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Miscellaneous

* Asterisks denote mandatory information

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>> Announcement Details

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Announcement Title *	Announcement by Subsidiary Company, Millennium & Copthorne Hotels plc on Interim Management Statement for Third Quarter and Nine Months Results to 30 September 2012
Description	Please see attached announcement released by Millennium & Copthorne Hotels plc on 2 November 2012.
Attachments	M_n_CQ3rdQtr2012_Final.pdf Total size = **151K** (2048K size limit recommended)

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For Immediate Release **2 November 2012**

MILLENNIUM & COPTHORNE HOTELS PLC
INTERIM MANAGEMENT STATEMENT
Third quarter and nine months results to 30 September 2012

Highlights for the third quarter 2012:

£ millions (unless otherwise stated)	**Third Quarter 2012**	Third Quarter 2011	Reported Currency Change %	Constant Currency Change %
RevPAR	**£71.23**	£69.41	2.6%	2.6%
Revenue – total	**191.2**	242.4	(21.1%)	(21.0%)
Revenue – hotels	**187.7**	195.4	(3.9%)	(3.8%)
Headline operating profit[1]	**40.4**	77.4	(47.8%)	(47.4%)
Headline profit before tax	**39.0**	75.9	(48.6%)	(48.3%)
Profit before tax	**38.1**	69.3	(45.0%)	(44.6%)
Basic earnings per share	**9.5p**	18.4p	(48.4%)	

- Group RevPAR grew by 2.6% (1.7% like-for-like). **Like-for-like for the third quarter, in constant currency terms, excludes Kingsgate Hotel Parnell Auckland (lease expired in July 2012), Millennium Hotel & Resort Stuttgart (lease expired in August 2011) and Kuala Lumpur (KL) land sale (in August 2011).**
- **Strong performance in London** over the Olympic period, with London RevPAR up 20.2% for the quarter.
- RevPAR also increased in Rest of Europe (5.6%) and Regional US (1.5%). However, RevPAR declined by 0.2% in Asia and by 8.0% in New York (1.4% decline excluding Millennium UN Plaza now re-branded as ONE UN).
- **Asian regional results impacted by Taipei renovations and more cautious corporate spending in Singapore.**
- **Good progress on asset management** including refurbishment of the west tower of ONE UN completed on time and commencement of room renovations at Grand Hyatt Taipei, closing over 500 rooms.
- Total revenue decreased by 21.1% to £191.2m (2011: £242.4m). **However, on a like-for-like basis, total revenue decreased by only 1.2% to £190.6m (2011: £193.0m).**
- Headline operating profit decreased by 47.8% to £40.4m (2011: £77.4m). **On a like-for-like basis, headline operating profit increased by 7.9% to £39.8m (2011: £36.9m).**
- **Nil gearing as at 30 September 2012** with net cash position of £11.9m (30 June 2012: net debt of £10.6m with gearing of 0.5%).

Highlights for the nine months 2012:

£ millions (unless otherwise stated)	**Nine Months 2012**	Nine Months 2011	Reported Currency Change %	Constant Currency Change %
RevPAR	**£66.81**	£63.69	4.9%	4.2%
Revenue – total	**565.1**	612.7	(7.8%)	(8.3%)
Revenue – hotels	**553.4**	561.2	(1.4%)	(1.9%)
Headline operating profit[1]	**121.6**	141.3	(13.9%)	(13.9%)
Headline profit before tax	**117.3**	135.7	(13.6%)	(13.5%)
Profit before tax	**117.1**	149.6	(21.7%)	(21.9%)
Basic earnings per share	**27.8p**	38.3p	(27.4%)	

- Group RevPAR increased by 4.9% (3.5% like-for-like). **Like-for-like comparison excludes Kingsgate Hotel Parnell Auckland (lease expired in July 2012), Millennium Hotel & Resort Stuttgart (lease expired in August 2011), KL land sale (in August 2011), the three Christchurch hotels (closed in February 2011 due to earthquake damage) and Copthorne Orchid in Singapore (closed in April 2011 for development into condominiums).**
- Total revenue decreased by 7.8% to £565.1m (2011: £612.7m). **On a like-for-like basis, total revenue increased by 2.3% to £560.6m (2011: £548.2m).**
- Headline operating profit fell by 13.9% to £121.6m (2011: £141.3m). **On a like-for-like basis, headline operating profit increased by 19.0% to £119.0m (2011: £100.0m).**

Note:

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

Commenting today Mr Kwek Leng Beng, Chairman said:

“The Group delivered a satisfactory performance during the third quarter of 2012, despite challenging trading conditions and global economic uncertainty. London performed well during and after the Olympic and Paralympic games, and New York completed the renovation and refurbishment of the west tower of ONE UN on time. We have yet to assess the full impact of Hurricane Sandy on our New York operations. We remain cautious in light of continuing economic uncertainty but the outlook for 2012 full year performance is in line with management expectations. Our strong balance sheet means that we are well positioned to continue developing our asset portfolio.”

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CHAIRMAN'S STATEMENT

Financial Performance

For the nine months ended 30 September 2012, total revenue decreased by 7.8% to £565.1m (2011: £612.7m). However, on a like-for-like basis and in constant currency terms, total revenue increased by 2.3% to £560.6m (2011: £548.2m). Like-for-like comparison excludes Kingsgate Hotel Parnell Auckland (lease expired in July 2012), Millennium Hotel & Resort Stuttgart (lease expired in August 2011), KL land sale (in August 2011), the three Christchurch hotels (closed in February 2011 due to earthquake damage) and Copthorne Orchid in Singapore (closed in April 2011 for development into condominiums).

The Group's hotels in Rest of Asia, led by Beijing, Jakarta and Seoul, delivered the strongest RevPAR growth over the nine month period, increasing by 12.9% to £61.95 (2011: £54.89). London RevPAR is up 10.2% over the same period, and enjoyed a notable boost as a result of the Olympic and Paralympic Games. In Singapore, like-for-like RevPAR grew by 3.4% to £102.00 (2011: £98.65). Excluding ONE UN, which closed its west tower for five months from April 2012, New York RevPAR grew by 1.5% to £129.17 (2011: £127.21). Including ONE UN, New York RevPAR fell by 5.4% to £120.55 (2011: £127.41). On a like-for-like basis, there was a modest uplift in RevPAR in Rest of Europe (excluding London) to £48.38 (2011: £47.78), whilst Australasia like-for-like RevPAR fell by 6.2% to £34.72 (2011: £37.01).

Headline operating profit, the Group's measure of underlying profit performance, decreased by 13.9% to £121.6m (2011: £141.3m) for the first nine months. This includes our £9.1m share of profit from the sale of 702 Chengdu Cityspring residential units by FSCL earlier this year. On a like-for-like basis and in constant currency terms, headline operating profit increased by 19.0% to £119.0m (2011: £100.0m).

Headline profit before tax decreased by 13.6% to £117.3m (2011: £135.7m) and profit before tax decreased by 21.7% to £117.1m (2011: £149.6m), again due in part to the inclusion of £33.8m profit on the sale of KL land and, in the case of profit before tax, £17.4m profit on the sale and leaseback of Studio M in May 2011. Consequently, basic earnings per share decreased by 27.4% to 27.8p (2011: 38.3p).

Financial Position

The Group strengthened its financial position over the nine month period. Net debt at 30 June 2012 of £10.6m reversed to a net cash position of £11.9m at 30 September 2012. The Group balance sheet showed nil gearing at the end of September 2012, down from 0.5% at 30 June 2012 and 4.8% at the close of 2011. At 30 September 2012, the Group had cash reserves of £365.2m (including £35.5m relating to The Glyndebourne) and £269.9m undrawn committed bank facilities. Most of the facilities are unsecured with unencumbered assets representing 87.3% of our fixed assets and investment properties.

Asset Management

The Group is continuing to review its property portfolio in order to identify upgrading and refurbishment projects that will enhance its brands and substantially increase return on assets. In addition to plans already announced for Seoul, New York, Taipei and London, the Group has approved additional capital expenditure on Minneapolis, and is considering plans for its hotels in New York, Chicago and additional destinations.

The upgrade programme is currently estimated to require over £240m of investment, including expenditure to-date on Seoul Hilton and ONE UN. It is a key part of the Group's asset management strategy with positive results beginning to show. Millennium Seoul Hilton, which completed a major part of its refurbishment in the fourth quarter of 2011, saw a 14.8% increase in average room rate for the first nine months of 2012 compared to the same period last year. The Group also anticipates a revitalised performance at ONE UN, following its re-branding and the re-opening of the refurbished west tower on 5 September 2012, in time for the UN General Assembly.

In Taipei, façade renovation of the Grand Hyatt Taipei is complete and the west wing room renovation programme commenced in early August. Completion is scheduled for the second quarter of 2013. Refurbishment of the east wing rooms is planned to start next summer.

Substantial renovation of the Millennium Minneapolis will commence in the fourth quarter of 2012. The 321-room hotel will be fully closed in December 2012 and is expected to re-open in April 2013.

The Group is discussing design proposals for the Millennium Hotel London Mayfair with the freeholder and local authorities.

In addition to the above, a Japanese general contractor has been selected to construct the new 322-room deluxe hotel in Tokyo's Ginza district after a tender exercise which began in July 2012. Demolition work is complete and construction of the hotel is expected to commence next year with completion scheduled in the fourth quarter of 2014.

Development of the Glyndebourne condominium project on the site previously occupied by the Orchid Hotel in Singapore is progressing well with most of the structural development complete and architectural work underway. 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%. Of the 150 apartments for sale since the end of October 2010, buyers have signed sales and purchase agreements for 144 units as at 30 September 2012 with sales value of S$522.5m (£262.3m) representing a price of over S$2,000 (£1,004) per square foot. Sales proceeds collected to-date total S$214.5m (£107.7m) representing approximately 41% of the sales value.

First Sponsor Capital Limited ("FSCL")

M&C's associate, FSCL, continues to make good progress with development in Chengdu, People's Republic of China. The Group's investment in FSCL is a key part of its China strategy, enabling it to participate in hotel ownership through mixed property development. FSCL currently has plans for two hotels and a serviced apartment building that will be managed by the Group.

Ground preparation works have commenced on the Wenjiang development land site named Millennium Waterfront which was successfully tendered for by FSCL in November 2011. The land is intended for residential, commercial and hotel development. Development will be phased according to demand. The first residential phase will be launched officially when relevant licenses and approvals have been finalised. The total residential component will comprise 50 apartment blocks with 7,110 units.

As of 28 October 2012, over 98% of the residential units and 79% of the commercial units of the Chengdu Cityspring project have been sold either under sale and purchase or option agreements, with over 99% and 82% of the sales proceeds collected respectively. FSCL is expected to complete the commercial units in 2013 when it would recognise the revenue for the units transferred to the buyers. It plans to retain a portion of commercial units as investment assets. Proceeds from the residential and commercial sales will finance the development of a 195-room hotel, M Hotel Chengdu, which is scheduled to open in 2013 as part of the Chengdu Cityspring project.

For the nine months to 30 September 2012, the Group has recognised £9.1m as its share of net profit after tax of FSCL relating to the residential component of Chengdu Cityspring.

Pipeline

The Group's worldwide pipeline comprises 21 hotels offering 4,774 rooms, which are mainly management contracts.

Board and Senior Management Changes

As previously announced, Mr Sean Collins, an independent Non-Executive Director of the Company became Chairman of the Audit Committee with effect from 31 October 2012.

Mr Alan Scott joined the Group as Company Secretary in September 2012 replacing Mr Adrian Bushnell who has left to pursue other interests. We thank Mr Bushnell for his contributions and commitment to the Group over the last nine years.

As part of the Group's continued effort in strengthening its central management team, Mr John Arnott was appointed as Senior Vice-President Global Human Resources. Mr Arnott has an extensive career in human resources and joined the Group from a senior position in the banking sector.

Outlook

On a like-for-like basis, Group RevPAR in the first four weeks of October 2012 increased by 1.5%. This was led by continuing strong performance in London where RevPAR increased by 6.9%, together with growth in Rest of Europe (8.6%) and Regional US (4.8%). Singapore decreased by 0.9%, while rest of Asia declined by 0.5%. In New York, RevPAR increased by 0.5%. We have yet to assess the full impact of Hurricane Sandy on our New York operations. We remain cautious in light of continuing economic uncertainty but the outlook for 2012 full-year performance is in line with management expectations.

Kwek Leng Beng

CHAIRMAN
1 November 2012

PERFORMANCE REVIEW

For comparability, the following regional review is based on calculations in constant currency whereby 30 September 2011 average room rate and RevPAR have been translated at average exchange rates for the period ended 30 September 2012.

In the third quarter of 2012, Group RevPAR increased by 2.6% (1.7% like-for-like). This was a slower rate of growth than the previous quarter, reflecting more challenging trading conditions in some hospitality markets. A number of rooms have been affected temporarily by refurbishment projects in New York (ONE UN) and Rest of Asia (Grand Hyatt Taipei).

UNITED STATES

New York

RevPAR performance in New York was affected by the temporary closure and refurbishment of the former Millennium UN Plaza, which began in the second quarter. The hotel was re-opened and re-branded as ONE UN close to the end of the third quarter. Over the nine months ended 30 September 2012, RevPAR decreased by 5.4% to £120.55 (2011: £127.41). This was due to a 5.5 percentage point decrease in occupancy to 79.7% (2011: 85.2%), mitigated by an increase in rate of 1.1% to £151.19 (2011: £149.56). New York RevPAR excluding ONE UN increased by 1.5% to £129.17 (2011: £127.21), with occupancy up 1.2 percentage points to 85.3% (2011: 84.1%) and average room rate up 0.1% to £151.42 (2011: £151.26).

In the third quarter, RevPAR decreased by 8.0% to £130.23 (2011: £141.48). A decrease in occupancy of 7.6 percentage points to 81.1% (2011: 88.7%) was partially offset by rate growth of 0.7% to £160.60 (2011: £159.53). New York RevPAR excluding UN Plaza decreased by 1.4% to £136.29 (2011: £138.28), with occupancy down 0.5 percentage points to 87.6% (2011: 88.1%) and rate down 0.9% to £155.50 (2011: £156.94).

Regional US

RevPAR increased in Regional US by 2.2% to £40.81 (2011: £39.93) for the nine months ended 30 September 2012. This increase was a result of higher rate, up 2.8% to £67.99 (2011: £66.16), partially offset by lower occupancy, down 0.4 percentage points to 60.0% (2011: 60.4%). RevPAR performance across the region is mixed, with growth in Boston, Chicago, Boulder and Biltmore LA accounting for most of the regional RevPAR growth. Scottsdale, Cincinnati and Durham saw RevPAR declines.

In the third quarter, RevPAR increased by 1.5% to £47.57 (2011: £46.86). This increase was a result of higher room rate, up 2.7% to £70.47 (2011: £68.65), partially offset by lower occupancy, down 0.8 percentage points to 67.5% (2011: 68.3%).

EUROPE

London

RevPAR in London grew by 10.2% to £106.69 (2011: £96.84) for the nine months ended 30 September 2012. This increase was driven by an 11.1% increase in room rate to £133.55 (2011: £120.17) partially offset by a decrease in occupancy of 0.7 percentage points to 79.9% (2011: 80.6%).

In the third quarter, London increased RevPAR by 20.2% to £128.31 (2011: £106.76). Room rate increased 20.3% to £152.81 (2011: £126.98) whilst occupancy fell 0.1 percentage point to 84.0% (2011: 84.1%). Management pursued a successful rate-occupancy strategy over the Olympic and Paralympic games period resulting in significant RevPAR growth at Mayfair, Tara, Gloucester and Knightsbridge. Performance for the period was considerably stronger than our competitive set.

Rest of Europe

RevPAR in the rest of Europe fell by 0.3% to £48.38 (2011: £48.51) in the nine months ended 30 September 2012 and increased by 5.6% to £51.53 (2011: £48.79) in the third quarter. On a like-for-like basis excluding Stuttgart, RevPAR increased 1.3% to £48.38 (2011: £47.78) in the nine months ended 30 September 2012 and increased by 2.8% to £51.53 (2011: £50.13) in the third quarter.

Regional UK

Regional UK RevPAR increased by 0.5% to £42.82 (2011: £42.59) in the nine months ended 30 September 2012. Average rate fell by 0.9% to £59.22 (2011: £59.78) and occupancy increased by 1.1 percentage points to 72.3% (2011: 71.2%). There is mixed performance across the region, with double digit RevPAR growth in Manchester offset by reductions in RevPAR in a number of other hotels, including our two Gatwick hotels and Newcastle.

In the third quarter, RevPAR increased by 2.1% to £46.85 (2011: £45.87). Average rate increased by 0.8% to £59.99 (2011: £59.49) and occupancy increased by 1.0 percentage point to 78.1% (2011: 77.1%).

France & Germany

RevPAR increased by 8.9% to £63.65 (2011: £58.46) for the nine months ended 30 September 2012 led by RevPAR gains in Paris Opera and Hannover as a result of higher occupancy. On a like-for-like basis excluding Stuttgart, RevPAR increased by 2.5% to £63.65 (2011: £62.09), average rate decreased by 2.1% to £88.94 (2011: £90.86) whilst occupancy increased by 3.3 percentage points to 71.6% (2011: 68.3%).

In the third quarter, RevPAR increased by 18.7% to £64.38 (2011: £54.26). On a like-for-like basis excluding Stuttgart, RevPAR increased by 3.8% to £64.38 (2011: £62.00), average rate decreased by 3.1% to £85.34 (2011: £88.10) whilst occupancy increased by 5.0 percentage points to 75.4% (2011: 70.4%).

ASIA
Asia RevPAR increased by 9.2% to £77.69 (2011: £71.12) for the nine months ended 30 September 2012. On a like-for-like basis excluding the Copthorne Orchid, RevPAR increased by 8.1% to £77.69 (2011: £71.84) driven by a 6.1% increase in rate to £100.26 (2011: £94.52) and an increase in occupancy of 1.5 percentage points to 77.5% (2011: 76.0%).

In the third quarter, RevPAR decreased by 0.2% to £74.12 (2011: £74.28) due to a decrease in occupancy of 2.2 percentage point to 75.1% (2011: 77.3%).

Singapore
Singapore reported a 7.1% increase in RevPAR to £102.00 (2011: £95.28) for the nine months ended 30 September 2012. On a like-for-like basis, excluding the Copthorne Orchid, RevPAR increased by 3.4% to £102.00 (2011: £98.65) with an increase in rate of 2.3% to £115.56 (2011: £112.96) and a 1.0 percentage point increase in occupancy to 88.3% (2011: 87.3%). Nearly all hotels in the country have shown RevPAR growth with the strongest increase being at Orchard following the 2011 renovation.

Trading conditions in Singapore were very competitive in the third quarter, with caution becoming evident in some corporate segments of the market. In the third quarter, RevPAR decreased by 1.6% to £100.16 (2011: £101.84). There was a decrease in rate of 1.1% to £113.65 (2011: £114.86) and a 0.6 percentage point decrease in occupancy to 88.1% (2011: 88.7%).

Rest of Asia
RevPAR for Rest of Asia increased by 12.9% to £61.95 (2011: £54.89) for the nine months ended 30 September 2012. Rate increased by 10.2% to £87.85 (2011: £79.73) and occupancy grew by 1.7 percentage points to 70.5% (2011: 68.8%). Jakarta, Beijing and Seoul all had double digit RevPAR growth. Seoul has increased its RevPAR by 37.2% following renovation in 2011, with occupancy growth of 14.0 percentage points and room rate increasing by 14.8%. Manila was the poorest performer in the region, with RevPAR decline of 4.0%.

In the third quarter, RevPAR for Rest of Asia decreased by 0.7% to £56.42 (2011: £56.82), mainly due to Taipei and Kuala Lumpur. Rate increased by 5.0% to £85.12 (2011: £81.07) but occupancy decreased by 3.8 percentage points to 66.3% (2011: 70.1%).

AUSTRALASIA
RevPAR for the New Zealand group decreased by 8.1% to £34.22 (2011: £37.23) for the nine months ended 30 September 2012. On a like-for-like basis excluding the Christchurch hotels and Kingsgate Parnell, RevPAR fell 6.2% to £34.72 (2011: £37.01). Rate fell by 5.8% to £55.52 (2011: £58.92) and occupancy fell by 0.3 percentage points to 62.5% (2011: 62.8%) due to a reduction in overseas tourists from Europe and US which impacted all hotels in the country.

In the third quarter, RevPAR for the New Zealand group decreased by 12.1% to £33.33 (2011: £37.90) due to a reduction in rate of 12.3% to £54.76 (2011: £62.44) partially offset by an increase in occupancy of 0.2 percentage points to 60.9% (2011: 60.7%). Comparison with the same period in 2011 is affected by last year's Rugby World Cup tournament when higher rates were realised.

Of the three Christchurch hotels that were closed following the earthquake, Copthorne Hotel Christchurch City was demolished following a settlement with the insurers and owners in 2011. The two others, namely the Millennium Hotel Christchurch and Copthorne Hotel Christchurch Central still remain closed. The engineering report has indicated that the Millennium Hotel Christchurch is repairable and engineering work has commenced to establish the scope and cost of repairs but has been temporarily suspended pending further assessments. It is highly probable that the Copthorne Hotel Christchurch Central will be demolished as the land has been earmarked for compulsory acquisition by the Canterbury Earthquake Recovery Authority for use as part of the rebuilt central city area. Discussions as to the material damage settlement are ongoing with the loss adjusters and insurers. The impact on the two hotels cannot yet be reasonably quantified and consequently no provision for asset write-off has yet been made. The Millennium Hotel Christchurch is insured for material damage and business interruption. The Copthorne Hotel Christchurch Central is insured for material damage and had a full and final settlement of the business interruption claim in March 2012.

On 31 July 2012, the lease for Kingsgate Parnell expired and was not renewed.

FINANCIAL HIGHLIGHTS

	Third Quarter 2012 £m	Third Quarter 2011 £m	**Nine Months 2012 £m**	Nine Months 2011 £m	Full Year 2011 £m
Revenue	**191.2**	242.4	**565.1**	612.7	820.5
Headline EBITDA[1]	**48.8**	85.6	**147.3**	167.2	226.9
Headline operating profit[1]	**40.4**	77.4	**121.6**	141.3	191.4
Headline profit before tax[1]	**39.0**	75.9	**117.3**	135.7	184.7
Other operating income[2]	**-**	-	**-**	-	1.0
Other operating expense[3]	**-**	-	**-**	-	(0.1)
Separately disclosed items included in administrative expenses[4]	**(1.1)**	(6.0)	**(1.3)**	(6.2)	(29.9)
Non-operating income[5]	**0.3**	-	**0.6**	19.5	20.5
Separately disclosed items - Share of joint ventures and associates[6]	**(0.1)**	(0.6)	**0.5**	0.6	17.1
Profit before tax	**38.1**	69.3	**117.1**	149.6	193.3
Headline profit after tax[1]	**30.8**	61.7	**93.4**	105.0	146.9
Basic earnings per share (pence)	**9.5p**	18.4p	**27.8p**	38.3p	51.0p
Headline earnings per share (pence)[1]	**9.3p**	19.4p	**27.2p**	32.5p	45.7p
Net cash/(debt)[1]	**11.9**	(79.4)	**11.9**	(79.4)	(100.2)
Gearing[1] (%)	**-**	3.9%	**-**	3.9%	4.8%

Notes:

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

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

	Third Quarter 2012 £m	*Third Quarter 2011 £m*	***Nine Months 2012 £m***	*Nine Months 2011 £m*	*Full Year 2011 £m*
2 Other operating income					
Revaluation gain of investment properties	***-***	*-*	***-***	*-*	*1.0*
3 Other operating expense					
Revaluation deficit of investment properties	***-***	*-*	***-***	*-*	*(0.1)*
4 Separately disclosed items included in administrative expenses					
Impairment	***(1.1)***	*(6.0)*	***(1.3)***	*(6.2)*	*(29.9)*
5 Non-operating income					
Profit on sale and leaseback of Studio M Hotel	***-***	*-*	***-***	*17.4*	*17.4*
Profit on disposal of subsidiary	***-***	*-*	***-***	*1.9*	*1.7*
Gain arising on disposal of leasehold property	***-***	*-*	***-***	*-*	*1.2*
Gain on disposal of stapled securities in CDL Hospitality Trust ("CDLHT")	***0.3***	*-*	***0.6***	*0.2*	*0.2*
	0.3	*-*	***0.6***	*19.5*	*20.5*
6 Separately disclosed items - share of joint ventures and associates					
Revaluation gain of investment properties	***-***	*-*	***-***	*0.9*	*17.3*
Profit/(loss) on disposal of business assets and subsidiaries	***(0.1)***	*(0.6)*	***0.5***	*(0.3)*	*(0.2)*
	(0.1)	*(0.6)*	***0.5***	*0.6*	*17.1*

Financial Performance – Third quarter overview

For the third quarter to 30 September 2012, profit before tax decreased by 45.0% to £38.1m (2011: £69.3m) due in part to the inclusion of profit of £33.8m from the sale of development land in KL in 2011.

Headline profit before tax, the Group's measure of underlying profit before tax, decreased by 48.6% from £75.9m to £39.0m. Headline operating profit decreased by 47.8% to £40.4m (2011: £77.4m). Included in the comparative quarter of 2011 is the gain from KL land sale of £33.8m.

Basic earnings per share decreased by 48.4% to 9.5p (2011: 18.4p) and headline earnings per share decreased by 52.1% to 9.3p (2011: 19.4p).

Financial Performance – Nine months overview

For the nine months to 30 September 2012, profit before tax decreased by 21.7% to £117.1m (2011: £149.6m) due in part to the inclusion of £17.4m profit on the sale and leaseback of Studio M in May 2011 and £33.8m profit from the KL land sale.

Headline profit before tax, the Group's measure of underlying profit before tax, decreased by 13.6% from £135.7m to £117.3m. Headline operating profit decreased by 13.9% to £121.6m (2011: £141.3m). Included in the profit for 2012 is £9.1m as the Group's share of profit of FSCL relating to Chengdu Cityspring project; and for the comparative period 2011 is £17.4m profit on the sale and leaseback of Studio M and £33.8m profit from the sale of KL land.

Basic earnings per share decreased by 27.4% to 27.8p (2011: 38.3p) and headline earnings per share decreased by 16.3% to 27.2p (2011: 32.5p).

Taxation

The Group recorded a tax expense of £21.6m for the nine months ended 30 September 2012 (nine months 2011: £26.5m) excluding the tax relating to joint ventures and associates. This comprises a UK tax charge of £2.0m and an overseas tax charge of £19.6m (nine months 2011: a UK tax credit of £5.5m and an overseas tax charge of £32.0m).

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

The estimated annual effective rate applied to profit before income tax excluding the Group's share of joint ventures and associates profits is 24.2% (nine months 2011: 19.7%). The underlying estimated annual effective rate (excluding the Group's share of joint ventures and associates) is 30.0% (nine months 2011: 29.3%).

A charge of £6.5m for the nine month ended 30 September 2012 (nine months 2011: £2.1m and full year 2011: £5.4m) relating to joint ventures and associates is included in the reported profit before tax.

Financial Position

Financial structure
Group interest cover ratio for the nine months ended 30 September 2012 (excluding share of results of joint ventures and associates, other operating income and expense, non-operating income and separately disclosed items of the Group) is 21.9 times (30 September 2011: 22.6 times). The decrease in net finance cost of £1.3m principally reflects interest on additional cash generated by the Group.

At 30 September 2012, the Group had £365.2m cash and £269.9m 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 30 September 2012, total borrowing amounted to £353.3m of which £79.8m was drawn under £108.0m of secured bank facilities.

Future funding
Of the Group's total facilities of £672.5m, £244.6m matures within 12 months comprising £77.9m committed revolving credit facilities, £67.0m of uncommitted facilities and overdrafts subject to annual renewal, £92.8m unsecured bonds and £6.9m 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.

Earnings per share

The table below reconciles basic earnings per share to headline earnings per share:

	Nine Months 2012 pence	Nine Months 2011 pence	Full Year 2011 pence
Reported basic earnings per share	**27.8**	38.3	51.0
Separately disclosed items – Group	**0.2**	(4.9)	0.5
Separately disclosed items – Share of joint ventures and associates	**(0.1)**	(0.2)	(4.9)
Changes in tax rates on opening deferred taxes	**(0.7)**	(0.7)	(0.9)
Headline earnings per share	**27.2**	32.5	45.7

Condensed consolidated income statement (unaudited)
for the nine months ended 30 September 2012

	Notes	**Third Quarter 2012 £m**	Third Quarter 2011 £m	**Nine Months 2012 £m**	Nine Months 2011 £m	Full Year 2011 £m
Revenue	3	**191.2**	242.4	**565.1**	612.7	820.5
Cost of sales		**(74.7)**	(86.5)	**(223.8)**	(237.4)	(318.3)
Gross profit		**116.5**	155.9	**341.3**	375.3	502.2
Administrative expenses		**(83.4)**	(89.4)	**(248.7)**	(255.1)	(361.1)
Other operating income	4	**-**	-	**-**	-	1.0
Other operating expense	4	**-**	-	**-**	-	(0.1)
		33.1	66.5	**92.6**	120.2	142.0
Share of profit of joint ventures and associates	5	**6.1**	4.3	**28.2**	15.5	37.5
Operating profit		**39.2**	70.8	**120.8**	135.7	179.5
Analysed between:						
Headline operating profit	3	**40.4**	77.4	**121.6**	141.3	191.4
Net revaluation gain of investment properties	4		-	**-**	-	0.9
Impairment	4	**(1.1)**	(6.0)	**(1.3)**	(6.2)	(29.9)
Separately disclosed items – share of joint ventures and associates	4	**(0.1)**	(0.6)	**0.5**	0.6	17.1
Non-operating income		**0.3**	-	**0.6**	19.5	20.5
Analysed between:						
Profit on sale and leaseback of Studio M Hotel		**-**	-	**-**	17.4	17.4
Profit on disposal of subsidiary		**-**	-	**-**	1.9	1.7
Gain arising on disposal of leasehold property		**-**	-	**-**	-	1.2
Gain on disposal of stapled securities in CDLHT		**0.3**	-	**0.6**	0.2	0.2
Finance income		**1.3**	1.7	**4.8**	3.9	5.5
Finance expense		**(2.7)**	(3.2)	**(9.1)**	(9.5)	(12.2)
Net finance expense		**(1.4)**	(1.5)	**(4.3)**	(5.6)	(6.7)
Profit before tax		**38.1**	69.3	**117.1**	149.6	193.3
Income tax expense	6	**(6.6)**	(10.6)	**(21.6)**	(26.5)	(28.2)
Profit for the period		**31.5**	58.7	**95.5**	123.1	165.1
Attributable to:						
Equity holders of the parent		**30.7**	58.5	**89.1**	120.5	160.9
Non-controlling interests		**0.8**	0.2	**6.4**	2.6	4.2
		31.5	58.7	**95.5**	123.1	165.1
Basic earnings per share (pence)	7	**9.5p**	18.4p	**27.8p**	38.3p	51.0p
Diluted earnings per share (pence)	7	**9.4p**	18.4p	**27.7p**	38.1p	50.8p

The financial results above derive from continuing activities.

Condensed consolidated statement of comprehensive income (unaudited)
for the nine months ended 30 September 2012

	Nine Months 2012 £m	Nine Months 2011 £m	Full Year 2011 £m
Profit for the period	**95.5**	123.1	165.1
Other comprehensive income/(expense):			
Foreign currency translation differences - foreign operations	**(22.2)**	(15.5)	(25.8)
Foreign currency translation differences - equity accounted investees	**(4.2)**	(2.9)	(3.7)
Net gain on hedge of net investments in foreign operations	**3.6**	2.4	3.9
Defined benefit plan actuarial losses	**(2.3)**	(2.0)	(2.3)
Share of associates and joint ventures other reserve movements	**0.1**	(4.8)	(4.8)
Effective portion of changes in fair value of cash flow hedges	**0.1**	0.2	0.3
Income tax on income and expense recognised directly in equity	**0.5**	-	2.4
Other comprehensive income/(expense) for the period, net of tax	**(24.4)**	(22.6)	(30.0)
Total comprehensive income for the period	**71.1**	100.5	135.1
Total comprehensive income attributable to:			
Equity holders of the parent	**66.8**	95.3	129.6
Non-controlling interests	**4.3**	5.2	5.5
Total comprehensive income for the period	**71.1**	100.5	135.1

Condensed consolidated statement of financial position (unaudited)
as at 30 September 2012

	Note	**As at 30 September 2012 £m**	As at 30 September 2011* £m	As at 31 December 2011 £m
Non-current assets				
Property, plant and equipment		**2,034.2**	2,078.2	2,044.1
Lease premium prepayment		**44.3**	47.2	47.3
Investment properties		**173.3**	175.0	173.9
Investments in joint ventures and associates		**424.8**	380.9	422.8
Loans due from associate		**42.1**	32.1	50.9
Other financial assets		**7.2**	7.4	7.8
		2,725.9	2,720.8	2,746.8
Current assets				
Inventories		**3.8**	4.1	4.0
Development properties		**165.1**	146.8	148.3
Lease premium prepayment		**1.3**	1.4	1.4
Trade and other receivables		**85.9**	73.1	70.1
Loans due from associate		**-**	-	18.1
Cash and cash equivalents	8	**365.2**	363.7	332.2
		621.3	589.1	574.1
Total assets		**3,347.2**	3,309.9	3,320.9
Non-current liabilities				
Loans due to associate		**(16.2)**	(7.6)	(11.8)
Interest-bearing loans, bonds and borrowings		**(194.3)**	(333.7)	(311.6)
Employee benefits		**(20.1)**	(19.0)	(17.5)
Provisions		**(7.5)**	(7.6)	(7.8)
Other non-current liabilities		**(230.4)**	(173.7)	(186.7)
Deferred tax liabilities		**(232.5)**	(246.7)	(236.4)
		(701.0)	(788.3)	(771.8)
Current liabilities				
Interest-bearing loans, bonds and borrowings		**(159.0)**	(109.4)	(120.8)
Trade and other payables		**(163.9)**	(164.1)	(146.0)
Other current financial liabilities		**(1.5)**	(0.9)	(0.9)
Provisions		**(7.3)**	(6.5)	(7.6)
Income taxes payable		**(22.4)**	(28.1)	(26.2)
		(354.1)	(309.0)	(301.5)
Total liabilities		**(1,055.1)**	(1,097.3)	(1,073.3)
Net assets		**2,292.1**	2,212.6	2,247.6
Equity				
Issued share capital		**97.4**	95.3	95.3
Share premium		**842.9**	844.3	844.3
Translation reserve		**241.8**	270.9	262.5
Cash flow hedge reserve		**(0.4)**	(0.6)	(0.5)
Treasury share reserve		**(2.2)**	(2.2)	(2.2)
Retained earnings		**930.7**	823.6	867.1
Total equity attributable to equity holders of the parent		**2,110.2**	2,031.3	2,066.5
Non-controlling interests		**181.9**	181.3	181.1
Total equity		**2,292.1**	2,212.6	2,247.6

*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 net assets either in 2011 or 2012.

Condensed consolidated statement of cash flows (unaudited)
for the nine months ended 30 September 2012

	Nine Months 2012 £m	Nine Months 2011 £m	Full Year 2011 £m
Cash flows from operating activities			
Profit for the period	**95.5**	123.1	165.1
Adjustments for:			
Depreciation and amortisation	**25.7**	25.9	35.5
Share of profit of joint ventures and associates	**(28.2)**	(15.5)	(37.5)
Separately disclosed items - Group	**0.7**	(13.3)	8.5
Equity settled share-based transactions	**1.8**	0.5	1.3
Finance income	**(4.8)**	(3.9)	(5.5)
Finance expense	**9.1**	9.5	12.2
Income tax expense	**21.6**	26.5	28.2
Operating profit before changes in working capital and provisions	**121.4**	152.8	207.8
Increase in inventories, trade and other receivables	**(15.5)**	(6.4)	(3.5)
(Increase)/decrease in development properties	**(13.6)**	2.7	1.0
Increase in trade and other payables	**57.8**	3.8	12.4
Increase/(decrease) in provisions and employee benefits	**0.3**	(0.7)	(1.3)
Cash generated from operations	**150.4**	152.2	216.4
Interest paid	**(7.1)**	(6.9)	(9.0)
Interest received	**2.7**	2.1	3.3
Income tax paid	**(28.3)**	(32.2)	(44.1)
Net cash generated from operating activities	**117.7**	115.2	166.6
Cash flows from investing activities			
Dividends received from joint venture and associate	**23.6**	17.8	17.8
Decrease/(increase) in loans due from associate	**25.5**	(30.9)	(68.3)
Increase in investment in associate	**(3.7)**	(4.1)	(24.7)
Proceeds from sale of shares in associate	**2.8**	0.8	0.8
Net proceeds from sale of property, plant and equipment	**0.1**	75.2	78.7
Acquisition of property, plant and equipment, lease premium prepayment and investment properties	**(37.0)**	(97.0)	(107.7)
Net cash generated from/(used in) investing activities	**11.3**	(38.2)	(103.4)
Cash flows from financing activities			
Proceeds from issue of share capital	**0.4**	0.9	0.9
Repayment of borrowings	**(59.6)**	(84.4)	(89.7)
Drawdown of borrowings	**24.9**	54.8	51.1
Payment of transaction costs related to loans and borrowings	**(0.6)**	(0.7)	(0.8)
Dividends paid to non-controlling interests	**(3.5)**	(4.4)	(4.9)
Increase in loan due to associate	**5.0**	7.2	11.3
Capital contribution from non-controlling interests	**-**	9.3	9.3
Dividends paid to equity holders of the parent	**(24.5)**	(4.7)	(11.2)
Net cash used in financing activities	**(57.9)**	(22.0)	(34.0)
Net increase in cash and cash equivalents	**71.1**	55.0	29.2
Cash and cash equivalents at beginning of the period	**275.3**	251.5	251.5
Effect of exchange rate fluctuations on cash held	**(0.5)**	(2.3)	(5.4)
Cash and cash equivalents at end of the period	**345.9**	304.2	275.3
Reconciliation of cash and cash equivalents			
Cash and cash equivalents shown in the consolidated statement of financial position	**365.2**	363.7	332.2
Bank overdrafts included in borrowings	**(19.3)**	(59.5)	(56.9)
Cash and cash equivalents for statement of cash flows	**345.9**	304.2	275.3

Condensed consolidated statement of changes in equity (unaudited)
for the nine months ended 30 September 2012

	Share capital £m	Share premium £m	Translation reserve £m	Cash flow hedge reserve £m	Treasury share reserve £m	Retained earnings £m	Total excluding non-controlling interests £m	Non-controlling interests £m	Total equity £m
Balance as at 1 January 2011	94.0	844.7	290.4	(0.8)	(2.2)	721.4	1,947.5	171.2	2,118.7
Profit	-	-	-	-	-	120.5	120.5	2.6	123.1
Total other comprehensive income	-	-	(19.5)	0.2	-	(5.9)	(25.2)	2.6	(22.6)
Total comprehensive income for the period	-	-	(19.5)	0.2	-	114.6	95.3	5.2	100.5
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	-	-	-	-	-	-	-	(4.4)	(4.4)
Share-based payment transactions (net of tax)	-	-	-	-	-	(1.2)	(1.2)	-	(1.2)
Share options exercised	0.1	0.8	-	-	-	-	0.9	-	0.9
Contribution by non-controlling interest	-	-	-	-	-	-	-	9.3	9.3
Total contributions by and distributions to owners	1.3	(0.4)	-	-	-	(12.4)	(11.5)	4.9	(6.6)
Total transactions with owners	1.3	(0.4)	-	-	-	(12.4)	(11.5)	4.9	(6.6)
Balance as at 30 September 2011	95.3	844.3	270.9	(0.6)	(2.2)	823.6	2,031.3	181.3	2,212.6
Profit	-	-	-	-	-	40.4	40.4	1.6	42.0
Total other comprehensive income	-	-	(8.4)	0.1	-	2.2	(6.1)	(1.3)	(7.4)
Total comprehensive income for the period	-	-	(8.4)	0.1	-	42.6	34.3	0.3	34.6
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Dividends paid – non-controlling interests	-	-	-	-	-	-	-	(0.5)	(0.5)
Share-based payment transactions (net of tax)	-	-	-	-	-	0.9	0.9	-	0.9
Total contributions by and distributions to owners	-	-	-	-	-	0.9	0.9	(0.5)	0.4
Total transactions with owners	-	-	-	-	-	0.9	0.9	(0.5)	0.4
Balance as at 31 December 2011	95.3	844.3	262.5	(0.5)	(2.2)	867.1	2,066.5	181.1	2,247.6
Balance as at 1 January 2012	**95.3**	**844.3**	**262.5**	**(0.5)**	**(2.2)**	**867.1**	**2,066.5**	**181.1**	**2,247.6**
Profit	**-**	**-**	**-**	**-**	**-**	**89.1**	**89.1**	**6.4**	**95.5**
Total other comprehensive income	**-**	**-**	**(20.7)**	**0.1**	**-**	**(1.7)**	**(22.3)**	**(2.1)**	**(24.4)**
Total comprehensive income for the period	**-**	**-**	**(20.7)**	**0.1**	**-**	**87.4**	**66.8**	**4.3**	**71.1**
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Dividends paid to equity holders	**-**	**-**	**-**	**-**	**-**	**(52.5)**	**(52.5)**	**-**	**(52.5)**
Issue of shares in lieu of dividends	**1.7**	**(1.7)**	**-**	**-**	**-**	**28.0**	**28.0**	**-**	**28.0**
Dividends paid – non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(3.5)**	**(3.5)**
Share-based payment transactions (net of tax)	**-**	**-**	**-**	**-**	**-**	**1.0**	**1.0**	**-**	**1.0**
Share options exercised	**0.4**	**0.3**	**-**	**-**	**-**	**(0.3)**	**0.4**	**-**	**0.4**
Total contributions by and distributions to owners	**2.1**	**(1.4)**	**-**	**-**	**-**	**(23.8)**	**(23.1)**	**(3.5)**	**(26.6)**
Total transactions with owners	**2.1**	**(1.4)**	**-**	**-**	**-**	**(23.8)**	**(23.1)**	**(3.5)**	**(26.6)**
Balance as at 30 September 2012	**97.4**	**842.9**	**241.8**	**(0.4)**	**(2.2)**	**930.7**	**2,110.2**	**181.9**	**2,292.1**

Notes to the condensed consolidated financial statements (unaudited)

1. General information

Basis of preparation

The condensed set of consolidated financial statements in this interim management statement for Millennium & Copthorne Hotels plc (‘the Company’) as at and for the nine months ended 30 September 2012 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 unaudited consolidated financial results of the Group for the nine months ended 30 September 2012 and 2011, together with the audited results for the year ended 31 December 2011. This interim management statement presented on this website does not comprise statutory accounts within the meaning of Section 435 of the Companies Act 2006 but represents extracts from them. These extracts do not provide as full an understanding of the financial performance and position, or financial and investing activities, of the Company as the complete Annual Report.

The comparative figures for the financial year ended 31 December 2011 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditor and delivered to the registrar of companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matter to which the auditor 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 annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. The condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements for the year ended 31 December 2011.

There are no IFRS accounting standards and interpretations, which have been endorsed by the EU, but not yet effective as at 30 September 2012.

The financial statements were approved by the Board of Directors on 1 November 2012.

Since the 2011 Annual Report, the definition of headline operating profit, one of the Group’s key performance indicators, has been modified to include the share of tax, interest and non-controlling interests of joint ventures and associates. The Group believes that the revised definition simplifies the presentation of headline operating profit given to the reader on both the face of the consolidated income statement and in the segmental analysis of operating results. Comparatives in the consolidated income statement and operating segment information for 30 September 2011 and 31 December 2011 have been restated to reflect the change in definition.

The financial statements were prepared on a going concern basis, supported by the directors’ assessment of the Group’s current and forecast financial position, and forecast trading for the foreseeable future; and are presented in the Company’s functional currency of sterling, rounded to the nearest hundred thousand.

Non-GAAP information

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

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

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

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

Notes to the condensed consolidated financial statements (unaudited)

2. Foreign currency translation

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

	As at 30 September		As at 31 December	Average for 9 months January - September		Average for 3 months July - September		Average for the year ended
Currency (=£)	**2012**	2011	2011	**2012**	2011	**2012**	2011	2011
US dollar	**1.616**	1.568	1.572	**1.584**	1.614	**1.582**	1.616	1.606
Singapore dollar	**1.992**	2.008	2.030	**1.992**	2.010	**1.992**	1.983	2.011
New Taiwan dollar	**47.539**	46.492	46.644	**46.649**	47.068	**46.548**	47.106	46.979
New Zealand dollar	**1.971**	1.979	2.018	**1.961**	2.013	**1.960**	1.935	2.011
Malaysian ringgit	**4.983**	4.913	4.974	**4.913**	4.879	**4.907**	4.872	4.895
Korean won	**1,810.82**	1,825.45	1,808.82	**1,800.99**	1,767.63	**1,800.21**	1,766.01	1,771.54
Chinese renminbi	**10.189**	9.853	9.762	**9.940**	10.397	**9.917**	10.249	10.269
Euro	**1.256**	1.151	1.199	**1.228**	1.144	**1.224**	1.140	1.149
Japanese yen	**125.593**	119.738	121.892	**125.277**	128.833	**125.298**	123.760	127.259

3. Operating segment information

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

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

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

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

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

Notes to the condensed consolidated financial statements (unaudited)

3. Operating segment information (continued)

	Third Quarter 2012								
	New York £m	**Regional US £m**	**London £m**	**Rest of Europe £m**	**Singapore £m**	**Rest of Asia £m**	**Australasia £m**	**Central Costs £m**	**Total Group £m**
Revenue									
Hotel	**24.3**	**32.7**	**31.3**	**17.8**	**37.0**	**34.8**	**9.8**	**-**	**187.7**
Property operations	**-**	**0.4**	**-**	**-**	**0.5**	**0.1**	**2.5**	**-**	**3.5**
Total revenue	**24.3**	**33.1**	**31.3**	**17.8**	**37.5**	**34.9**	**12.3**	**-**	**191.2**
Hotel gross operating profit	**5.8**	**8.0**	**19.1**	**4.5**	**19.7**	**11.8**	**4.0**	**-**	**72.9**
Hotel fixed charges [1]	**(4.5)**	**(4.5)**	**(3.6)**	**(2.6)**	**(11.5)**	**(5.9)**	**(1.2)**	**-**	**(33.8)**
Hotel operating profit	**1.3**	**3.5**	**15.5**	**1.9**	**8.2**	**5.9**	**2.8**	**-**	**39.1**
Property operations operating profit/(loss)	**-**	**(0.3)**	**-**	**-**	**0.4**	**-**	**0.9**	**-**	**1.0**
Central costs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(5.9)**	**(5.9)**
Share of joint ventures and associates profit	**-**	**-**	**-**	**-**	**3.5**	**1.7**	**1.0**	**-**	**6.2**
Headline operating profit/(loss)	**1.3**	**3.2**	**15.5**	**1.9**	**12.1**	**7.6**	**4.7**	**(5.9)**	**40.4**
Add back depreciation and amortisation	**1.1**	**1.6**	**1.1**	**0.8**	**0.1**	**2.8**	**0.7**	**0.2**	**8.4**
Headline EBITDA [2]	**2.4**	**4.8**	**16.6**	**2.7**	**12.2**	**10.4**	**5.4**	**(5.7)**	**48.8**
Depreciation and amortisation									**(8.4)**
Net finance expense									**(1.4)**
Headline profit before tax									**39.0**
Separately disclosed items - Group [3]									**(0.8)**
Separately disclosed items – Share of joint ventures and associates									**(0.1)**
Profit before tax									**38.1**

	Third 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	26.9	32.6	26.8	21.9	37.4	37.7	12.1	-	195.4
Property operations	-	0.3	-	-	0.6	44.3	1.8	-	47.0
Total revenue	26.9	32.9	26.8	21.9	38.0	82.0	13.9	-	242.4
Hotel gross operating profit	8.4	8.1	15.4	5.5	20.6	14.0	5.5	-	77.5
Hotel fixed charges [1]	(4.6)	(4.4)	(3.3)	2.4	(12.7)	(5.5)	(2.5)	-	(30.6)
Hotel operating profit	3.8	3.7	12.1	7.9	7.9	8.5	3.0	-	46.9
Property operations operating profit/(loss)	-	(0.3)	-	-	0.3	33.8	0.4	-	34.2
Central costs	-	-	-	-	-	-	-	(8.6)	(8.6)
Share of joint ventures and associates profit	-	-	-	-	3.9	(0.2)	1.2	-	4.9
Headline operating profit/(loss)	3.8	3.4	12.1	7.9	12.1	42.1	4.6	(8.6)	77.4
Add back depreciation and amortisation	1.2	1.7	1.2	0.9	0.2	2.2	0.7	0.1	8.2
Headline EBITDA [2]	5.0	5.1	13.3	8.8	12.3	44.3	5.3	(8.5)	85.6
Depreciation and amortisation									(8.2)
Net finance expense									(1.5)
Headline profit before tax									75.9
Separately disclosed items – Group [3]									(6.0)
Separately disclosed items – Share of joint ventures and associates									(0.6)
Profit before tax									69.3

Notes to the condensed consolidated financial statements (unaudited)

3. Operating segment information (continued)

	Nine Months 2012								
	New York £m	**Regional US £m**	**London £m**	**Rest of Europe £m**	**Singapore £m**	**Rest of Asia £m**	**Australasia £m**	**Central Costs £m**	**Total Group £m**
Revenue									
Hotel	**69.6**	**87.8**	**81.2**	**51.5**	**112.3**	**118.6**	**32.4**	**-**	**553.4**
Property operations	**-**	**1.2**	**-**	**-**	**1.7**	**0.1**	**8.7**	**-**	**11.7**
Total revenue	**69.6**	**89.0**	**81.2**	**51.5**	**114.0**	**118.7**	**41.1**	**-**	**565.1**
Hotel gross operating profit	**14.3**	**17.3**	**46.3**	**12.4**	**60.8**	**46.2**	**14.5**	**-**	**211.8**
Hotel fixed charges [1]	**(13.3)**	**(14.0)**	**(10.9)**	**(8.2)**	**(35.4)**	**(17.5)**	**(5.0)**	**-**	**(104.3)**
Hotel operating profit	**1.0**	**3.3**	**35.4**	**4.2**	**25.4**	**28.7**	**9.5**	**-**	**107.5**
Property operations operating profit/(loss)	**-**	**(0.6)**	**-**	**-**	**0.9**	**-**	**3.4**	**-**	**3.7**
Central costs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(17.3)**	**(17.3)**
Share of joint ventures and associates profit	**-**	**-**	**-**	**-**	**9.8**	**14.3**	**3.6**	**-**	**27.7**
Headline operating profit/(loss)	**1.0**	**2.7**	**35.4**	**4.2**	**36.1**	**43.0**	**16.5**	**(17.3)**	**121.6**
Add back depreciation and amortisation	**3.4**	**5.0**	**3.5**	**2.7**	**0.2**	**8.3**	**1.7**	**0.9**	**25.7**
Headline EBITDA [2]	**4.4**	**7.7**	**38.9**	**6.9**	**36.3**	**51.3**	**18.2**	**(16.4)**	**147.3**
Depreciation and amortisation									**(25.7)**
Net finance expense									**(4.3)**
Headline profit before tax									**117.3**
Separately disclosed items - Group [3]									**(0.7)**
Separately disclosed items - Share of joint ventures and associates									**0.5**
Profit before tax									**117.1**

	Nine Months 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	72.6	87.2	74.2	67.5	112.0	112.4	35.3	-	561.2
Property operations	-	1.0	-	-	1.8	44.3	4.4	-	51.5
Total revenue	72.6	88.2	74.2	67.5	113.8	156.7	39.7	-	612.7
Hotel gross operating profit	19.0	16.6	41.0	16.5	62.4	41.5	14.9	-	211.9
Hotel fixed charges [1]	(13.1)	(14.0)	(10.0)	(6.5)	(35.0)	(16.5)	(8.2)	-	(103.3)
Hotel operating profit/(loss)	5.9	2.6	31.0	10.0	27.4	25.0	6.7	-	108.6
Property operations operating profit/(loss)	-	(0.7)	-	-	(0.7)	33.8	1.3	-	33.7
Central costs	-	-	-	-	-	-	-	(15.9)	(15.9)
Share of joint ventures and associates profit	-	-	-	-	9.6	1.8	3.5	-	14.9
Headline operating profit/(loss)	5.9	1.9	31.0	10.0	36.3	60.6	11.5	(15.9)	141.3
Add back depreciation and amortisation	3.5	5.8	3.5	2.8	1.0	6.7	1.9	0.7	25.9
Headline EBITDA [2]	9.4	7.7	34.5	12.8	37.3	67.3	13.4	(15.2)	167.2
Depreciation and amortisation									(25.9)
Net finance expense									(5.6)
Headline profit before tax									135.7
Separately disclosed items – Group [3]									13.3
Separately disclosed items – Share of joint ventures and associates									0.6
Profit before tax									149.6

Notes to the condensed consolidated financial statements (unaudited)

3. Operating segment information (continued)

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

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

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

[3] For the third quarter ended 30 September 2012, a £1.1m (2011: £0.2m) and for the nine months ended 30 September 2012 a £1.3m (2011: £0.4m) impairment charge was made on shareholders loan together with related interest to the Group's 50% investment in Bangkok. For the third quarter ended 30 September 2011, an impairment charge of £3.5m was made in relation to one hotel in Regional US and £2.3m for one hotel in Australasia.

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

Notes to the condensed consolidated financial statements (unaudited)

3. Operating segment information (continued)

Segmental assets and liabilities

As at 30 September 2012	**New York £m**	**Regional US £m**	**London £m**	**Rest of Europe £m**	**Singapore £m**	**Rest of Asia £m**	**Australasia £m**	**Total Group £m**
Hotel operating assets	**346.3**	**271.7**	**439.7**	**192.8**	**150.1**	**614.6**	**159.3**	**2,174.5**
Hotel operating liabilities	**(11.6)**	**(50.1)**	**(27.2)**	**(31.2)**	**(143.7)**	**(38.5)**	**(12.2)**	**(314.5)**
Investment in and loans due from joint ventures and associates	**-**	**-**	**-**	**-**	**174.2**	**94.2**	**62.6**	**331.0**
Loans due to associate	**-**	**-**	**-**	**-**	**-**	**(16.2)**	**-**	**(16.2)**
Total hotel operating net assets	**334.7**	**221.6**	**412.5**	**161.6**	**180.6**	**654.1**	**209.7**	**2,174.8**
Property operating assets	**-**	**28.2**	**-**	**-**	**160.0**	**78.8**	**73.7**	**340.7**
Property operating liabilities	**-**	**(0.3)**	**-**	**-**	**(114.1)**	**(0.5)**	**(1.4)**	**(116.3)**
Investment in and loans due from joint ventures and associates	**-**	**-**	**-**	**-**	**42.1**	**93.8**	**-**	**135.9**
Total property operating net assets	**-**	**27.9**	**-**	**-**	**88.0**	**172.1**	**72.3**	**360.3**
Deferred tax liabilities								**(232.5)**
Income taxes payable								**(22.4)**
Net cash								**11.9**
Net assets								**2,292.1**

As at 30 September 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	344.1	286.1	439.1	208.6	147.6	625.4	158.1	2,209.0
Hotel operating liabilities	(12.0)	(34.6)	(33.2)	(24.2)	(145.4)	(57.3)	(9.7)	(316.4)
Investment in and loans due from joint ventures and associates	-	-	-	-	161.1	92.2	62.4	315.7
Loans due to associate	-	-	-	-	-	(7.6)	-	(7.6)
Total hotel operating net assets	332.1	251.5	405.9	184.4	163.3	652.7	210.8	2,200.7
Property operating assets	-	29.0	-	-	139.8	82.1	73.2	324.1
Property operating liabilities	-	(0.2)	-	-	(54.4)	-	(0.7)	(55.3)
Investment in and loans due from joint ventures and associates	-	-	-	-	32.1	65.2	-	97.3
Total property operating net assets	-	28.8	-	-	117.5	147.3	72.5	366.1
Deferred tax liabilities								(246.7)
Income taxes payable								(28.1)
Net debt								(79.4)
Net assets								2,212.6

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)
Investment 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)
Investment in and loans due from joint ventures and associates	-	-	-	-	69.0	90.4	-	159.4
Total property operating net assets	-	28.8	-	-	146.4	170.8	72.8	418.8
Deferred tax liabilities								(236.4)
Income taxes payable								(26.2)
Net debt								(100.2)
Net assets								2,247.6

Notes to the condensed consolidated financial statements (unaudited)

4. Separately disclosed items

	Notes	**Third Quarter 2012 £m**	Third Quarter 2011 £m	**Nine Month 2012 £m**	Nine Months 2011 £m	Full Year 2011 £m
Other operating income						
Revaluation gain of investment properties	**(a)**	**-**	-	-	-	1.0
Other operating expense						
Revaluation deficit of investment properties	**(a)**	**-**	-	-	-	(0.1)
Separately disclosed items included in administrative expenses						
Impairment	**(b)**	**(1.1)**	(6.0)	**(1.3)**	(6.2)	(29.9)
Non-operating income						
Profit on sale and leaseback of Studio M Hotel	**(c)**	**-**	-	**-**	17.4	17.4
Profit on disposal of subsidiary	**(d)**	**-**	-	**-**	1.9	1.7
Gain arising on disposal of leasehold property	**(e)**	**-**	-	**-**	-	1.2
Gain on disposal of stapled securities in CDLHT	**(f)**	**0.3**	-	**0.6**	0.2	0.2
		0.3	-	**0.6**	19.5	20.5
Separately disclosed items – Group		**(0.8)**	(6.0)	**(0.7)**	13.3	(8.5)
Separately disclosed items – share of joint ventures and associates						
Revaluation gain of investment properties	**(g)**	**-**	-	**-**	0.9	17.3
Profit/(loss) on disposal of business assets and subsidiaries	**(h)**	**(0.1)**	(0.6)	**0.5**	(0.3)	(0.2)
		(0.1)	(0.6)	**0.5**	0.6	17.1

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

(b) Impairment
For the third quarter ended 30 September 2012, a £1.1m (2011: £0.2m) and for the nine months ended 30 September 2012 a £1.3m (2011: £0.4m) impairment charge was made on shareholders loan together with related interest to the Group's 50% investment in Bangkok. In addition for the third quarter ended 30 September 2011, an impairment charge of £3.5m was made in relation to one hotel in Regional US and £2.3m for one hotel in Australasia.

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

(c) Profit on sale and leaseback of Studio M Hotel
On 3 May 2011, the Group completed the sale and leaseback of 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). Total unrealised pre-tax profit from the disposal was S$19.1m (£9.4m) which had been credited to the balance sheet as investment in joint ventures and associates, arising from the Group's then 35.1% interest in the stapled securities of CDLHT.

(d) Profit on disposal of subsidiary
For the nine months ended 30 September 2011, the Group recorded a £1.9m 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.

Notes to the condensed consolidated financial statements (unaudited)

4. Separately disclosed items (continued)

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

(f) Gain on disposal of stapled securities in CDLHT
For the third quarter and nine months ended 30 September 2012, the Group disposed of 2,849,000 stapled securities in CDLHT for S$5.6m (£2.8m) which net of the carrying value of the stapled securities and the dilution impact totalling S$4.4m (£2.2m) resulted in a net gain of S$1.2m (£0.6m).

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

(g) Revaluation gain of investment properties
For the nine months ended 30 September 2011, certain investment properties of FSCL group were transferred to development properties at fair value which was determined by the Directors on the same basis as the 31 December 2010 external professional valuation. The Group's share of the revaluation surplus was £0.9m. At 31 December 2011, all FSCL's 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 at the date of the transfer and of the investment properties at the end of 2011 was £6.8m.

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

(h) Profit/(loss) on disposal of business assets and subsidiaries
For the nine months ended 30 September 2012, FSCL recorded a profit on disposal of assets from its confectionery manufacturing operations in Chengdu to a third party. The Group's share of the profit is £0.5m. For the third quarter ended 30 September 2011, the £0.6m and for the nine months ended 30 September 2011, the £0.3m represent loss from the disposal of subsidiaries.

For the year ended 31 December 2011, the Group's share of FSCL's losses from the disposal of subsidiaries was £0.2m.

5. Share of profit of joint ventures and associates

	Third Quarter 2012 £m	Third Quarter 2011 £m	**Nine Months 2012 £m**	Nine Months 2011 £m	Full Year 2011 £m
Share of profit for the period					
Operating profit before separately disclosed items	**7.5**	6.5	**38.4**	20.4	28.8
Interest	**(0.3)**	(0.5)	**(1.1)**	(1.4)	(1.7)
Tax	**0.1**	(0.5)	**(6.5)**	(1.7)	(3.3)
Non-controlling interests	**(1.1)**	(0.6)	**(3.1)**	(2.4)	(3.4)
Share of profit	**6.2**	4.9	**27.7**	14.9	20.4
Separately disclosed items – operating profit	**(0.1)**	(0.7)	**0.5**	1.2	19.5
Tax	**-**	-	**-**	(0.4)	(2.1)
Non-controlling interests	**-**	0.1	**-**	(0.2)	(0.3)
Share of profit	**(0.1)**	(0.6)	**0.5**	0.6	17.1
	6.1	4.3	**28.2**	15.5	37.5

Notes to the condensed consolidated financial statements (unaudited)

6. Income tax expense

The Group recorded a tax expense of £21.6m for the nine months ended 30 September 2012 (nine months 2011: £26.5m) excluding the tax relating to joint ventures and associates. This comprises a UK tax charge of £2.0m and an overseas tax charge of £19.6m (nine months 2011: a UK tax credit of £5.5m and an overseas tax charge of £32.0m). For full year 2011, the £28.2m total income tax expense comprised a UK tax credit of £2.0m and an overseas tax charge of £30.2m.

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

The estimated annual effective rate applied to profit before income tax excluding the Group's share of joint ventures and associates profits is 24.2% (nine months 2011: 19.7%). The underlying estimated annual effective rate (excluding the Group's share of joint ventures and associates) is 30.0% (nine months 2011: 29.3%).

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

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

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

A charge of £6.5m for the nine months ended 30 September 2012 (nine months 2011: £2.1m and full year 2011: £5.4m) relating to joint ventures and associates is included in the reported profit before tax.

7. Earnings per share

Earnings per share are calculated using the following information:

	Third Quarter 2012	Third Quarter 2011	**Nine Months 2012**	Nine Months 2011	Full Year 2011
(a) Basic					
Profit for the period attributable to holders of the parent (£m)	**30.7**	58.5	**89.1**	120.5	160.9
Weighted average number of shares in issue (m)	**324.1**	317.1	**320.8**	315.0	315.6
Basic earnings per share (pence)	**9.5p**	18.4p	**27.8p**	38.3p	51.0p
(b) Diluted					
Profit for the period attributable to holders of the parent (£m)	**30.7**	58.5	**89.1**	120.5	160.9
Weighted average number of shares in issue (m)	**324.1**	317.1	**320.8**	315.0	315.6
Potentially dilutive share options under Group's share option schemes (m)	**1.3**	0.9	**1.3**	0.9	1.3
Weighted average number of shares in issue (diluted) (m)	**325.4**	318.0	**322.1**	315.9	316.9
Diluted earnings per share (pence)	**9.4p**	18.4p	**27.7p**	38.1p	50.8p
(c) Headline earnings per share (pence)					
Profit for the period attributable to holders of the parent (£m)	**30.7**	58.5	**89.1**	120.5	160.9
Adjustments for:					
- Separately disclosed items - Group (net of tax and non-controlling interests) (£m)	**0.8**	4.0	**0.7**	(15.3)	1.7
- Share of separately disclosed items of joint ventures and associates (net of tax and non-controlling interests) (£m)	**0.1**	0.6	**(0.4)**	(0.6)	(15.7)
- Changes in tax rates on opening deferred tax (£m)	**(1.6)**	(1.6)	**(2.3)**	(2.2)	(2.8)
Adjusted profit for the period attributable to holders of the parent (£m)	**30.0**	61.5	**87.1**	102.4	144.1
Weighted average number of shares in issue (m)	**324.1**	317.1	**320.8**	315.0	315.6
Headline earnings per share (pence)	**9.3p**	19.4p	**27.2p**	32.5p	45.7p
(d) Diluted headline earnings per share (pence)					
Adjusted profit for the period attributable to holders of the parent (£m)	**30.0**	61.5	**87.1**	102.4	144.1
Weighted average number of shares in issue (diluted) (m)	**325.4**	318.0	**322.1**	315.9	316.9
Diluted headline earnings per share (pence)	**9.2p**	19.3p	**27.0p**	32.4p	45.5p

Notes to the condensed consolidated financial statements (unaudited)

8. Non-GAAP measures

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

Headline profit after tax
Reconciliation of profit after tax to headline profit after tax is shown below:

	Third Quarter 2012 £m	Third Quarter 2011 £m	**Nine Months 2012 £m**	Nine Months 2011 £m	Full Year 2011 £m
Profit after tax	**31.5**	58.7	**95.5**	123.1	165.1
Adjustments for:					
Separately disclosed items (net of tax) – Group	**0.8**	4.0	**0.7**	(15.3)	1.7
Separately disclosed items (net of interest, tax and non-controlling interests) – Share of joint ventures and associates	**0.1**	0.6	**(0.5)**	(0.6)	(17.1)
Tax impact of changes in tax rates on opening deferred tax	**(1.6)**	(1.6)	**(2.3)**	(2.2)	(2.8)
Headline profit after tax	**30.8**	61.7	**93.4**	105.0	146.9

Net cash/debt

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

- net cash/debt allows the Company and external parties to evaluate the Group's overall indebtedness and liquidity position;
- net cash/debt facilitates comparability of indebtedness and liquidity with other companies, although the Group's measure of net cash/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 cash/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 30 September 2012 £m	As at 30 September 2011 £m	As at 31 December 2011 £m
Net cash/(debt)			
Cash and cash equivalents (as per the consolidated cash flow statement)	**345.9**	304.2	275.3
Bank overdrafts (included as part of borrowings)	**19.3**	59.5	56.9
Cash and cash equivalents (as per the consolidated statement of financial position)	**365.2**	363.7	332.2
Interest-bearing loans, bonds and borrowings			
– Non-current	**(194.3)**	(333.7)	(311.6)
– Current	**(159.0)**	(109.4)	(120.8)
Net cash/(debt)	**11.9**	(79.4)	(100.2)

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

Reconciliation of net cash flow to movement in net debt	**As at 30 September 2012 £m**	As at 30 September 2011 £m	As at 31 December 2011 £m
Net debt at beginning of period	**(100.2)**	(165.7)	(165.7)
Increase in cash and cash equivalents (as per the consolidated cash flow statement)	**71.1**	55.0	29.2
Net decrease in loans	**34.7**	30.3	38.6
Translation adjustments	**6.3**	1.0	(2.3)
Movements in net cash/debt	**112.1**	86.3	65.5
Net cash/(debt) at end of period	**11.9**	(79.4)	(100.2)
Gearing (%)	-	3.9%	4.8%

9. Financial commitments, contingencies and subsequent events

Except as stated below there have been no material changes to commitments or contingencies as disclosed in the annual report and accounts for the year ended 31 December 2011:

Capital commitments
Contracts placed for future capital expenditure for property, plant and equipment not provided in the financial statements amount to £47.8m at 30 September 2012 (2011: £11.2m).

There are no events subsequent to the balance sheet date which require adjustments to or disclosure within these consolidated financial statements.

APPENDIX 1: KEY OPERATING STATISTICS (UNAUDITED)
for the nine months ended 30 September 2012

Owned or leased hotels*	Nine Months 2012 Reported currency	Nine Months 2011 Constant currency	Nine Months 2011 Reported currency	Full Year 2011 Reported currency
Occupancy (%)				
New York	**79.7**		85.2	85.5
Regional US	**60.0**		60.4	57.4
Total US	**64.9**		66.5	64.4
London	**79.9**		80.6	81.5
Rest of Europe	**72.1**		69.4	69.3
Total Europe	**75.9**		74.4	74.9
Singapore	**88.3**		86.5	86.9
Rest of Asia	**70.5**		68.8	71.0
Total Asia	**77.5**		75.9	77.4
Australasia	**62.4**		63.6	64.3
Total Group	**71.0**		71.0	70.8
Average Room Rate (£)				
New York	**151.19**	149.56	146.81	154.86
Regional US	**67.99**	66.16	64.94	66.00
Total US	**93.31**	92.62	90.92	95.24
London	**133.55**	120.17	120.17	120.10
Rest of Europe	**67.10**	69.90	72.18	71.37
Total Europe	**101.11**	94.19	95.37	95.58
Singapore	**115.56**	110.19	109.21	109.54
Rest of Asia	**87.85**	79.73	79.53	81.10
Total Asia	**100.26**	93.67	93.12	93.83
Australasia	**54.87**	58.57	57.05	58.38
Total Group	**94.10**	90.28	89.71	91.48
RevPAR (£)				
New York	**120.55**	127.41	125.07	132.44
Regional US	**40.81**	39.93	39.20	37.91
Total US	**60.57**	61.61	60.47	61.33
London	**106.69**	96.84	96.84	97.92
Rest of Europe	**48.38**	48.51	50.09	49.44
Total Europe	**76.73**	70.06	70.94	71.55
Singapore	**102.00**	95.28	94.43	95.20
Rest of Asia	**61.95**	54.89	54.75	57.60
Total Asia	**77.69**	71.12	70.70	72.58
Australasia	**34.22**	37.23	36.27	37.56
Total Group	**66.81**	64.09	63.69	64.81
Gross Operating Profit Margin (%)				
New York	**20.5**		26.2	29.2
Regional US	**19.7**		19.0	19.0
Total US	**20.1**		22.3	23.8
London	**57.0**		55.3	55.7
Rest of Europe	**24.1**		24.4	25.3
Total Europe	**44.2**		40.6	41.6
Singapore	**54.1**		55.7	55.2
Rest of Asia	**39.0**		36.9	37.9
Total Asia	**46.3**		46.3	46.3
Australasia	**44.8**		42.2	45.5
Total Group	**38.3**		37.8	38.7

For comparability, the 30 September 2011 Average Room Rate and RevPAR have been translated at average exchange rates for the period ended 30 September 2012.

** excluding managed, franchised and investment hotels.*

APPENDIX 2: KEY OPERATING STATISTICS (UNAUDITED)
for the third quarter ended 30 September 2012

Owned or leased hotels*	**Third Quarter 2012 Reported currency**	Third Quarter 2011 Constant currency	Third Quarter 2011 Reported currency
Occupancy (%)			
New York	**81.1**		88.7
Regional US	**67.5**		68.3
Total US	**70.9**		73.3
London	**84.0**		84.1
Rest of Europe	**77.4**		72.2
Total Europe	**80.6**		77.6
Singapore	**88.1**		88.7
Rest of Asia	**66.3**		70.1
Total Asia	**75.1**		77.3
Australasia	**60.4**		60.5
Total Group	**73.4**		74.3
Average Room Rate (£)			
New York	**160.60**	159.53	156.78
Regional US	**70.47**	68.65	67.46
Total US	**96.02**	95.88	94.23
London	**152.81**	126.98	126.98
Rest of Europe	**66.59**	67.56	70.48
Total Europe	**110.28**	96.77	98.25
Singapore	**113.65**	114.88	114.74
Rest of Asia	**85.12**	81.07	81.82
Total Asia	**98.66**	96.10	96.45
Australasia	**54.53**	61.82	62.76
Total Group	**97.08**	93.44	93.42
RevPAR (£)			
New York	**130.23**	141.48	139.04
Regional US	**47.57**	46.86	46.04
Total US	**68.05**	70.30	69.08
London	**128.31**	106.76	106.76
Rest of Europe	**51.53**	48.79	50.90
Total Europe	**88.87**	75.09	76.24
Singapore	**100.16**	101.86	101.74
Rest of Asia	**56.42**	56.82	57.34
Total Asia	**74.12**	74.28	74.55
Australasia	**32.94**	37.41	37.98
Total Group	**71.23**	69.42	69.41
Gross Operating Profit Margin (%)			
New York	**23.9**		31.2
Regional US	**24.5**		24.8
Total US	**24.2**		27.7
London	**61.0**		57.5
Rest of Europe	**25.3**		25.1
Total Europe	**48.1**		42.9
Singapore	**53.2**		55.1
Rest of Asia	**33.9**		37.1
Total Asia	**43.9**		46.1
Australasia	**40.8**		45.5
Total Group	**38.8**		39.7

For comparability, the 30 September 2011 Average Room Rate and RevPAR have been translated at average exchange rates for the period ended 30 September 2012.

** excluding managed, franchised and investment hotels.*

APPENDIX 3: HOTEL ROOM COUNT AND PIPELINE (UNAUDITED)
as at 30 September 2012

Hotel and room count	Hotels			Rooms		
	30 September 2012	31 December 2011	30 September 2011	**30 September 2012**	31 December 2011	30 September 2011
Analysed by region:						
New York	**3**	3	3	**1,758**	1,757	1,755
Regional US	**16**	16	16	**5,554**	5,554	5,554
London	**7**	7	7	**2,493**	2,493	2,493
Rest of Europe	**16**	16	17	**2,695**	2,696	3,227
Middle East	**12**	10	9	**3,956**	3,623	2,991
Singapore	**6**	6	6	**2,716**	2,714	3,151
Rest of Asia	**16**	16	16	**6,809**	7,260	7,256
Australasia	**32**	34	35	**4,793**	4,935	5,097
Total	**108**	108	109	**30,774**	31,032	31,524
Analysed by ownership type:						
Owned or leased	**64**	65	66	**19,371**	19,946	20,992
Managed	**22**	21	20	**6,236**	5,926	5,375
Franchised	**11**	11	12	**1,564**	1,559	1,556
Investment	**11**	11	11	**3,603**	3,601	3,601
Total	**108**	108	109	**30,774**	31,032	31,524
Analysed by brand:						
Grand Millennium	**5**	5	5	**2,488**	2,479	2,473
Millennium	**40**	39	39	**14,144**	13,756	13,897
Copthorne	**31**	31	34	**6,505**	6,403	7,083
Kingsgate	**14**	14	13	**1,462**	1,436	1,436
Other M&C	**5**	5	5	**1,885**	1,885	1,882
Third Party	**13**	14	13	**4,290**	5,073	4,753
Total	**108**	108	109	**30,774**	31,032	31,524

Pipeline	Hotels			Rooms		
	30 September 2012	31 December 2011	30 September 2011	**30 September 2012**	31 December 2011	30 September 2011
Analysed by region:						
Middle East	**17**	26	22	**3,869**	5,700	6,324
Singapore	**-**	-	1	**-**	-	350
Rest of Asia	**4**	4	4	**905**	907	888
Total	**21**	30	27	**4,774**	6,607	7,562
Analysed by ownership type:						
Franchised	**1**	1	-	**195**	195	-
Owned or leased	**1**	1	2	**322**	325	501
Managed	**19**	28	25	**4,257**	6,087	7,061
Total	**21**	30	27	**4,774**	6,607	7,562
Analysed by brand:						
Grand Millennium	**1**	-	2	**250**	-	1,298
Millennium	**12**	18	15	**3,032**	4,237	4,127
Copthorne	**7**	6	3	**1,297**	1,178	394
Kingsgate	**-**	-	4	**-**	-	892
Other M&C	**1**	6	3	**195**	1,192	851
Total	**21**	30	27	**4,774**	6,607	7,562

The Group's worldwide pipeline comprises 21 hotels offering 4,774 rooms, which are mainly management contracts.