. These rentals are determined by both revenue and profit streams of the properties.

	Reported Currency			Constant Currency		
	2011 £m	2010 £m	Variance £m	**2011 £m**	2010 £m	Variance £m
Revenue	**820.5**	743.7	76.8	**820.5**	749.4	71.1
Expenses	**(649.5)**	(628.7)	(20.8)	**(649.5)**	(632.3)	(17.2)
Operating profit before share of joint ventures and associates (and excluding other operating income/expense and separately disclosed items)	**171.0**	115.0	56.0	**171.0**	117.1	53.9
Share of joint ventures and associates operating profit	**28.8**	29.1	(0.3)	**28.8**	29.6	(0.8)
Headline operating profit	**199.8**	144.1	55.7	**199.8**	146.7	53.1

Taxation

The Group recorded a tax expense of £28.2m (2010: £30.7m) excluding the tax relating to joint ventures and associates, giving rise to an effective tax rate of 18.1% (2010: 29.6%). The effective tax rate has been affected by a number of factors which include the following items:

- Separately disclosed items of the Group.
- Sale of Kuala Lumpur land.
- Release of a dilapidation provision for the Stuttgart hotel whose lease expired on 31 August 2011.
- A change in 2010 of New Zealand tax legislation, which removed the ability to depreciate buildings for tax purposes that resulted in an increased deferred tax liability in that year.
- Reduced tax rates applied to brought forward net deferred tax liabilities in the UK and additional for 2010 in Taiwan and New Zealand.
- Tax adjustments in respect of previous years.

Excluding the impact of the items noted above, the Group's underlying effective tax rate is 27.7% (2010: 28.9%).

A tax charge of £5.4m (2010: £4.4m) relating to joint ventures and associates is included in the reported profit before tax.

Earnings per share

Basic earnings per share was 51.0p (2010: 30.9p) and headline earnings per share increased to 45.7p (2010: 30.1p). The table below reconciles basic earnings per share to headline earnings per share.

	2011 **pence**	2010 pence
Reported basic earnings per share	**51.0**	30.9
Separately disclosed items - Group	**0.5**	(0.4)
Separately disclosed items - Share of joint ventures and associates	**(4.9)**	(1.8)
Change in tax rates on opening deferred taxes	**(0.9)**	(2.4)
Changes in tax legislation	**-**	3.8
Headline earnings per share	**45.7**	30.1

Dividends

The Board is recommending a dividend of 14.42p per share comprising a final dividend of 10.42p (2010: 7.92p) per share plus a special dividend of 4.0p per share. Together with the interim dividend of 2.08p per share (2010: 2.08p), the total dividend of 16.5p per share represents an increase of 65.0% over last year's total of 10.0p. The dividend reflects both growth in profit after tax and the Group's future investment needs. Subject to approval by shareholders at the Annual General Meeting to be held on 3 May 2012, the final and special dividend will be paid on 18 May 2012 to shareholders on the register on 23 March 2012.

PERFORMANCE BY REGION

For comparability, the following regional review is based on calculations in constant currency whereby 31 December 2010 average room rates, RevPAR, revenue and headline operating profit have been translated at 2011 average exchange rates.

UNITED STATES

New York

RevPAR increased by 6.1% to £132.44 (2010: £124.83) for the full year ended 31 December 2011. Room rate was the driver for this growth showing a 5.7% increase to £154.86 (2010: £146.51) with occupancy increasing by 0.3 percentage points to 85.5% (2010: 85.2%). All three hotels saw an upturn in RevPAR with the highest RevPAR growth produced by the Millennium UN Plaza by 7.4%.

In the fourth quarter ended 31 December 2011, RevPAR increased by 4.7% to £154.31 (2010: £147.44) over the same three months in 2010 as a result of a mixture of improved room rates and occupancy.

Regional US

RevPAR growth for the full year was 5.7% to £37.91 (2010: £35.87). This growth was mainly driven by an increase in room rate of 4.3% to £66.00 (2010: £63.25) while occupancy improved by 0.7 percentage points to 57.4% (2010: 56.7%). The top RevPAR performers were Minneapolis and Lakeside, Orlando while at the bottom end were Anchorage and Durham.

The fourth quarter saw a decrease in RevPAR of 1.6% to £34.08 (2010: £34.63). Occupancy was down 3.5 percentage points to 48.8% (2010: 52.3%) while room rates increased 5.6% to £69.88 (2010: £66.16). Regional US continues to produce mixed results with Minneapolis as the top performer and Biltmore, Los Angeles showing the biggest decline due to a reduction in citywide group business as well as a drop in room rates across the city.

EUROPE

London

London saw a growth in RevPAR in the full year of 8.8% to £97.92 (2010: £90.02). This was a result of a rate-led strategy which succeeded in achieving an 11.8% increase in room rates to £120.10 (2010: £107.45). There was a decrease in occupancy of 2.3 percentage points to 81.5% (2010: 83.8%).

London registered 3.4% RevPAR growth to £101.12 (2010: £97.75) for the fourth quarter. Room rate was the primary driver for this growth with an increase of 3.3% to £119.89 (2010: £116.04) while occupancy grew by 0.1 percentage points to 84.3% (2010: 84.2%).

Regional UK

For the full year, RevPAR fell by 5.1% to £42.48 (2010: £44.77) with occupancy decreasing 2.0 percentage points to 70.9% (2010: 72.9%) and average room rate falling by 2.5% to £59.92 (2010: £61.45). With the exception of one hotel, all Regional UK hotels experienced RevPAR declines and remain a challenge due to increased competition and pressure on room rates and occupancy.

Regional UK experienced a decrease in RevPAR in the fourth quarter with a fall of 5.9% to £42.15 (2010: £44.78).

France & Germany

For the full year, RevPAR grew by 0.9% to £62.34 (2010: £61.78). On a like-for-like basis, excluding Stuttgart where the lease expired on the 31 August 2011, RevPAR increased by 0.6% to £65.19 (2010: £64.83). This was due to an increase in occupancy of 3.1 percentage points to 67.7% (2010: 64.6%) while room rate fell by 4.0% to £96.23 (2010: £100.28).

In the fourth quarter, RevPAR decreased by 6.2% to £60.54 (2010: £64.56). On a like-for-like basis, which excludes Stuttgart, RevPAR decreased by 8.8% to £60.99 (2010: £66.84). A large contributing factor has been the Euro crisis. Room rate decreased by 8.8% to £92.44 (2010: £101.38) while occupancy grew by 0.1 percentage points to 66.0% (2010: 65.9%).

ASIA

For the full year, RevPAR increased by 3.6% to £72.58 (2010: £70.07). However, the two years are not directly comparable. Beijing was consolidated on 15 November 2010 following the acquisition of the Group's additional 40% interest, Studio M opened at the end of quarter one in 2010 and the Orchid closed on 1 April 2011. On a like-for-like basis, which includes Beijing and the latter six months of Studio M and excludes Orchid, RevPAR increased by 5.0% to £72.91 (2010: £69.44). This was mainly driven by a 4.6% increase in average room rate to £94.48 (2010: £90.31) while occupancy grew by 0.3 percentage points to 77.2% (2010: 76.9%).

In the fourth quarter, RevPAR increased by 8.0% to £78.29 (2010: £72.48). On a like-for-like basis, which includes Beijing and excludes Orchid, RevPAR increased by 6.6% to £78.29 (2010: £73.42) due to room rate increase of 3.4% to £95.85 (2010: £92.66) as well as a 2.5 percentage points increase in occupancy to 81.7% (2010: 79.2%).

Singapore

For the full year, Singapore reported 11.5% increase in RevPAR to £95.20 (2010: £85.41). On a like-for-like basis, including the latter six months of Studio M and excluding Orchid, RevPAR increased by 6.1% to £99.15 (2010: £93.41). This was driven by a 6.7% increase in average room rate to £113.03 (2010: £105.94) and occupancy dipped by 0.5 percentage points to 87.7% (2010: 88.2%).

RevPAR growth for the fourth quarter was 12.9% to £97.63 (2010: £86.44). On a like-for-like basis, excluding Orchid, RevPAR grew 4.3% to £97.63 (2010: £93.58). This was mainly driven by average room rate growth of 6.3% to £110.56 (2010: £103.99) with an occupancy dip of 1.7 percentage points to 88.3% (2010: 90.0%).

Rest of Asia

RevPAR for the full year was almost flat with a 0.2% increase to £57.60 (2010: £57.47) whereas for 2010, similar to the fourth quarter comparisons noted above, Beijing is only included for six weeks. On a like-for-like basis, including Beijing for a full year in both periods, RevPAR grew by 3.8% to £57.60 (2010: £55.47), while the room rate increased by 2.8% to £81.10 (2010: £78.89). Occupancy increased by 0.7 percentage points to 71.0% (2010: 70.3%). There are two other factors impacting results: firstly, the aforementioned guest room renovations at the Seoul Hilton which overall resulted in a 4.8% fall in its RevPAR and, secondly, new competition opened in Taipei resulting in RevPAR falling by 2.8%.

RevPAR in Asia increased by 7.9% in the fourth quarter to £66.05 (2010: £61.22). On a like-for-like basis, RevPAR grew by 8.9% if Beijing is included for a full quarter in 2010. The increase was partly driven by increase in RevPAR at the Millennium Seoul Hilton following the guest room renovations in the first half of 2011.

AUSTRALASIA

For the full year, RevPAR at £37.56 was 2.1% up on last year (2010: £36.80). RevPAR excluding the three Christchurch hotels that were closed following an earthquake was up 5.3% from last year at £37.02 (2010: £35.17), the main driver being growth of 7.6% in average room rate to £58.05 (2010: £53.97). Occupancy declined by 1.4 percentage points to 63.8% (2010: 65.2%).

The fourth quarter benefitted from final stages of the Rugby World Cup. RevPAR increased by 6.1% to £41.54 (2010: £39.14) mainly driven by an increase in room rate of 9.2% to £62.29 (2010: £57.05). On a like-for-like basis, which excludes the three Christchurch hotels, RevPAR increased by 14.2% to £41.53 (2010: £36.37). This was mainly due to the increase of 12.9% in room rate to £62.28 (2010: £55.18).

As previously mentioned, the earthquake resulted in three Christchurch hotels namely Millennium Hotel Christchurch (leased), Copthorne Hotel Christchurch Central (owned) and Copthorne Hotel Christchurch City (leased) being closed down by Civil Defence Emergency Management. Copthorne Hotel Christchurch City was demolished in late 2011 and, accordingly, the net book value was fully written down. A settlement was reached with the insurers on the building and assets and the funds were received in the fourth quarter. In relation to the Millennium Hotel Christchurch and Copthorne Hotel Christchurch Central, management is still awaiting the structural engineering reports as these hotels remain inaccessible. The impact on the two hotels cannot yet be reasonably quantified and consequently no provision for asset write-off has yet been made. Both hotels are insured for material damage and business interruption.

Financial Position and Resources

	2011 £m	2010 £m	Change £m
Property, plant and equipment and lease premium prepayment	**2,091.4**	2,257.2	(165.8)
Investment properties	**173.9**	94.9	79.0
Investments in and loans to joint ventures and associates	**473.7**	396.8	76.9
Other non-current assets	**7.8**	6.9	0.9
Non-current assets	**2,746.8**	2,755.8	(9.0)
Current assets excluding cash	**241.9**	177.6	64.3
Provisions and other liabilities excluding interest bearing loans, bonds and borrowings	**(404.5)**	(397.2)	(7.3)
Net debt	**(100.2)**	(165.7)	65.5
Deferred tax liabilities	**(236.4)**	(251.8)	15.4
Net assets	**2,247.6**	2,118.7	128.9
Equity attributable to equity holders of the parent	**2,066.5**	1,947.5	119.0
Non-controlling interests	**181.1**	171.2	9.9
Total equity	**2,247.6**	2,118.7	128.9

Financial Position

The Group's balance sheet strengthened during 2011 with net debt reducing to £100.2m at 31 December 2011 from the 31 December 2010 position of £165.7m.

Non-current assets

Property, plant, equipment and lease premium prepayment

Property, plant and equipment and lease premium prepayment decreased by £165.8m. The main contributors to the decrease were: £31.7m adverse exchange movements; sale of Studio M Hotel with a net book value of £48.4m; disposal of a leasehold interest in Copthorne Hotel Christchurch with a net book value of £2.3m; £47.0m transfer of Copthorne Orchid Hotel into development properties following its closure on 1 April; depreciation and amortisation charges of £33.4m; and impairment charge of £29.4m in relation to eight hotels in Regional UK, four hotels in Regional US, one hotel in New Zealand and land in India. These were partially offset by £26.4m in hotel portfolio improvements.

The Group states land and building at depreciated deemed cost, being their UK GAAP carrying value, including revaluations as at 1 January 2004 together with additions thereafter less subsequent depreciation or provision for impairment. Since 2005, external professional open market valuations on certain of the Group's hotel portfolio have taken place at each year end covering the entire Group's hotel portfolio over a three-year period. Based on external valuations conducted at 31 December 2011 on 32.5% (based on net book value) of the Group's hotel portfolio, a valuation surplus of £90.5m is estimated but this has not been recorded in the accounts.

Investment Properties

Investment properties increased by £79.0m due to additions of £81.3m of which £81.1m relates to acquisition of a land site in the Ginza district of Tokyo, Japan, £0.9m of net revaluation gain and £3.2m of adverse 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 £76.9m.

	2011 £m
Share of profits/(losses) analysed:	
– Operating profit before other operating income and expense	**28.8**
– Separately disclosed items	**19.5**
– Interest, tax and non-controlling interests	**(10.8)**
	37.5
Dilution in interest in an associate	**(0.6)**
Additions - CDLHT management and acquisition fees paid in stapled units	**5.4**
- First Sponsor Capital Limited (see note (a) below)	**19.3**
- Loans to First Sponsor Capital Limited (see note (a) below)	**50.9**
Dividends received from associates	**(17.8)**
Unrealised gain on transactions with associates (see note (b) below)	**(9.4)**
Share of other reserve movements	**(4.7)**
Foreign exchange adjustment	**(3.7)**
Total movement	**76.9**

(a) The Group injected a further US$30m (£19.3m) of capital into First Sponsor Capital Limited (FSCL) through its 70.22% owned Millennium & Copthorne Hotels New Zealand Limited sub-group. This resulted in the Group's effective interest in FSCL falling to 39.3%. In addition, the Group also provided loans totalling US$80.0m (£50.9m) which, in conjunction with the capital injection, has been used to fund the purchase and development of land sites in China.

Not shown in the movement table above, the Group also made a £18.1m short-term loan to FSCL which is shown in current assets, and subsidiaries of FSCL provided a loan via an entrustment loan agreement of £11.8m to Beijing Fortune Co Limited (a 70% subsidiary of the Group) which is shown in non-current liabilities.

(b) In line with the Group's accounting policy, transactions with associates are eliminated to the extent of the Group's interest in the entity. The £9.4m deduction from the Group's share of associate net assets represents the unrealised profit element from disposing of Studio M Hotel to CDLHT in which the Group had a 35.2% interest at the relevant time. The total pre-tax profit from the sale of Studio M Hotel was £26.8m of which £17.4m has been recorded in the consolidated income statement under non-operating income.

Liquidity and Capital Resources

Cash flow and net debt

At 31 December 2011, the Group's net debt was £65.5m lower than 2010 at £100.2m (2010: £165.7m). A summary of the consolidated cash flow is set out below:

	2011 £m	2010 £m
Cash flows from operating activities before changes in working capital and provisions	**207.8**	146.9
Changes in working capital and provisions	**8.6**	49.1
Interest and tax paid	**(49.8)**	(29.1)
Cash generated from operating activities	**166.6**	166.9
Acquisition of property, plant and equipment, lease premium prepayment and investment properties	**(107.7)**	(18.9)
Proceeds from sale of property, plant and equipment	**78.7**	-
Investment in and loans to associates	**(93.0)**	(20.1)
Loans from associate	**11.3**	-
Dividends received from associate	**17.8**	15.2
Proceeds from sale of shares in associate	**0.8**	-
Dividends paid		
– to equity holders of the parent	**(11.2)**	(4.1)
– to non-controlling interests	**(4.9)**	(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)
Capital contribution from non-controlling interests	**9.3**	-
Proceeds from issue of share capital	**0.9**	0.2
Translation adjustments	**(3.1)**	(22.6)
Decrease in net debt	**65.5**	36.8
Opening net debt	**(165.7)**	(202.5)
Closing net debt	**(100.2)**	(165.7)

The net cash inflow from operating activities before changes in working capital and provisions was £207.8m, an increase of £60.9m reflecting higher profit before tax.

Changes in working capital and provisions include the impact of redeveloping the Orchid hotel in Singapore into condominiums, with deposits and stage payments from the buyers on the 96% of the apartments now sold. As the development unfolds further cash calls on the buyers will be forthcoming under terms of the sale and purchase agreements. The project is expected to be self-funding.

Acquisition of property, plant and equipment, lease premium prepayment and investment properties includes a £81.1m acquisition of a land site in the Ginza district of Tokyo, Japan, other investment properties of £0.2m and £26.4m in hotel portfolio improvements.

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.

Net debt	**2011 £m**	2010 £m
Cash and cash equivalents (as per the consolidated statement of cash flows)	**275.3**	251.5
Bank overdrafts (included as part of borrowings)	**56.9**	0.4
Cash and cash equivalents (as per the consolidated statement of financial position)	**332.2**	251.9
Interest-bearing loans, bonds and borrowings		
– Non-current	**(311.6)**	(323.7)
– Current	**(120.8)**	(93.9)
Net debt	**(100.2)**	(165.7)

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

Reconciliation of net cash flow to movement in net debt

	2011 **£m**	2010 £m
Net debt at beginning of year	**(165.7)**	(202.5)
Net increase in cash and cash equivalents per the consolidated statement of cash flows	**29.2**	101.4
Net decrease in loans	**39.4**	20.4
Net borrowings in respect of subsidiary acquired in the year	**-**	(62.4)
Translation adjustments	**(3.1)**	(22.6)
Movements in net debt	**65.5**	36.8
Net debt at end of year	**(100.2)**	(165.7)
Gearing (%)	**4.8%**	8.5%

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 25.5 times from 19.5 times in 2010. The increase in net finance cost of £0.8m principally reflects interest on Beijing's net external debt acquired on acquisition in November 2010 offset by the repayment of borrowings.

At 31 December 2011, the Group had £332.2m cash and £184.3m of undrawn and committed facilities available, comprising revolving credit facilities which provide the Group with financial flexibility. Most of the facilities are unsecured with unencumbered assets representing 87.3% of fixed assets and investment properties. At 31 December 2011, total borrowing amounted to £432.4m of which £83.5m was drawn under £112.4m of secured bank facilities.

Future funding

Of the Group's total facilities of £666.8m, £192.0m matures during the next 12 months comprising £37.0m committed revolving credit facilities, £105.5m of uncommitted facilities and overdrafts subject to annual renewal, £42.3m unsecured bonds and £7.2m secured term loans. Plans for refinancing the 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 2011

	Notes	**Fourth Quarter 2011 £m**	Fourth Quarter 2010 £m	**Full Year 2011 £m**	Full Year 2010 £m
Revenue	3	**207.8**	207.3	**820.5**	743.7
Cost of sales		**(80.9)**	(82.4)	**(318.3)**	(303.4)
Gross profit		**126.9**	124.9	**502.2**	440.3
Administrative expenses		**(106.0)**	(113.2)	**(361.1)**	(350.3)
Other operating income	4	**1.0**	9.3	**1.0**	9.3
Other operating expense	4	**(0.1)**	(5.2)	**(0.1)**	(5.2)
		21.8	15.8	**142.0**	94.1
Share of profit of joint ventures and associates	5	**22.0**	15.5	**37.5**	24.8
Operating profit		**43.8**	31.3	**179.5**	118.9
Analysed between:					
Headline operating profit	3	**53.0**	45.7	**199.8**	144.1
Net revaluation gain of investment properties	4	**0.9**	4.1	**0.9**	4.1
Impairment	4	**(23.7)**	(14.8)	**(29.9)**	(15.2)
Goodwill written-off in respect of Beijing	4	**-**	(8.1)	**-**	(8.1)
Redundancy costs	4	**-**	(0.2)	**-**	(1.7)
Separately disclosed items – share of joint ventures and associates	4	**18.3**	11.5	**19.5**	6.9
Interest, tax and non-controlling interests – share of joint ventures and associates	5	**(4.7)**	(6.9)	**(10.8)**	(11.2)
Non-operating income		**1.0**	8.4	**20.5**	15.6
Analysed between:					
Profit on sale and leaseback of Studio M Hotel	4	**-**	**-**	**17.4**	-
Profit on disposal of subsidiary	4	**(0.2)**	**-**	**1.7**	-
Gain arising on disposal of leasehold property	4	**1.2**	**-**	**1.2**	-
Gain on disposal of stapled securities in CDLHT	4	**-**	**-**	**0.2**	7.2
Gain arising in respect of step up acquisition of Beijing	4	**-**	8.4	**-**	8.4
Finance income		**1.6**	4.0	**5.5**	8.8
Finance expense		**(2.7)**	(7.0)	**(12.2)**	(14.7)
Net finance expense		**(1.1)**	(3.0)	**(6.7)**	(5.9)
Profit before tax	3	**43.7**	36.7	**193.3**	128.6
Income tax expense	6	**(1.7)**	(2.4)	**(28.2)**	(30.7)
Profit for the year		**42.0**	34.3	**165.1**	97.9
Attributable to:					
Equity holders of the parent		**40.4**	31.5	**160.9**	96.2
Non-controlling interests		**1.6**	2.8	**4.2**	1.7
		42.0	34.3	**165.1**	97.9
Basic earnings per share (pence)	7	**12.7p**	10.1p	**51.0p**	30.9p
Diluted earnings per share (pence)	7	**12.7p**	10.0p	**50.8p**	30.7p

The financial results above all derive from continuing activities.

Consolidated statement of comprehensive income
for the year ended 31 December 2011

	2011 £m	2010 £m
Profit for the year	**165.1**	97.9
Other comprehensive (expense)/income:		
Foreign currency translation differences - foreign operations	**(25.8)**	97.3
Foreign currency translation differences - equity accounted investees	**(3.7)**	33.5
Net gain/(loss) on hedge of net investments in foreign operations	**3.9**	(16.9)
Defined benefit plan actuarial (losses)/gains	**(2.3)**	1.1
Share of associates and joint ventures other reserve movements	**(4.8)**	-
Effective portion of changes in fair value of cash flow hedges	**0.3**	(0.8)
Income tax on income and expenses recognised directly in equity	**2.4**	(1.2)
Other comprehensive (expense)/income for the year, net of tax	**(30.0)**	113.0
Total comprehensive income for the year	**135.1**	210.9
Total comprehensive income attributable to:		
Equity holders of the parent	**129.6**	199.9
Non-controlling interests	**5.5**	11.0
Total comprehensive income for the year	**135.1**	210.9

Consolidated statement of financial position
as at 31 December 2011

	Note	**As at 31 December 2011 £m**	As at 31 December 2010* £m
Non-current assets			
Property, plant and equipment		**2,044.1**	2,185.7
Lease premium prepayment		**47.3**	71.5
Investment properties		**173.9**	94.9
Investments in joint ventures and associates		**422.8**	396.8
Loans due from associate		**50.9**	-
Other financial assets		**7.8**	6.9
		2,746.8	2,755.8
Current assets			
Inventories		**4.0**	4.5
Development properties		**148.3**	103.3
Lease premium prepayment		**1.4**	1.8
Trade and other receivables		**70.1**	68.0
Loans due from associate		**18.1**	-
Cash and cash equivalents	9	**332.2**	251.9
		574.1	429.5
Total assets		**3,320.9**	3,185.3
Non-current liabilities			
Loans due to associate		**(11.8)**	-
Interest-bearing loans, bonds and borrowings	9	**(311.6)**	(323.7)
Employee benefits		**(17.5)**	(16.7)
Provisions		**(7.8)**	(8.2)
Other non-current liabilities		**(186.7)**	(165.1)
Deferred tax liabilities		**(236.4)**	(251.8)
		(771.8)	(765.5)
Current liabilities			
Interest-bearing loans, bonds and borrowings	9	**(120.8)**	(93.9)
Trade and other payables		**(146.0)**	(162.2)
Other current financial liabilities		**(0.9)**	(1.3)
Provisions		**(7.6)**	(11.7)
Income taxes payable		**(26.2)**	(32.0)
		(301.5)	(301.1)
Total liabilities		**(1,073.3)**	(1,066.6)
Net assets		**2,247.6**	2,118.7
Equity			
Issued share capital		**95.3**	94.0
Share premium		**844.3**	844.7
Translation reserve		**262.5**	290.4
Cash flow hedge reserve		**(0.5)**	(0.8)
Treasury share reserve		**(2.2)**	(2.2)
Retained earnings		**867.1**	721.4
Total equity attributable to equity holders of the parent		**2,066.5**	1,947.5
Non-controlling interests		**181.1**	171.2
Total equity		**2,247.6**	2,118.7

* Certain amounts previously included in the trade and other payables have now been represented as provisions. The comparatives have been represented accordingly. This has no impact on the net assets in either 2010 or 2011.

Consolidated statement of cash flows
for the year ended 31 December 2011

	Full Year 2011 £m	Full Year 2010 £m
Cash flows from operating activities		
Profit for the year	**165.1**	97.9
Adjustments for:		
Depreciation and amortisation	**35.5**	32.7
Share of profit of joint ventures and associates	**(37.5)**	(24.8)
Separately disclosed items - Group	**8.5**	5.3
Equity settled share-based transactions	**1.3**	(0.8)
Finance income	**(5.5)**	(8.8)
Finance expense	**12.2**	14.7
Income tax expense	**28.2**	30.7
Operating profit before changes in working capital and provisions	**207.8**	146.9
Increase in inventories, trade and other receivables	**(3.5)**	(7.9)
Decrease/(increase) in development properties	**1.0**	(21.4)
Increase in trade and other payables	**12.4**	79.6
Decrease in provisions and employee benefits	**(1.3)**	(1.2)
Cash generated from operations	**216.4**	196.0
Interest paid	**(9.0)**	(7.0)
Interest received	**3.3**	2.0
Income taxes paid	**(44.1)**	(24.1)
Net cash generated from operating activities	**166.6**	166.9
Cash flows from investing activities		
Dividends received from associate	**17.8**	15.2
Increase in loans due from associate	**(68.3)**	-
Increase in investment in associate	**(24.7)**	(20.1)
Proceeds from sale of shares in associate	**0.8**	-
Net proceeds from sale of property, plant and equipment	**78.7**	-
Acquisition of subsidiary, net of cash acquired	**-**	(12.6)
Acquisition of property, plant and equipment, lease premium prepayment and investment properties	**(107.7)**	(18.9)
Net cash used in investing activities	**(103.4)**	(36.4)
Cash flows from financing activities		
Proceeds from the issue of share capital	**0.9**	0.2
Repayment of borrowings	**(89.7)**	(90.2)
Drawdown of borrowings	**51.1**	71.1
Payment of transaction costs related to loans and borrowings	**(0.8)**	(1.3)
Repurchase of own shares	-	(2.2)
Dividends paid to non-controlling interests	**(4.9)**	(2.6)
Increase in loan due to associate	**11.3**	-
Capital contribution from non-controlling interests	**9.3**	-
Dividends paid to equity holders of the parent	**(11.2)**	(4.1)
Net cash used in financing activities	**(34.0)**	(29.1)
Net increase in cash and cash equivalents	**29.2**	101.4
Cash and cash equivalents at beginning of the year	**251.5**	134.9
Effect of exchange rate fluctuations on cash held	**(5.4)**	15.2
Cash and cash equivalents at end of the year	**275.3**	251.5
Reconciliation of cash and cash equivalents		
Cash and cash equivalents shown in the consolidated statement of financial position	**332.2**	251.9
Overdraft bank accounts included in borrowings	**(56.9)**	(0.4)
Cash and cash equivalents for cash flow statement purposes	**275.3**	251.5

Consolidated statement of changes in equity
for the year ended 31 December 2011

	Share capital £m	Share premium £m	Translation reserve £m	Cash flow hedge reserve £m	Treasury share reserve £m	Retained earnings £m	Total excluding non-controlling interests £m	Non-controlling interests £m	Total equity £m
Balance as at 1 January 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 with a change in control	-	-	-	-	-	-	-	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
Balance as at 1 January 2011	94.0	844.7	290.4	(0.8)	(2.2)	721.4	1,947.5	171.2	2,118.7
Profit	-	-	-	-	-	160.9	160.9	4.2	165.1
Total other comprehensive income	-	-	(27.9)	0.3	-	(3.7)	(31.3)	1.3	(30.0)
Total comprehensive income for the year	-	-	(27.9)	0.3	-	157,2	129.6	5.5	135.1
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Dividends paid to equity holders	-	-	-	-	-	(31.3)	(31.3)	-	(31.3)
Issue of shares in lieu of dividends	1.2	(1.2)	-	-	-	20.1	20.1	-	20.1
Dividends paid –non controlling interests	-	-	-	-	-	-	-	(4.9)	(4.9)
Share-based payment transactions (net of tax)	-	-	-	-	-	(0.3)	(0.3)	-	(0.3)
Share options exercised	0.1	0.8	-	-	-	-	0.9	-	0.9
Contribution by non-controlling interests	-	-	-	-	-	-	-	9.3	9.3
Total contributions by and distributions to owners	1.3	(0.4)	-	-	-	(11.5)	(10.6)	4.4	(6.2)
Total transactions with owners	1.3	(0.4)	-	-	-	(11.5)	(10.6)	4.4	(6.2)
Balance as at 31 December 2011	**95.3**	**844.3**	**262.5**	**(0.5)**	**(2.2)**	**867.1**	**2,066.5**	**181.1**	**2,247.6**

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 for the year ended 31 December 2011 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 years ended 31 December 2011 and 2010. 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.

With exception of certain amounts included in trade and other payables which have now been represented as provisions and have no impact on the net assets in either 2010 or 2011, the comparative figures as at 31 December 2010 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 2010 are available from the Company's website www.millenniumhotels.com/corporate/investor_relations/financiallibrary.html.

The results have been prepared applying the accounting policies and presentation that were used in the preparation of the Group's published consolidated financial statements for the year ended 31 December 2011 and which were prepared in accordance with IFRSs as adopted by the EU.

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting'. They do not include all the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2011.

The financial statements were approved by the Board of Directors on 21 February 2012.

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

Non-GAAP information

Presentation of headline operating profit, headline EBITDA, headline profit before tax, headline profit after tax and headline earnings per share.

Reconciliation of headline operating profit, headline EBITDA (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'. Reconciliation of headline profit after tax is provided in note 9 'Non-GAAP measures' and headline earnings per share is provided in note 7 'Earnings per share'.

Net debt and gearing percentage
An analysis of net debt and calculated gearing percentage is provided in note 9.

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 December		Average for 12 months January - December		Average for 3 months October - December	
Currency (=£)	**2011**	2010	**2011**	2010	**2011**	2010
US dollar	**1.572**	1.541	**1.606**	1.547	1.581	1.561
Singapore dollar	**2.030**	1.993	**2.011**	2.111	2.013	2.041
New Taiwan dollar	**46.644**	45.461	**46.979**	48.531	46.712	47.262
New Zealand dollar	**2.018**	2.021	**2.011**	2.149	2.005	2.072
Malaysian ringgit	**4.974**	4.753	**4.895**	5.004	4.940	4.881
Korean won	**1,808.82**	1,757.50	**1,771.54**	1,792.11	1,783.27	1,783.06
Chinese renminbi	**9.762**	10.132	**10.269**	10.446	9.885	10.349
Euro	**1.199**	1.172	**1.149**	1.164	1.164	1.164
Japanese yen	**121.892**	126.540	**127.259**	136.200	122.538	131.690

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 as follows:

- New York
- Regional US
- London
- Rest of Europe #
- Singapore
- Rest of Asia
- Australasia

includes Middle East

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

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

3. Operating segment information (continued)

	Fourth Quarter 2011								
	New York £m	**Regional US £m**	**London £m**	**Rest of Europe £m**	**Singapore £m**	**Rest of Asia £m**	**Australasia £m**	**Central Costs £m**	**Total Group £m**
Revenue									
Hotel	**30.6**	**27.7**	**26.7**	**19.4**	**39.1**	**47.4**	**13.1**	**-**	**204.0**
Property operations	**-**	**0.4**	**-**	**-**	**0.6**	**-**	**2.8**	**-**	**3.8**
Total revenue	**30.6**	**28.1**	**26.7**	**19.4**	**39.7**	**47.4**	**15.9**	**-**	**207.8**
Hotel gross operating profit	**11.1**	**5.2**	**15.2**	**5.5**	**21.0**	**19.1**	**7.1**	**-**	**84.2**
Hotel fixed charges [1]	**(5.0)**	**(4.2)**	**(4.0)**	**(2.9)**	**(12.7)**	**(5.1)**	**(2.3)**	**-**	**(36.2)**
Hotel operating profit	**6.1**	**1.0**	**11.2**	**2.6**	**8.3**	**14.0**	**4.8**	**-**	**48.0**
Property operations operating profit/(loss)	**-**	**(0.1)**	**-**	**-**	**0.5**	**0.2**	**1.3**	**-**	**1.9**
Central costs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(5.3)**	**(5.3)**
Share of joint ventures and associates operating profit	**-**	**-**	**-**	**-**	**5.0**	**3.1**	**0.3**	**-**	**8.4**
Headline operating profit/(loss)	**6.1**	**0.9**	**11.2**	**2.6**	**13.8**	**17.3**	**6.4**	**(5.3)**	**53.0**
Add back depreciation and amortisation	**1.2**	**1.7**	**1.6**	**1.0**	**0.3**	**3.1**	**0.5**	**0.2**	**9.6**
Headline EBITDA [2]	**7.3**	**2.6**	**12.8**	**3.6**	**14.1**	**20.4**	**6.9**	**(5.1)**	**62.6**
Depreciation and amortisation									**(9.6)**
Share of interest, tax and non-controlling interests of joint ventures and associates									**(2.9)**
Net finance expense									**(1.1)**
Headline profit before tax									**49.0**
Separately disclosed items - Group [3]									**(21.8)**
Separately disclosed items - Share of joint ventures and associates									**18.3**
Separately disclosed items - Share of joint ventures and associates interest, tax and non-controlling interests									**(1.8)**
Profit before tax									**43.7**

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

[2] EBITDA is earnings before interest, tax, depreciation and amortisation.

[3] Included within separately disclosed items - Group is a £23.7m impairment charge. An impairment charge of £15.8m was made in relation to eight Regional UK hotels in Rest of Europe, £4.7m in relation to three hotels in Regional US, a £1.0m in relation to one hotel in New Zealand, a reclassification of £2.3m relating to Copthorne Hotel Christchurch City in New Zealand to 'Non-operating Income' as part of the gain arising on disposal of leasehold property and £4.4m in relation to land in India. A £0.1m impairment charge was made within Rest of Asia in respect of interest on a shareholder loan in the Group's 50% investment in Bangkok.

Notes to the consolidated financial statements

3. Operating segment information (continued)

	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	-	-	-	-	4.1	6.3	0.5	-	10.9
Headline operating profit/(loss)	7.1	(0.1)	10.5	0.6	10.1	17.7	4.1	(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	10.9	19.4	4.6	(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] EBITDA is 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 six Regional UK hotels in Rest of Europe and £5.8m was made in relation to six hotels in Regional US. Also a £0.2m impairment charge was made within Rest of Asia on interest relating to a 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 2011								
	New York £m	**Regional US £m**	**London £m**	**Rest of Europe £m**	**Singapore £m**	**Rest of Asia £m**	**Australasia £m**	**Central Costs £m**	**Total Group £m**
Revenue									
Hotel	**103.2**	**114.9**	**100.9**	**86.9**	**151.1**	**159.8**	**48.4**	**-**	**765.2**
Property operations	**-**	**1.4**	**-**	**-**	**2.4**	**44.3**	**7.2**	**-**	**55.3**
Total revenue	**103.2**	**116.3**	**100.9**	**86.9**	**153.5**	**204.1**	**55.6**	**-**	**820.5**
Hotel gross operating profit	**30.1**	**21.8**	**56.2**	**22.0**	**83.4**	**60.6**	**22.0**	**-**	**296.1**
Hotel fixed charges [1]	**(18.1)**	**(18.2)**	**(14.0)**	**(9.4)**	**(47.7)**	**(21.6)**	**(10.5)**	**-**	**(139.5)**
Hotel operating profit	**12.0**	**3.6**	**42.2**	**12.6**	**35.7**	**39.0**	**11.5**	**-**	**156.6**
Property operations operating profit/(loss)	**-**	**(0.8)**	**-**	**-**	**(0.2)**	**34.0**	**2.6**	**-**	**35.6**
Central costs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(21.2)**	**(21.2)**
Share of joint ventures and associates operating profit	**-**	**-**	**-**	**-**	**16.1**	**8.5**	**4.2**	**-**	**28.8**
Headline operating profit/(loss)	**12.0**	**2.8**	**42.2**	**12.6**	**51.6**	**81.5**	**18.3**	**(21.2)**	**199.8**
Add back depreciation and amortisation	**4.7**	**7.5**	**5.1**	**3.8**	**1.3**	**9.8**	**2.4**	**0.9**	**35.5**
Headline EBITDA [2]	**16.7**	**10.3**	**47.3**	**16.4**	**52.9**	**91.3**	**20.7**	**(20.3)**	**235.3**
Depreciation and amortisation									**(35.5)**
Share of interest, tax and non-controlling interests of joint ventures and associates									**(8.4)**
Net finance expense									**(6.7)**
Headline profit before tax									**184.7**
Separately disclosed items - Group [3]									**(8.5)**
Separately disclosed items - Share of joint ventures and associates									**19.5**
Separately disclosed items - Share of joint ventures and associates interest, tax and non-controlling interests									**(2.4)**
Profit before tax									**193.3**

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

[2] EBITDA is earnings before interest, tax, depreciation and amortisation.

[3] Included within separately disclosed items - Group is a £29.9m impairment charge. An impairment charge of £15.8m was made in relation to eight Regional UK hotels in Rest of Europe, £8.2m in relation to four hotels in Regional US, £1.0m in relation to one hotel in New Zealand and £4.4m in relation to land in India. A £0.5m impairment charge was made within Rest of Asia on interest relating to a shareholder loan to the Group's 50% investment in Bangkok.

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 ventures and associates									(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] EBITDA is 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 six Regional UK hotels in Rest of Europe and £5.8m was made in relation to six 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)

Segmental assets and liabilities

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

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 joint ventures and associates	-	-	-	-	173.2	92.6	62.9	328.7
Total hotel operating net assets	344.3	266.8	416.9	176.6	265.3	666.2	210.9	2,347.0
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)
Investments in associate	-	-	-	-	-	68.1	-	68.1
Total property operating net assets	-	28.9	-	-	45.4	73.5	73.4	221.2
Deferred tax liabilities								(251.8)
Income taxes payable								(32.0)
Net debt								(165.7)
Net assets								2,118.7

Notes to the consolidated financial statements

4. Separately disclosed items

	Notes	**Fourth Quarter 2011 £m**	Fourth Quarter 2010 £m	**Full Year 2011 £m**	Full Year 2010 £m
Other operating income					
Revaluation gain of investment properties	**(a)**	**1.0**	9.3	**1.0**	9.3
Other operating expense					
Revaluation deficit of investment properties	**(a)**	**(0.1)**	(5.2)	**(0.1)**	(5.2)
Separately disclosed items included in administrative expenses					
Impairment	**(b)**	**(23.7)**	(14.8)	**(29.9)**	(15.2)
Goodwill written-off in respect of Beijing	**(c)**	**-**	(8.1)	**-**	(8.1)
Redundancy costs	**(d)**	**-**	(0.2)	**-**	(1.7)
		(23.7)	(23.1)	**(29.9)**	(25.0)
Non-operating income					
Profit on sale and leaseback of Studio M Hotel	**(e)**	**-**	-	**17.4**	-
Profit on disposal of subsidiary	**(f)**	**(0.2)**	-	**1.7**	-
Gain arising on disposal of leasehold property	**(g)**	**1.2**	-	**1.2**	-
Gain on disposal of stapled securities in CDLHT	**(h)**	**-**	-	**0.2**	7.2
Gain arising in respect of step up acquisition of Beijing	**(c)**	**-**	8.4	**-**	8.4
		1.0	8.4	**20.5**	15.6
Separately disclosed items – Group		**(21.8)**	(10.6)	**(8.5)**	(5.3)
Separately disclosed items - share of joint ventures and associates					
Revaluation gain of investment properties	**(i)**	**18.1**	9.2	**19.7**	9.2
Disposal of subsidiaries in First Sponsor Capital group	**(j)**	**0.2**	2.3	**(0.2)**	(2.3)
		18.3	11.5	**19.5**	6.9

(a) Revaluation of investment properties
At the end of 2011, the Group's investment properties were subject to external professional valuation on an open-market existing use basis. Based on these valuations, together with such considerations as the Directors consider appropriate, the Tanglin Shopping Centre recorded uplift in value of £1.0m, Biltmore Court & Tower recorded a decrease in value of £0.1m and Sunnyvale residences recorded no change. In 2010, the 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.

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

(c) 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.

(d) Redundancy costs
In 2010, 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 in 2011.

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

Notes to the consolidated financial statements

4. Separately disclosed items (continued)

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

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

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

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 arose from the Group's share of proceeds being greater than its share of net tangible assets diluted by the issue.

(i) Revaluation gain of investment properties
During the year ended 31 December 2011, certain investment properties of First Sponsor Capital group (FSCL) were transferred to development properties at fair value. At 31 December 2011, the investment properties were subject to external professional valuation on an open-market existing use basis. The Group's share of the uplift in the value of the transferred properties and the investment properties at the end of the 2011 was £9.2m (2010: £4.8m).

For the year ended 31 December 2011, the Group's share of CDLHT's net revaluation surplus of investment properties was £10.5m (£4.4m).

(j) Disposal of subsidiaries in First Sponsor Capital group
For the year ended 31 December 2011, FSCL recorded £0.2m of losses from the disposal of subsidiaries. In 2010, the £2.3m charge represents the Group's share of provision against assets write-off and legal costs in FSCL relating to to the disposal of subsidiaries.

5. Share of profit of joint ventures and associates

	Fourth Quarter 2011 £m	Fourth Quarter 2010 £m	**Full Year 2011 £m**	Full Year 2010 £m
Share of profit for the year				
Operating profit before separately disclosed items	**8.4**	10.9	**28.8**	29.1
Separately disclosed items (refer note 4)	**18.3**	11.5	**19.5**	6.9
Interest	**(0.3)**	(0.5)	**(1.7)**	(3.0)
Tax	**(3.3)**	(2.9)	**(5.4)**	(4.4)
Non-controlling interests	**(1.1)**	(3.5)	**(3.7)**	(3.8)
Interest, tax and non-controlling interests	**(4.7)**	(6.9)	**(10.8)**	(11.2)
	22.0	15.5	**37.5**	24.8

6. Income tax expense

The Group recorded a tax expense of £28.2m (2010: £30.7m) excluding the tax relating to joint ventures and associates, giving rise to an effective tax rate of 18.1% (2010: 29.6%). The effective tax rate has been affected by a number of factors which include the following items:

- Separately disclosed items of the Group;
- Sale of Kuala Lumpur land;
- Release of a dilapidation provision for the Stuttgart hotel whose lease expired on 31 August 2011;
- A change in 2010 of New Zealand tax legislation, which removed the ability to depreciate buildings for tax purposes that resulted in an increased deferred tax liability in that year;
- Reduced tax rates applied to brought forward net deferred tax liabilities in the UK and for 2010 additionally in Taiwan and New Zealand; and
- Tax adjustments in respect of previous years.

Excluding the impact of the items noted above, the Group's underlying effective tax rate is 27.7% (2010: 28.9%).

A tax charge of £5.4m (2010: £4.4m) relating to joint ventures and associates is included in the reported profit before tax.

	2011 **£m**	2010 £m
Current tax		
Corporation tax charge for the year	**46.3**	29.6
Adjustment in respect of prior years	**(7.5)**	(4.5)
Total current tax expense	**38.8**	25.1
Deferred tax		
Origination and reversal of timing differences	**(8.9)**	(5.1)
Effect of change in tax rates on opening deferred taxes	**(2.8)**	(7.4)
Benefits of tax losses recognised	**3.1**	0.2
Changes in tax legislation	**-**	11.9
(Over)/under provision in respect of prior years	**(2.0)**	6.0
Total deferred tax (credit)/charge	**(10.6)**	5.6
Total income tax charge in the income statement	**28.2**	30.7
UK	**(2.0)**	7.1
Overseas	**30.2**	23.6
Total income tax charge in the income statement	**28.2**	30.7

Income tax reconciliation

Profit before income tax in income statement	**193.3**	128.6
Less share of profits of joint ventures and associates	**(37.5)**	(24.8)
Profit on ordinary activities excluding share of joint ventures and associates	**155.8**	103.8
Income tax on ordinary activities at the standard rate of UK tax of 26.5% (2010: 28.0%)	**41.3**	29.1
Tax exempt income	**(4.4)**	(5.3)
Non deductible expenses	**8.5**	4.8
Recognition of deferred tax on undistributed profits of associates	**0.6**	(0.2)
Current year losses for which no deferred tax asset was recognised	**1.1**	0.7
Unrecognised deferred tax assets	**(2.1)**	1.0
Recognition of previously unrecognised tax losses	**(0.9)**	(0.2)
Effect of tax rates on separately disclosed items	**(3.3)**	(3.0)
Other effect of tax rates in foreign jurisdictions	**(0.3)**	(2.2)
Effect of change in tax rates on opening deferred taxes	**(2.8)**	(7.4)
Changes in tax legislation	**-**	11.9
Other adjustments to tax charge in respect of prior years	**(9.5)**	1.5
Total income tax charge in the income statement	**28.2**	30.7

Notes to the consolidated financial statements

7. Earnings per share

Earnings per share are calculated using the following information:

	Fourth Quarter 2011	Fourth Quarter 2010	**Full Year 2011**	Full Year 2010
(a) Basic				
Profit for the year attributable to holders of the parent (£m)	**40.4**	31.5	**160.9**	96.2
Weighted average number of shares in issue (m)	**317.2**	313.1	**315.6**	311.8
Basic earnings per share (pence)	**12.7p**	10.1p	**51.0p**	30.9p
(b) Diluted				
Profit for the year attributable to holders of the parent (£m)	**40.4**	31.5	**160.9**	96.2
Weighted average number of shares in issue (m)	**317.2**	313.1	**315.6**	311.8
Potentially dilutive share options under Group's share option schemes (m)	**1.4**	1.4	**1.3**	1.2
Weighted average number of shares in issue (diluted) (m)	**318.6**	314.5	**316.9**	313.0
Diluted earnings per share (pence)	**12.7p**	10.0p	**50.8p**	30.7p
(c) Headline earnings per share				
Profit for the year attributable to holders of the parent (£m)	**40.4**	31.5	**160.9**	96.2
Adjustments for:				
- Separately disclosed items - Group (net of tax and non-controlling interests) (£m)	**17.0**	4.0	**1.7**	(1.6)
- Share of separately disclosed items of joint ventures and associates (net of tax and non-controlling interests) (£m)	**(15.1)**	(8.7)	**(15.7)**	(5.4)
- Change in tax rates on opening deferred tax (£m)	**(0.6)**	(2.3)	**(2.8)**	(7.4)
- Changes in tax legislation (£m)	**-**	3.1	**-**	11.9
Adjusted profit for the year attributable to holders of the parent (£m)	**41.7**	27.6	**144.1**	93.7
Weighted average number of shares in issue (m)	**317.2**	313.1	**315.6**	311.8
Headline earnings per share (pence)	**13.1p**	8.8p	**45.7p**	30.1p
(d) Diluted headline earnings per share				
Adjusted profit for the year attributable to holders of the parent (£m)	**41.7**	27.6	**144.1**	93.7
Weighted average number of shares in issue (diluted) (m)	**318.6**	314.5	**316.9**	313.0
Diluted headline earnings per share (pence)	**13.1p**	8.8p	**45.5p**	29.9p

8. Disposal of subsidiary

On 18 April 2011, the Group disposed of CDL Hotels (Phils.) Corporation, a Philippines based company principally providing management services to Grand Plaza Hotel Corporation, owner of The Heritage Hotel in the Philippines.

The net liabilities and profit on disposal were as follows:

	2011 £m
Current assets	**1.5**
Current liabilities	**(3.6)**
Net liabilities of operation disposed	**(2.1)**
Other net assets (loans)	**0.4**
Total net liabilities disposed attributable to the Group	**(1.7)**
Cash consideration (US$1.00)	**-**
Profit on disposal before taxation	**1.7**

Notes to the consolidated financial statements

9. 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 after tax to headline profit after tax is shown below.

	Fourth Quarter 2011 £m	Fourth Quarter 2010 £m	**Full Year 2011 £m**	Full Year 2010 £m
Profit after tax	**42.0**	34.3	**165.1**	97.9
Adjustments for:				
Separately disclosed items (net of tax) – Group	**17.0**	4.0	**1.7**	(1.6)
Separately disclosed items (net of interest, tax and non-controlling interests) – Share of joint ventures and associates	**(16.5)**	(8.7)	**(17.1)**	(5.4)
Tax impact of changes in tax rates on opening deferred tax	**(0.6)**	(2.3)	**(2.8)**	(7.4)
Tax impact of changes in tax legislation	**-**	3.1	**-**	11.9
Headline profit after tax	**41.9**	30.4	**146.9**	95.4

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.

	As at 31 December 2011 £m	As at 31 December 2010 £m
Net debt		
Cash and cash equivalents (as per the consolidated statement of cash flows)	**275.3**	251.5
Bank overdrafts (included as part of borrowings)	**56.9**	0.4
Cash and cash equivalents (as per the consolidated statement of financial position)	**332.2**	251.9
Interest-bearing loans, bonds and borrowings		
– Non-current	**(311.6)**	(323.7)
– Current	**(120.8)**	(93.9)
Net debt	**(100.2)**	(165.7)

Reconciliation of net cash flow to movement in net debt	**As at 31 December 2011 £m**	As at 31 December 2010 £m
Net debt at beginning of year	**(165.7)**	(202.5)
Net increase in cash and cash equivalents per the consolidated statement of cash flows	**29.2**	101.4
Net decrease in loans	**39.4**	20.4
Net borrowings in respect of subsidiary acquired in the year	**-**	(62.4)
Translation adjustments	**(3.1)**	(22.6)
Movements in net debt	**65.5**	36.8
Net debt at end of year	**(100.2)**	(165.7)
Gearing (%)	**4.8%**	8.5%

APPENDIX 1: KEY OPERATING STATISTICS (UNAUDITED)

	Year Ended 2011 Reported currency	Year Ended 2010 Constant currency	Year Ended 2010 Reported currency
Occupancy %			
New York	**85.5**		85.2
Regional US	**57.4**		56.7
Total US	**64.4**		63.6
London	**81.5**		83.8
Rest of Europe	**69.3**		69.7
Total Europe	**74.9**		75.9
Singapore	**86.9**		86.7
Rest of Asia	**71.0**		73.0
Total Asia	**77.4**		79.1
Australasia	**64.3**		66.3
Total Group	**70.8**		71.4
Average Room Rate (£)			
New York	**154.86**	146.51	152.03
Regional US	**66.00**	63.25	65.64
Total US	**95.24**	90.37	93.78
London	**120.10**	107.45	107.45
Rest of Europe	**71.37**	73.64	73.22
Total Europe	**95.58**	90.15	89.93
Singapore	**109.54**	98.53	93.84
Rest of Asia	**81.10**	78.77	77.45
Total Asia	**93.83**	88.53	85.55
Australasia	**58.38**	55.52	51.96
Total Group	**91.48**	85.85	85.52
RevPAR (£)			
New York	**132.44**	124.83	129.53
Regional US	**37.91**	35.87	37.22
Total US	**61.33**	57.51	59.64
London	**97.92**	90.02	90.04
Rest of Europe	**49.44**	51.32	51.03
Total Europe	**71.55**	68.45	68.26
Singapore	**95.20**	85.41	81.36
Rest of Asia	**57.60**	57.47	56.54
Total Asia	**72.58**	70.07	67.67
Australasia	**37.56**	36.80	34.45
Total Group	**64.81**	61.28	61.06
Gross Operating Profit Margin (%)			
New York	**29.2**		27.8
Regional US	**19.0**		17.2
Total US	**23.8**		22.2
London	**55.7**		53.6
Rest of Europe	**25.3**		26.7
Total Europe	**41.6**		40.1
Singapore	**55.2**		54.0
Rest of Asia	**37.9**		39.1
Total Asia	**46.3**		46.6
Australasia	**45.5**		37.9
Total Group	**38.7**		37.1

For comparability, the 31 December 2010 Average Room Rate and RevPAR have been translated at average exchange rates for the year ended 31 December 2011.

APPENDIX 2: KEY OPERATING STATISTICS (UNAUDITED)

	Fourth Quarter 2011 Reported currency	Fourth Quarter 2010 Constant currency	Fourth Quarter 2010 Reported currency
Occupancy %			
New York	**86.5**		84.5
Regional US	**48.8**		52.3
Total US	**58.1**		60.3
London	**84.3**		84.2
Rest of Europe	**68.8**		69.9
Total Europe	**76.4**		76.3
Singapore	**88.3**		88.4
Rest of Asia	**77.5**		73.7
Total Asia	**81.7**		80.3
Australasia	**66.7**		68.6
Total Group	**70.4**		71.1
Average Room Rate (£)			
New York	**178.39**	174.56	177.75
Regional US	**69.88**	66.16	66.91
Total US	**109.89**	103.71	105.31
London	**119.89**	116.04	116.04
Rest of Europe	**68.50**	74.93	74.89
Total Europe	**96.27**	95.02	95.00
Singapore	**110.56**	97.75	96.03
Rest of Asia	**85.25**	83.07	82.77
Total Asia	**95.85**	90.29	89.29
Australasia	**62.29**	57.05	55.07
Total Group	**96.96**	91.80	91.71
RevPAR (£)			
New York	**154.31**	147.44	150.20
Regional US	**34.08**	34.63	34.99
Total US	**63.86**	62.52	63.50
London	**101.12**	97.75	97.71
Rest of Europe	**47.13**	52.40	52.35
Total Europe	**73.55**	72.47	72.49
Singapore	**97.63**	86.44	84.89
Rest of Asia	**66.05**	61.22	61.00
Total Asia	**78.29**	72.48	71.70
Australasia	**41.54**	39.14	37.78
Total Group	**68.26**	65.26	65.21
Gross Operating Profit Margin (%)			
New York	**36.3**		36.1
Regional US	**18.8**		16.3
Total US	**28.0**		26.5
London	**56.9**		53.1
Rest of Europe	**28.4**		29.5
Total Europe	**44.9**		41.1
Singapore	**53.7**		53.6
Rest of Asia	**40.3**		40.0
Total Asia	**46.4**		46.7
Australasia	**54.2**		40.1
Total Group	**41.3**		39.0

For comparability, the 31 December 2010 Average Room Rate and RevPAR have been translated at average exchange rates for the year ended 31 December 2011.

APPENDIX 3: HOTEL ROOM COUNT AND PIPELINE (UNAUDITED)

Hotel and room count	Hotels			Rooms		
	2011	2010	Change	**2011**	2010	Change
Analysed by region:						
New York	**3**	3	-	**1,757**	1,755	2
Regional US	**16**	16	-	**5,554**	5,554	-
London	**7**	7	-	**2,493**	2,493	-
Rest of Europe	**16**	18	(2)	**2,696**	3,227	(531)
Middle East	**10**	8	2	**3,623**	2,991	632
Singapore	**6**	7	(1)	**2,714**	3,151	(437)
Rest of Asia	**16**	16	-	**7,260**	7,256	4
Australasia	**34**	35	(1)	**4,935**	5,097	(162)
Total	**108**	110	(2)	**31,032**	31,524	(492)
Analysed by ownership type:						
Owned and leased	**65**	68	(3)	**19,946**	20,992	(1,046)
Managed	**21**	20	1	**5,926**	5,375	551
Franchised	**11**	11	-	**1,559**	1,556	3
Investment	**11**	11	-	**3,601**	3,601	-
Total	**108**	110	(2)	**31,032**	31,524	(492)
Analysed by brand:						
Grand Millennium	**5**	5	-	**2,479**	2,473	6
Millennium	**39**	39	-	**13,756**	13,897	(141)
Copthorne	**31**	34	(3)	**6,403**	7,083	(680)
Kingsgate	**14**	14	-	**1,436**	1,436	-
Other M&C	**5**	5	-	**1,885**	1,882	3
Third Party	**14**	13	1	**5,073**	4,753	320
Total	**108**	110	(2)	**31,032**	31,524	(492)

Pipeline	Hotels			Rooms		
	2011	2010	Change	**2011**	2010	Change
Analysed by region:						
Middle East	**26**	23	3	**5,700**	6,618	(918)
Singapore	**-**	-	-	**-**	-	-
Rest of Asia	**4**	2	2	**907**	388	519
Total	**30**	25	5	**6,607**	7,006	(399)
Analysed by ownership type:						
Owned or leased	**1**	1	-	**325**	144	181
Managed	**28**	24	4	**6,087**	6,862	(775)
Franchised	**1**	-	1	**195**	-	195
Total	**30**	25	5	**6,607**	7,006	(399)
Analysed by brand:						
Grand Millennium	**-**	2	(2)	**-**	1,298	(1,298)
Millennium	**18**	14	4	**4,237**	3,942	295
Copthorne	**6**	3	3	**1,178**	394	784
Kingsgate	**-**	4	(4)	**-**	892	(892)
Other M&C	**6**	2	4	**1,192**	480	712
Total	**30**	25	5	**6,607**	7,006	(399)

The Group’s worldwide pipeline has 30 hotels offering 6,607 rooms, which are mainly management contracts.