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Miscellaneous

* Asterisks denote mandatory information

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Designation *	Company Secretary
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>> Announcement Details

The details of the announcement start here ...

Announcement Title *	Announcement by Subsidiary Company, Millennium & Copthorne Hotels plc on Interim Management Statement for Results of First Quarter ended 31 March 2011
Description	Please see the attached announcement released by Millennium & Copthorne Hotels plc on 6 May 2011.
Attachments	Q1ResultsFinal.pdf Total size = **203K** (2048K size limit recommended)

Close Window

For Immediate Release **6 May 2011**

MILLENNIUM & COPTHORNE HOTELS PLC
INTERIM MANAGEMENT STATEMENT
First quarter results to 31 March 2011

Highlights for the first quarter 2011:

£ millions (unless otherwise stated)	**First Quarter 2011**	First Quarter 2010	Reported Currency Change %	Constant Currency Change %
RevPAR	**£55.28**	£51.78	6.8%	4.8%
Revenue – total	**174.2**	160.5	8.5%	6.2%
Revenue – hotels	**172.0**	158.4	8.6%	6.2%
Headline operating profit	**24.1**	21.1	14.2%	6.2%
Profit before tax	**19.7**	18.6	5.9%	(2.5%)
Headline profit before tax	**19.8**	18.7	5.9%	(2.5%)
Basic earnings per share	**4.5p**	3.9p	15.4%	

- Total revenue in reported currency increased by 8.5%.
- Headline operating profit in reported currency increased by 14.2%.
- Overall RevPAR (in constant currency terms) rose in the first quarter, primarily driven by an increase in average room rate. RevPAR in the key gateway cities increased: London 9.3%, Singapore 8.5% and New York 4.1%. On a like for like basis Group RevPAR increased by 4.9% (excluding the 3 Christchurch hotels, Copthorne Orchid and Studio M; and including Grand Millennium Beijing) and Singapore by 12.7% (excluding Copthorne Orchid and Studio M).
- Strong cash flows from operating activities of £20.9m (2010: £14.8m). Net debt reduced from £165.7m at 31 December 2010 to £131.8m and gearing of 6.9% (31 December 2010: 8.5%).
- Good progress on asset management initiatives with refurbishment work underway at the Millennium Seoul Hilton and additional sales of Glyndebourne condominiums, where 95% of units are sold.
- Pre-tax profits in reported currency up, but quarterly financial performance impeded by side-effects of asset management activity: declining revenues from Copthorne Orchid (site of Glyndebourne development) in run-up to closure on April 1, Glyndebourne sales and marketing costs and temporary room closures at Millennium Seoul Hilton.
- Additional impact on performance from closure of three hotels in New Zealand and consolidation of Grand Millennium Beijing.
- Sale and leaseback of Studio M announced in February 2011 for S$154m (£76.3m) completed on 3 May 2011.
- Hotel construction commenced in Chengdu by our joint venture in China, First Sponsor Capital Limited.

Commenting today Mr Kwek Leng Beng, Chairman said:

"The underlying performance of the Group showed continuing progress in the first quarter, with a 4.8% constant currency increase in RevPAR and a continuing focus on control of operating costs. Quarterly financial performance slowed, in part as a result of the short term impacts arising from our asset management initiatives, but overall trading to date is in line with management expectations. The Group's strong balance sheet means that we have the financial strength to remain focused on our strategic goals."

Enquiries
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Adrian Bushnell, Company Secretary
Beng Lan Low, Senior Vice President Finance
Peter Krijgsman, Financial Communications (Media)

Analyst briefing
There will be a conference call for investors and analysts hosted by Richard Hartman, Chief Executive Officer, at 8.30am (UK time) on 6 May 2011.

CHAIRMAN'S STATEMENT

Performance in the first quarter of the year was good in most parts of the Group's hotel portfolio. Across the global estate, constant currency RevPAR grew by 4.8%, led by advances in our key gateway cities of London, Singapore and New York. On a like for like basis Group RevPAR increased by 4.9% (excluding the 3 Christchurch hotels, Copthorne Orchid and Studio M; and including Grand Millennium Beijing).

Financial Performance

For the three months ending 31 March 2011 profit before tax increased by 5.9% to £19.7m (2010: £18.6m). Headline profit before tax - the Group's measure of underlying profit performance, which excludes one-off items - increased by 5.9% to £19.8m (2010: £18.7m). Headline operating profit increased by 14.2% to £24.1m (2010: £21.1m). Basic earnings per share increased by 15.4% to 4.5p (2010: 3.9p).

In constant currency terms, headline operating profit rose by 6.2% and both headline profit before tax and profit before tax fell by 2.5%. A number of factors impacted quarterly comparisons, some of which arose from the Group's various asset management initiatives. Closure of 277 rooms as a result of refurbishment work at the Millennium Seoul Hilton reduced quarterly profits by £1.4m, while sales and marketing efforts related to the Glyndebourne Development increased expenses by £1.0m for the quarter. Revenues from the Copthorne Orchid declined in the run-up to its closure on 1 April 2011.

Aside from asset management impacts, consolidation of Grand Millennium Beijing impacted profitability through making a loss after £1.1m of interest charges. We were also affected by the continuing closure of three hotels in New Zealand as a result of the February earthquake in Christchurch.

In addition, there were no REIT manager acquisition fees in Q1 2011 compared to £1.0m for Q1 2010 and Q1 2011 had the benefit of the full quarter of Studio M opening without the pre-opening costs in Q1 2010.

Financial Position

The Group strengthened its financial position over the three month period. Net debt fell to £131.8 million at 31 March 2011 (31 December 2010 - £165.7 million). Gearing at the end of the first quarter was 6.9%, compared to 8.5% at the end of last year and 10.8% at 31 March 2010. At 31 March 2011 the Group had cash reserves of £274.9 million and total undrawn committed bank facilities of £180.2 million available. Most of the facilities are unsecured with unencumbered assets representing 88.6% of our fixed assets and investment properties.

Asset Management

We continue to pursue the asset management initiatives detailed in previous quarterly statements. Refurbishment is underway at the Millennium Seoul Hilton and will step up at the Grand Hyatt Taipei in the third quarter. The strategic aim of both projects is to increase revenue and profitability at both hotels. We are formulating refurbishment plans for the Millennium UN Plaza and the Millennium Mayfair.

Development of the Glyndebourne condominiums in Singapore will commence during the second quarter, following closure of the Copthorne Orchid Hotel on 1 April.

Out of the 150 apartments for sale since the end of October, buyers have signed sales and purchase agreements on 143, leaving seven apartments remaining to be sold. The sales value of the 143 units is S$517.4 million (£253.9 million), representing a price of over S$ 2000 per square foot. Sales proceeds collected to date total S$ 100.1 million (£49.5 million). Revenue and development costs will be reflected in the income statement on completion, which is expected no later that 2015.

Whilst we regularly assess our hotels' individual capital expenditure requirements, refurbishment/modernisation is not the only approach available to the Group and will not always represent the most efficient use of capital. The Glyndebourne development, which is expected to be very profitable, is an example of how the Group deploys its asset management expertise - both to unlock value in its real estate (in this case through an alternative use strategy) and to manage the risks and liabilities inherent in hotel ownership. Upgrading and renewing the Copthorne Orchid would not have realised comparable returns.

As previously reported, the Group announced on 16 June 2010 that it had signed a collective sales agreement with other unit-holders in the Tanglin Shopping Centre, a shopping-cum-office development situated within the Orchard prime tourist district in Singapore, in which the Group has a 34% interest in the total strata area. The first tender for an en-bloc sale, which carried a very high reserve price, closed without any bid being received. The sales committee is considering a second tender, for which no date has yet been fixed.

Development of First Sponsor Capital Limited's ("FSCL") Cityspring project in Chengdu, China continues to progress. As at 31 March 2011, 659 of a total of 726 residential units of the Chengdu Cityspring project have been sold, including 27 units signed under option agreements. As at 4 May 2011, 683 residential units of the Chengdu Cityspring project have been sold, including 27 units signed under option agreements. Revenue and profit recognition for the residential component is expected to be met by end 2011. FSCL has commenced construction of a 124-room mid-scale hotel as part of the development. The hotel is intended to be managed/franchised by the Group. The development is scheduled for completion in 2012.

Pipeline

The Group opened one hotel in Oman under management contract. The Group's worldwide pipeline has 24 hotels and 6,712 rooms, These are all management contracts with the exception of a project in India.

CDL Hospitality Trusts REIT

The Group announced in March its intention to sell Studio M Singapore to its REIT associate, CDL Hospitality Trusts for a cash consideration of S$154 million (£76.3 million). The transaction was completed on 3 May, following the approval by holders of CDLHT's stapled securities on 29 April. The hotel will continue to be branded as a "Studio M Hotel" and the Group will continue to have management responsibility for it.

An estimated total realised pre-tax profit from the disposal of S$34.2 million (£17.0 million) will be credited to the Group's income statement and will appear in the interim results to be published in August. Total unrealised pre-tax profit from the disposal is S$18.4m (£9.1m) which will be credited to the balance sheet as an investment in joint ventures and associates, arising from the Group's 35.1% interest in the stapled securities of CDLHT.

Board Changes

Kwek Leng Joo will retire as a Director at the Annual General Meeting on 6 May 2011. We thank him for his contribution to the Group, where he has been a non-executive Director since its flotation on the London Stock Exchange in 1996.

Kwek Eik Sheng, who has been an alternate Director to Kwek Leng Joo since April 2008, will join the Board as a non-executive Director at the conclusion of the AGM. He is Assistant General Manager and Head, Corporate Development at City Developments Limited in Singapore.

The appointment of a successor to Richard Hartman as Group Chief Executive has not yet been made and a rigorous selection process is still underway. Whilst I would have preferred to have had a suitably qualified successor in place by now, this has not been possible. Richard Hartman will remain CEO until his successor has been appointed, after which he will become a non-executive Director of the Group. In the meantime, I am encouraged by the continuing powerful performance of the Group since Richard announced his intention to retire. Increased momentum and high levels of profitability reflect the expertise, confidence and purpose of our revitalised management structure, together with the strength of our distinctive business model.

Outlook

Improvement in the global hospitality market will be less marked in 2011 than last year, with economic recovery remaining mixed away from the big global gateway cities, particularly in Europe and the United States. The earthquakes in New Zealand and Japan are also impacting revenues in Australasia and parts of Asia. The Group's very strong financial position gives it the means to meet these short term challenges and continue to focus on long term strategic goals, whilst remaining committed to strict cost control.

While it is too early to predict performance for 2011, trading to date is in line with management expectations. For the month of April 2011, Group RevPAR increased by 3.2% with New York increasing by 9.8%, Singapore by 4.2% and London by 6.9%. Results were impacted in London by the extended Easter holiday. On a like for like basis Group RevPAR increased by 3.0% and Singapore by 4.9%

Kwek Leng Beng

CHAIRMAN
5 May 2011

[1]. Based on £1=S$2.0175 as at 31 March 2011.

Financial and Operating Highlights

	First Quarter 2011 £m	First Quarter 2010 £m	Full Year 2010 £m
Revenue	**174.2**	160.5	743.7
Headline EBITDA[1]	**32.8**	29.0	176.8
Headline operating profit[1]	**24.1**	21.1	144.1
Headline profit before tax	**19.8**	18.7	128.5
Other operating income [2]	**-**	-	9.3
Other operating expense [3]	**-**	-	(5.2)
Separately disclosed items included in administrative expenses[4]	**(0.1)**	(0.1)	(25.0)
Non-operating income[5]	**-**	-	15.6
Separately disclosed items - Share of joint ventures and associates[6]	**-**	-	6.9
Separately disclosed items - Share of interest, tax and non-controlling interests of joint ventures and associates	**-**	-	(1.5)
Profit before tax	**19.7**	18.6	128.6
Headline profit after taxation[1]	**15.5**	14.2	95.4
Basic earnings per share (pence)	**4.5p**	3.9p	30.9p
Headline earnings per share (pence) [1]	**4.5p**	4.0p	30.5p
Free cash flow	**17.3**	12.1	148.0
Net debt	**131.8**	201.9	165.7
Gearing (%)	**6.9%**	10.8%	8.5%

Notes

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

	First Quarter 2011 £m	*First Quarter 2010 £m*	*Full Year 2010 £m*
2 Other operating income			
Revaluation gain of investment properties	***-***	*-*	*9.3*
3 Other operating expense			
Revaluation deficit of investment properties	***-***	*-*	*(5.2)*
4 Separately disclosed items included in administrative expenses			
Goodwill written-off in respect of Beijing	***-***	*-*	*(8.1)*
Impairment	***(0.1)***	*(0.1)*	*(15.2)*
Redundancy costs	***-***	*-*	*(1.7)*
	(0.1)	*(0.1)*	*(25.0)*
5 Non-operating income			
Gain on dilution of interest in associate	***-***	*-*	*7.2*
Gain arising in respect of step up acquisition of Beijing	***-***	*-*	*8.4*
	-	*-*	*15.6*
6 Separately disclosed items - Share of joint ventures and associates			
Provision for asset write-off and legal costs in FSCL	***-***	*-*	*(2.3)*
Revaluation gain of investment properties	***-***	*-*	*9.2*
	-	*-*	*6.9*

Financial Performance – first quarter overview

For the first quarter to 31 March 2011, profit before tax increased by 5.9% to £19.7m (2009: £18.6m).

Headline profit before tax, the Group's measure of underlying profit before tax, increased by 5.9% from £18.7m to £19.8m. Headline operating profit increased by 14.2% to £24.1m (2009: £21.1m).

Basic earnings per share increased by 15.4% to 4.5p (2009: 3.9p) and headline earnings per share increased by 12.5% to 4.5p (2009: 4.0p).

The impact of foreign exchange movements are shown below and in constant currency terms the operating profit variance of £0.9m represents a modest 8.9% conversion rate. At hotel level the GOP conversion is 41.2%.The conversion masks the impact of several factors including the selling expenses of Glyndebourne and refurbishment of the Millennium Seoul Hilton. Excluding the revenue and operating results of these two factors, the conversion rate is 29.2%. At hotel level the GOP conversion, similarly adjusted, is 49.2%. In common with all hotel businesses, the Group's costs also increased as a result of escalating food and energy prices.

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

	Reported Currency			Constant Currency		
	2011	2010	Variance	**2011**	2010	Variance
	£m	£m	£m	**£m**	£m	£m
Revenue	**174.2**	160.5	13.7	**174.2**	164.1	10.1
Expenses	**(157.2)**	(145.7)	(11.5)	**(157.2)**	(148.0)	(9.2)
Operating profit (excluding impairment)	**17.0**	14.8	2.2	**17.0**	16.1	0.9
Share of joint ventures and associates	**7.1**	6.3	0.8	**7.1**	6.6	0.5
Headline operating profit	**24.1**	21.1	3.0	**24.1**	22.7	1.4

Taxation

The Group recorded a tax expense of £4.2m (2010: £4.5m) excluding the tax relating to joint ventures and associates, giving rise to an effective rate of 28.6% (2010: 32.8%).

A tax charge of £0.7m (2010: £0.6m) relating to joint ventures and associates is included in the reported profit before tax.

Earnings per share

Basic earnings per share was 4.5p (2010: 3.9p) and headline earnings per share increased to 4.5p (2010: 4.0p). The table below reconciles basic earnings per share to headline earnings per share.

	2011	2010
	pence	pence
Reported basic earnings per share	**4.5**	3.9
Share of Group separately disclosed items	**0.1**	0.1
Change in tax rates on opening deferred taxes	**(0.1)**	-
Headline earnings per share	**4.5**	4.0

PERFORMANCE BY REGION

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

UNITED STATES

New York

RevPAR increased by 4.1% to £97.00 (2010: £93.22) for the first quarter. Rate was the driver for this growth showing a 7.0% increase to £130.55 (2010: £122.02) while occupancy fell by 2.1 percentage points to 74.3% (2010: 76.4%). This trend was witnessed in all three hotels, with the highest RevPAR growth produced by the Millenium Hilton which has also benefited from a competitor being closed for refurbishment.

Regional US

The strongest RevPAR growth has been produced within Regional US with a 10.0% growth to £30.23 (2010: £27.49). This growth however hides the mixed fortunes actually witnessed throughout the region. Good double digit growth in Los Angeles, Chicago, Cincinnati and Minneapolis was counteracted by high single digit declines in Anchorage, St Louis, Buffalo and Avon. Overall though, both occupancy and rate have improved: Occupancy up 1.7 percentage points to 50.5% (2010: 48.8%) and rate up 6.2% to £59.86 (2010: £56.34).

EUROPE

London

RevPAR growth in London was a healthy 9.3% to £77.56 (2010: £70.99). This was built upon a 10% increase in rate to £104.95 (2010: £95.42) with a small decrease in occupancy of 0.7 percentage points to 73.9% (2010: 74.4%). Rate increases were experienced in all London hotels, although three of the hotels suffered occupancy falls.

Rest of Europe

Quarter one RevPAR fell by 1.5% in the rest of Europe region to £46.44 (2010: £47.16).

Regional UK
Regional UK remains a challenge with RevPAR falling by 4.6% to £38.41 (2010: £40.27). With the exception of three hotels, there were RevPAR falls across the estate. Average rate fell by 2.5% to £59.83 (2010: £61.39) and occupancy by 1.4 percentage points to 64.2% (2010: 65.6%).

France & Germany
The situation in France and Germany is better where RevPAR increased by 1.7% to £59.17 (2010: £58.19). This performance was entirely due to the Millennium Stuttgart however, which was the only hotel to show an increase in either rate or occupancy. Within the region, average rate fell by 0.3% to £90.48 (2010: £90.78) while occupancy grew by 1.3% to 65.4% (2010: 64.1%).

ASIA
RevPAR increased by 0.7% to £64.99 (2010: £64.51) driven by a 4.0% increase in average room rates to £87.70 (2010: £84.33) offset by a 2.4 percentage point occupancy fall to 74.1%. The two years are not directly comparable however, as explained in the next two paragraphs, and on a like for like basis RevPAR increased by 11.2% to £66.65 (2010: £59.96).

Singapore
Singapore reported an 8.5% increase in RevPAR to £85.38 (2010: £78.66). Singapore performance was adversely affected by the running down of business at the Copthorne Orchid, while Studio M's opening at the very end of the first quarter of 2010 also obscured the comparison between the two periods. On a like for like basis, excluding Studio M and the Copthorne Orchid, Singapore RevPAR increased by 12.7% to £96.61 (2010: £85.71). This was driven by an 8.9% increase in rate to £112.47 (2010: £103.27) and a 2.9 percentage point increase in occupancy to 85.9% (2010 83.0%).

Rest of Asia
RevPAR for the rest of Asia fell by 7.6% to £49.61 (2010: £53.67). Performance was impacted by consolidation of the Grand Millennium Beijing, following the Group's acquisition of additional equity in the hotel, in November 2010 and by the closure of 277 rooms in the refurbishment of the Millennium Seoul Hilton. On a like-for-like basis, excluding Seoul, but including Beijing for both periods, RevPAR grew by 9.0% to £46.91 (20109: £43.02). This was driven by occupancy, which increased by 4.2 percentage points to 68.9.0% (2009: 64.7%), and by a 2.4% increase in rate to £68.08 (2010: £66.49).

AUSTRALASIA
For the New Zealand group, RevPAR at £43.39 was 2.6% down on last year (2010: £44.55). While occupancy declined by 2.3 percentage point to 75.6% (2010: 77.9%) rates grew by 0.3% to £57.38 (2010: £57.19). RevPAR excluding the 3 Christchurch hotels that were closed following the earthquake was down 1.8% on last year at £42.29 (2010: £43.08). This was due to cancellations as a direct result of the 22 February Canterbury earthquake and the Japanese earthquake and tsunami. The loss of business as a result of both events will have a negative impact on the New Zealand H1 results. For Q1 2011, New Zealand has recovered £1.4m business interruption from the insurers for the impact of the Canterbury earthquake on its business.

Across the three brands, Copthorne showed growth while Millennium and Kingsgate experienced a decline.

As a result of the 6.3 magnitude earthquake on 22 February 2011, the three Christchurch hotels namely Millennium Hotel Christchurch (leased), Copthorne Hotel Christchurch Central (owned), and Copthorne Hotel Christchurch City (leased) were closed down and cordoned off inside the Christchurch Business District by Civil Defence Emergency Management. Further structural engineering inspections will be required when access to the hotels is restored. Damage to the Copthorne Hotel Christchurch City is most severe but has been stabilised for the time being. The building has been identified for possible demolition by Civil Defence Emergency Management. Because the damage to the three hotels cannot be reasonably quantified as yet, no provision for asset write-off has been made. All three hotels are insured for material damage and business interruption. .

Financial Position
The Group strengthened its financial position over the three month period. Net debt fell to £131.8 million at 31 March 2011 (31 December 2010 - £165.7 million). Gearing at the end of the first quarter was 6.9%, compared to 8.5% at the end of last year and 10.8% at 31 March 2010.

Financial structure
Group interest cover ratio, excluding share of results of joint ventures and associates, other operating income and expense, non-operating income and separately disclosed items of the Group improved to 19.5 times from 14.8 times in Q1 2010. The increase in net finance cost of £1.2m principally reflects interest on Beijing's external debt acquired on acquisition in November 2010.

At 31 March 2011, the Group had £274.9m cash and £180.2m 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 88.6% of fixed assets and investment properties. At 31 March 2011, total borrowing amounted to £406.7m of which £79.4m was drawn under £107.6m of secured bank facilities.

Future funding
Of the Group's total facilities of £637.5m, £208.2m matures in the nine months to 31 December 2011, comprising £79.0m committed facilities (of which £69.6m is currently undrawn) and £48.1m of uncommitted facilities and overdrafts subject to annual renewal, £58.4m unsecured bonds and £22.7m secured term loans. Plans for refinancing of maturing facilities are underway.

Consolidated income statement (unaudited)
for the three months ended 31 March 2011

	Notes	**First Quarter 2011 £m**	First Quarter 2010 £m	Full Year 2010 £m
Revenue	3	**174.2**	160.5	743.7
Cost of sales		**(74.1)**	(70.1)	(303.4)
Gross profit		**100.1**	90.4	440.3
Administrative expenses		**(83.2)**	(75.7)	(350.3)
Other operating income	4	**-**	-	9.3
Other operating expense	4	**-**	-	(5.2)
		16.9	14.7	94.1
Share of profit of joint ventures and associates	5	**5.0**	4.9	24.8
Operating profit		**21.9**	19.6	118.9
Analysed between:				
Headline operating profit	3	**24.1**	21.1	144.1
Goodwill written-off in respect of Beijing	4	**-**	-	(8.1)
Net revaluation gain of investment properties	4	**-**	-	4.1
Impairment	4	**(0.1)**	(0.1)	(15.2)
Redundancy costs	4	**-**	-	(1.7)
Separately disclosed items – share of joint ventures and associates	4	**-**	-	6.9
Interest, tax and non-controlling interests – share of joint ventures and associates	5	**(2.1)**	(1.4)	(11.2)
Non-operating income		**-**	-	15.6
Analysed between:				
Gain on dilution of interest in associate	4	**-**	-	7.2
Gain arising in respect of step up acquisition of Beijing	4	**-**	-	8.4
Finance income		**1.3**	1.0	8.8
Finance expense		**(3.5)**	(2.0)	(14.7)
Net finance expense		**(2.2)**	(1.0)	(5.9)
Profit before tax		**19.7**	18.6	128.6
Income tax expense	6	**(4.2)**	(4.5)	(30.7)
Profit for the period		**15.5**	14.1	97.9
Attributable to:				
Equity holders of the parent		**14.1**	12.2	96.2
Non-controlling interests		**1.4**	1.9	1.7
		15.5	14.1	97.9
Basic earnings per share (pence)	7	**4.5p**	3.9p	30.9p
Diluted earnings per share (pence)	7	**4.5p**	3.9p	30.7p

The financial results above all derive from continuing activities.

Consolidated statement of comprehensive income (unaudited)
for the three months ended 31 March 2011

	First Quarter 2011 £m	First Quarter 2010 £m	Full Year 2010 £m
Profit for the period	**15.5**	14.1	97.9
Other comprehensive (expense)/income:			
Foreign currency translation differences	**(43.6)**	113.5	113.9
Defined benefit plan actuarial gains (net of tax)	**-**	-	1.1
Effective portion of changes in fair value of cash flow hedges	**0.5**	(0.1)	(0.8)
Income tax on income and expenses recognised directly in equity	**-**	-	(1.2)
Other comprehensive (expense)/income for the period, net of tax	**(43.1)**	113.4	113.0
Total comprehensive (expense)/income for the period	**(27.6)**	127.5	210.9
Total comprehensive income attributable to:			
Equity holders of the parent	**(26.7)**	113.4	199.9
Non-controlling interests	**(0.9)**	14.1	11.0
Total comprehensive (expense)/income for the period	**(27.6)**	127.5	210.9

Consolidated statement of financial position (unaudited)
as at 31 March 2011

	Notes	**As at 31 March 2011 £m**	Restated As at 31 March 2010 £m	As at 31 December 2010 £m
Non-current assets				
Property, plant and equipment		**2,106.9**	2,149.7	2,185.7
Lease premium prepayment		**46.2**	26.9	71.5
Investment properties		**93.0**	89.2	94.9
Investments in joint ventures and associates		**384.2**	348.7	396.8
Other financial assets		**6.7**	6.9	6.9
		2,637.0	2,621.4	2,755.8
Current assets				
Inventories		**4.1**	4.1	4.5
Development properties		**101.2**	78.9	103.3
Lease premium prepayment		**1.5**	0.6	1.8
Trade and other receivables		**65.1**	64.8	68.0
Cash and cash equivalents	8	**274.9**	154.9	251.9
Assets classified as held for sale	9	**49.2**	-	-
		496.0	303.3	429.5
Total assets		**3,133.0**	2,924.7	3,185.3
Non-current liabilities				
Interest-bearing loans, bonds and borrowings		**(317.3)**	(309.7)	(323.7)
Employee benefits		**(16.4)**	(18.7)	(16.7)
Provisions		**(0.3)**	(0.6)	(0.4)
Other non-current liabilities		**(170.3)**	(119.5)	(165.1)
Deferred tax liabilities		**(244.8)**	(235.9)	(251.8)
		(749.1)	(684.4)	(757.7)
Current liabilities				
Interest-bearing loans, bonds and borrowings		**(89.4)**	(47.1)	(93.9)
Trade and other payables		**(168.7)**	(135.1)	(181.5)
Other current financial liabilities		**(1.5)**	(0.5)	(1.3)
Provisions		**(0.2)**	(0.2)	(0.2)
Income taxes payable		**(32.3)**	(28.5)	(32.0)
		(292.1)	(211.4)	(308.9)
Total liabilities		**(1,041.2)**	(895.8)	(1,066.6)
Net assets		**2,091.8**	2,028.9	2,118.7
Equity				
Issued share capital		**94.1**	93.6	94.0
Share premium		**845.3**	845.0	844.7
Translation reserve		**249.1**	287.1	290.4
Cash flow hedge reserve		**(0.3)**	(0.1)	(0.8)
Treasury share reserve		**(2.2)**	-	(2.2)
Retained earnings		**736.1**	637.8	721.4
Total equity attributable to equity holders of the parent		**1,922.1**	1,863.4	1,947.5
Non-controlling interests		**169.7**	165.5	171.2
Total equity		**2,091.8**	2,028.9	2,118.7

Consolidated statement of cash flows (unaudited)
for the three months ended 31 March 2011

	First Quarter 2011 £m	First Quarter 2010 £m	Full Year 2010 £m
Cash flows from operating activities			
Profit for the period	**15.5**	14.1	97.9
Adjustments for:			
Depreciation and amortisation	**8.7**	7.9	32.7
Share of profit of joint ventures and associates	**(5.0)**	(4.9)	(24.8)
Separately disclosed items - Group	**0.1**	0.1	5.3
Loss on sale of property, plant and equipment	**-**	0.2	-
Equity settled share-based transactions	**0.6**	0.6	(0.8)
Finance income	**(1.3)**	(1.0)	(8.8)
Finance expense	**3.5**	2.0	14.7
Income tax expense	**4.2**	4.5	30.7
Operating profit before changes in working capital and provisions	**26.3**	23.5	146.9
Decrease/(increase) in inventories, trade and other receivables	**1.3**	(2.2)	(7.9)
Increase in development properties	**(1.2)**	(0.6)	(21.4)
(Decrease)/increase in trade and other payables	**(0.1)**	0.6	79.6
Decrease/(increase) in provisions and employee benefits	**(0.3)**	0.2	(1.2)
Cash generated from operations	**26.0**	21.5	196.0
Interest paid	**(2.2)**	(1.0)	(7.0)
Interest received	**0.7**	0.5	2.0
Income taxes paid	**(3.6)**	(6.2)	(24.1)
Net cash generated from operating activities	**20.9**	14.8	166.9
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	**-**	0.1	-
Dividends received from associates	**8.8**	7.1	15.2
Increase in investment in joint ventures and associates	**(1.1)**	(0.8)	(20.1)
Acquisition of subsidiary, net of cash acquired	**-**	-	(12.6)
Acquisition of property, plant and equipment, and lease premium prepayment	**(3.6)**	(2.8)	(18.9)
Net cash used in investing activities	**4.1**	3.6	(36.4)
Cash flows from financing activities			
Proceeds from the issue of share capital	**0.7**	0.1	0.2
Repayment of borrowings	**-**	(68.3)	(90.2)
Drawdown of borrowings	**2.1**	64.0	71.1
Payment of transaction costs related to loans and borrowings	**-**	(0.9)	(1.3)
Repurchase of own shares	**-**	-	(2.2)
Dividends paid to non-controlling interests	**(0.6)**	-	(2.6)
Dividends paid to equity holders of the parent	**-**	(3.0)	(4.1)
Net cash generated/(used) in financing activities	**2.2**	(8.1)	(29.1)
Net increase in cash and cash equivalents	**27.2**	10.3	101.4
Cash and cash equivalents at beginning of the period	**251.5**	134.9	134.9
Effect of exchange rate fluctuations on cash held	**(4.1)**	9.1	15.2
Cash and cash equivalents at end of the period	**274.6**	154.3	251.5
Reconciliation of cash and cash equivalents			
Cash and cash equivalents shown in the consolidated statement of financial position	**274.9**	154.9	251.9
Overdraft bank accounts included in borrowings	**(0.3)**	(0.6)	(0.4)
Cash and cash equivalents for cash flow statement purposes	**274.6**	154.3	251.5

Consolidated statement of changes in equity (unaudited)
for the three months ended 31 March 2011

	Share capital £m	Share premium £m	Translation reserve £m	Cash flow hedge reserve £m	Treasury share reserve £m	Retained earnings £m	Total excluding minority interests £m	Non-controlling interests £m	Total equity £m
Balance at 1 January 2010	92.9	845.6	185.8	-	-	628.0	1,752.3	151.4	1,903.7
Profit	-	-		-	-	12.2	12.2	1.9	14.1
Total other comprehensive income	-	-	101.3	(0.1)	-	-	101.2	12.2	113.4
Total comprehensive income for the period	-	-	101.3	(0.1)	-	12.2	113.4	14.1	127.5
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Dividends paid to equity holders	-	-	-	-	-	(12.9)	(12.9)	-	(12.9)
Issue of shares in lieu of dividends	0.7	(0.7)	-	-	-	9.9	9.9	-	9.9
Share-based payment transactions (net of tax)	-	-	-	-	-	0.6	0.6	-	0.6
Share options exercised	-	0.1	-	-	-	-	0.1	-	0.1
Total contributions by and distributions to owners	0.7	(0.6)	-	-	-	(2.4)	(2.3)	-	(2.3)
Total transactions with owners	0.7	(0.6)	-	-	-	(2.4)	(2.3)	-	(2.3)
Balance as at 31 March 2010	93.6	845.0	287.1	(0.1)	-	637.8	1,863.4	165.5	2,028.9
Profit	-	-	-	-	-	84.0	84.0	(0.2)	83.8
Total other comprehensive income	-	-	3.3	(0.7)	-	(0.1)`	2.5	(2.9)	(0.4)
Total comprehensive income for the period	-	-	3.3	(0.7)	-	83.9	86.5	(3.1)	83.4
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Dividends paid to equity holders	-	-	-	-	-	(6.5)	(6.5)	-	(6.5)
Issue of shares in lieu of dividends	0.4	(0.4)	-	-	-	5.4	5.4	-	5.4
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)	-	-	-	-	-	0.8	0.8	-	0.8
Share options exercised	-	0.1	-	-	-	-	0.1	-	0.1
Total contributions by and distributions to owners	0.4	(0.3)	-	-	(2.2)	(0.3)	(2.4)	(2.6)	(5.0)
Total changes in ownership interests in subsidiaries:									
Non-controlling interests arising on acquisition of 40% interest in Beijing unchanged to subsidiary	-	-	-	-	-	-	-	11.4	11.4
	-	-	-	-	-	-	-	11.4	11.4
Total transactions with owners	0.4	(0.3)	-	-	(2.2)	(0.3)	(2.4)	8.8	6.4
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	**-**	**-**	**-**	**-**	**-**	**14.1**	**14.1**	**1.4**	**15.5**
Total other comprehensive income	**-**	**-**	**(41.3)**	**0.5**	**-**	**-**	**(40.8)**	**(2.3)**	**(43.1)**
Total comprehensive income for the period	**-**	**-**	**(41.3)**	**0.5**	**-**	**14.1**	**(26.7)**	**(0.9)**	**(27.6)**
Dividends paid – non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(0.6)**	**(0.6)**
Share-based payment transactions (net of tax)	**-**	**-**	**-**	**-**	**-**	**0.6**	**0.6**	**-**	**0.6**
Share options exercised	**0.1**	**0.6**	**-**	**-**	**-**	**-**	**0.7**	**-**	**0.7**
Total contributions by and distributions to owners	**0.1**	**0.6**	**-**	**-**	**-**	**0.6**	**1.3**	**(0.6)**	**0.7**
Total transactions with owners	**0.1**	**0.6**	**-**	**-**	**-**	**0.6**	**1.3**	**(0.6)**	**0.7**
Balance as at 31 March 2011	**94.1**	**845.3**	**249.1**	**(0.3)**	**(2.2)**	**736.1**	**1,922.1**	**169.7**	**2,091.8**

Notes to the consolidated financial statements (unaudited)

1. General information

Basis of preparation

The first quarter results for Millennium & Copthorne Hotels plc ('the Company') to 31 March 2011 comprise the Company and its subsidiaries (together referred to as 'the Group') and the Group's interests in joint ventures and associates.

The first quarter results were approved by the Board of Directors on 5 May 2010.

The financial information set out in this interim management statement does not constitute the Group's statutory accounts for the quarter ended 31 March 2011. Statutory accounts for 2010 will be delivered to the registrar of companies following the Annual General Meeting to be held on 6 May 2011. The auditors have reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

Whilst the financial information included in this interim management statement has been prepared in accordance with IFRS, this statement does not itself contain sufficient information to comply with all disclosure requirements of IFRS. Information contained in this statement relating to the year ended 31 December 2010 has been extracted from the full IFRS compliant Annual Report and Accounts that was approved on 15 February 2011.

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 2010. The consolidated financial statements of the Group for the financial year ended 31 December 2010 are available from the Company's website www.millenniumhotels.co.uk.

The 31 March 2010 comparatives for the consolidated income statement have been restated to present information to enhance the readers understanding of the Group's performance for the year whereby operating profit is now analysed into more appropriate captions with no impact on overall operating profit. In addition, the comparatives in the consolidated statement of financial position for 31 March 2010 have been restated to include amendments to IAS 17 'Leases'. IAS 17 was amended so that leases of land with an indefinite economic life need not be classified as an operating lease. A land lease with a lease term of several decades may be classified as a finance lease, even if at the end of the lease term title does not pass to the lessee. Certain land leases had been reclassified from operating leases to finance leases. Previously these operating leases had a lease premium prepayment held on the Statement of Financial Position, which were amortised over the lease term. With the amendment to IAS 17, the lease premium prepayments have been reclassified to Land and Buildings. As at 31 March 2010 cost of £68.2m and accumulated amortisation of £0.8m was reclassified from non-current and current lease premium prepayment to property plant and equipment. There was no effect on the consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flows.

The financial statements are presented in the Company's functional currency of sterling, rounded to the nearest hundred thousand Other amendments and new interpretations do not have a material impact.

Non-GAAP information

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

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

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

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

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

Notes to the consolidated financial statements

2. Foreign currency translation

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

Currency (=£)	As at 31 March **2011**	As at 31 March 2010	As at 31 December 2010	Average for 3 months January - March **2011**	Average for 3 months January - March 2010	Average for the year ended 2010
US dollar	**1.604**	1.493	1.541	**1.590**	1.562	1.547
Singapore dollar	**2.018**	2.094	1.993	**2.025**	2.196	2.111
New Taiwan dollar	**47.193**	47.215	45.461	**46.74**	49.672	48.531
New Zealand dollar	**2.121**	2.112	2.021	**2.084**	2.215	2.149
Malaysian ringgit	**4.841**	4.882	4.753	**4.845**	5.275	5.004
Korean won	**1,775.97**	1,688.71	1,757.50	**1,776.58**	1,790.78	1,792.11
Chinese renminbi	**10.443**	10.140	10.132	**10.391**	10.611	10.446
Euro	**1.135**	1.110	1.172	**1.158**	1.128	1.164

3. Operating segment information

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

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

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

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

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

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

Notes to the consolidated financial statements (unaudited)

3. Operating segment information (continued)

	First Quarter 2011								
	New York £m	**Regional US £m**	**London £m**	**Rest of Europe £m**	**Singapore £m**	**Rest of Asia £m**	**Australasia £m**	**Central Costs £m**	**Total Group £m**
Revenue									
Hotel	**18.5**	**23.5**	**20.3**	**21.8**	**37.9**	**35.7**	**14.3**	**-**	**172.0**
Property operations	**-**	**0.4**	**-**	**-**	**0.6**	**-**	**1.2**	**-**	**2.2**
Total Revenue	**18.5**	**23.9**	**20.3**	**21.8**	**38.5**	**35.7**	**15.5**	**-**	**174.2**
Hotel Gross Operating Profit	**1.5**	**1.2**	**10.0**	**4.9**	**20.9**	**12.5**	**6.6**	**-**	**57.6**
Hotel fixed charges [1]	**(4.2)**	**(4.6)**	**(3.3)**	**(4.4)**	**(11.1)**	**(5.6)**	**(3.4)**	**-**	**(36.6)**
Hotel operating profit/(loss)	**(2.7)**	**(3.4)**	**6.7**	**0.5**	**9.8**	**6.9**	**3.2**	**-**	**21.0**
Property operations operating profit/(loss)	**-**	**(0.2)**	**-**	**-**	**0.4**	**(1.0)**	**0.3**	**-**	**(0.5)**
Central costs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(3.5)**	**(3.5)**
Share of joint ventures and associates operating profit	**-**	**-**	**-**	**-**	**2.9**	**2.7**	**1.5**	**-**	**7.1**
Headline operating profit/(loss)	**(2.7)**	**(3.6)**	**6.7**	**0.5**	**13.1**	**8.6**	**5.0**	**(3.5)**	**24.1**
Add back depreciation and amortisation	**1.2**	**2.1**	**1.2**	**0.9**	**0.5**	**2.3**	**0.3**	**0.2**	**8.7**
Headline EBITDA [2]	**(1.5)**	**(1.5)**	**7.9**	**1.4**	**13.6**	**10.9**	**5.3**	**(3.3)**	**32.8**
Depreciation and amortisation									**(8.7)**
Share of interest, tax and non-controlling interests of joint ventures and associates									**(2.1)**
Net finance expense									**(2.2)**
Headline profit before tax									**19.8**
Separately disclosed items - Group [3]									**(0.1)**
Profit before tax									**19.7**

[1] Hotel Fixed charges include depreciation, amortisation of lease premium prepayments, property rent, taxes and insurance, operating lease rentals and management fees.
[2] Earnings before interest, tax, depreciation and amortisation.
[3] Included within separately disclosed items - Group is an impairment charge on an additional interest on shareholder loan in the Group's 50% investment in Bangkok.

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

First 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	19.0	23.1	18.5	21.9	30.9	31.0	14.0	-	158.4
Property operations	-	0.4	-	-	0.6	-	1.1	-	2.1
Total Revenue	19.0	23.5	18.5	21.9	31.5	31.0	15.1	-	160.5
Hotel Gross Operating Profit	1.6	1.0	9.0	5.0	16.5	12.0	6.4	-	51.5
Hotel fixed charges [1]	(4.6)	(4.8)	(3.0)	(4.9)	(9.7)	(3.8)	(2.1)	-	(32.9)
Hotel operating profit/(loss)	(3.0)	(3.8)	6.0	0.1	6.8	8.2	4.3	-	18.6
Property operations operating profit/(loss)	-	(0.1)	-	-	0.4	-	0.3	-	0.6
Central costs	-	-	-	-	-	-	-	(4.4)	(4.4)
Share of joint ventures and associates operating profit	-	-	-	-	3.0	2.6	0.7	-	6.3
Headline operating profit/(loss)	(3.0)	(3.9)	6.0	0.1	10.2	10.8	5.3	(4.4)	21.1
Add back depreciation and Amortisation	1.3	2.2	1.2	1.0	0.1	1.4	0.5	0.2	7.9
Headline EBITDA [2]	(1.7)	(1.7)	7.2	1.1	10.3	12.2	5.8	(4.2)	29.0
Depreciation and amortisation									(7.9)
Share of interest, tax and non-controlling interests of joint ventures and associates									(1.4)
Net finance expense									(1.0)
Headline profit before tax									18.7
Separately disclosed items - Group [3]									(0.1)
Profit before tax									18.6

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] Earnings before interest, tax, depreciation and amortisation.
[3] Included within separately disclosed items - Group for the first quarter ending 31 March 2010 was an impairment charge of £0.1m (2009: £0.1m) on an additional interest on shareholder in the Group's 50% investment in Bangkok and for the full year 2010 is a £15.2m impairment charge. An impairment charge of £8.8m was made in relation to 6 Regional UK hotels in Rest of Europe and £5.8m was made in relation to 6 hotels in Regional US. Also a £0.6m impairment charge was made within Rest of Asia on an additional shareholder loan and interest in the Group's 50% investment in Bangkok.

Notes to the consolidated financial statements (unaudited)

3. Operating segment information (continued)

Segmental assets and liabilities

As at 31 March 2011	**New York £m**	**Regional US £m**	**London £m**	**Rest of Europe £m**	**Singapore £m**	**Rest of Asia £m**	**Australasia £m**	**Total Group £m**
Hotel operating assets	**335.5**	**284.0**	**438.2**	**207.5**	**194.4**	**618.8**	**148.8**	**2,227.2**
Hotel assets classified as held for sale	**-**	**-**	**-**	**-**	**49.3**	**-**	**-**	**49.3**
Hotel operating liabilities	**(10.4)**	**(29.3)**	**(23.3)**	**(28.2)**	**(144.5)**	**(58.5)**	**(7.9)**	**(302.1)**
Investments in and loans to joint ventures and associates	**-**	**-**	**-**	**-**	**166.7**	**87.9**	**61.6**	**316.2**
Total hotel operating net assets	**325.1**	**254.7**	**414.9**	**179.3**	**265.9**	**648.2**	**202.5**	**2,290.6**
Property operating assets	**-**	**28.3**	**-**	**-**	**87.2**	**10.2**	**71.6**	**197.3**
Property operating liabilities	**-**	**(0.1)**	**-**	**-**	**(49.9)**	**(4.6)**	**(0.6)**	**(55.2)**
Investments in and loans to joint ventures and associates	**-**	**-**	**-**	**-**	**-**	**68.0**	**-**	**68.0**
Total property operating net assets	**-**	**28.2**	**-**	**-**	**37.3**	**73.6**	**71.0**	**210.1**
Deferred tax liabilities								**(244.8)**
Income taxes payable								**(32.3)**
Net debt								**(131.8)**
Net assets								**2,091.8**

As at 31 March 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	375.1	307.6	443.1	216.8	232.4	524.1	149.9	2,249.0
Hotel operating liabilities	(11.7)	(32.2)	(26.4)	(24.7)	(134.6)	(37.7)	(6.0)	(273.3)
Investments in and loans to joint ventures and associates	-	-	-	-	140.0	87.6	66.7	294.3
Total hotel operating net assets	363.4	275.4	416.7	192.1	237.8	574.0	210.6	2,270.0
Property operating assets	-	35.3	-	-	54.5	9.1	73.4	172.3
Property operating liabilities	-	-	-	-	(0.9)	-	(0.6)	(1.5)
Investments in and loans to joint ventures and associates	-	-	-	-	-	54.4	-	54.4
Total property operating net assets	-	35.3	-	-	53.6	63.5	72.8	225.2
Deferred tax liabilities								(235.9)
Income taxes payable								(28.5)
Net debt								(201.9)
Net assets								2,028.9

As at 31 December 2010	New York £m	Regional US £m	London £m	Rest of Europe £m	Singapore £m	Rest of Asia £m	Australasia £m	Total Group £m
Hotel operating assets	354.2	297.3	439.7	207.7	245.2	634.9	157.1	2,336.1
Hotel operating liabilities	(9.9)	(30.5)	(22.8)	(31.1)	(153.1)	(61.3)	(9.1)	(317.8)
Investments in and loans to joint ventures and associates	-	-	-	-	173.2	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 and loans to joint ventures and associates	-	-	-	-	-	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 (unaudited)

4. Separately disclosed items

	Notes	**First Quarter 2011 £m**	First Quarter 2010 £m	Full Year 2010 £m
Other operating income				
Revaluation gain of investment properties	**(a)**	**-**	-	9.3
Other operating expense				
Revaluation deficit of investment properties	**(a)**	**-**	-	(5.2)
Separately disclosed items included in administrative expenses				
Goodwill written-off in respect of Beijing	**(b)**	**-**	-	(8.1)
Impairment	**(c)**	**(0.1)**	(0.1)	(15.2)
Redundancy costs	**(d)**	**-**	-	(1.7)
		(0.1)	(0.1)	(25.0)
Non-operating income				
Gain on dilution of interest in associate	**(e)**	**-**	-	7.2
Gain arising in respect of step up acquisition of Beijing	**(b)**	**-**	-	8.4
		-	-	15.6
Separately disclosed items - Group		**(0.1)**	(0.1)	(5.3)
Separately disclosed items - share of joint ventures and associates				
Provision for asset write-off and legal costs in FSCL	**(f)**	**-**	-	(2.3)
Revaluation gain of investment properties	**(g)**	**-**	-	9.2
		-	-	6.9

(a) Revaluation of investment properties
At the end of 2010, the Group's investment properties were subject to external professional valuation on an open market existing use basis. Tanglin Shopping Centre recorded uplift in value of £9.3m whereas Biltmore Court & Tower and Sunnyvale residences recorded decreases in value of £1.9m and £3.3m respectively.

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

(c) Impairment

For the first quarter ended 31 March 2011, a £0.1m (2009: £0.1m) impairment charge was made on additional interest on shareholder loan in Bangkok.

For the year ended 31 December 2010, the Directors undertook an annual review of the carrying value of hotels and property assets for indication of impairment and where appropriate, external valuations were also undertaken. An impairment charge of £14.6m was made in relation to 6 hotels each in Regional UK and Regional US and a £0.6m impairment charge made on additional shareholder loan and interest in the Group's 50% investment in Bangkok.

(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 anticipated in 2011.

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

(f) Provision for asset write-off and legal costs in FSCL
In 2010, the £2.3m charge represents the Group's share of provision against assets write-off and legal costs in First Sponsor Capital Limited ("FSCL").

(g) Revaluation gain of investment properties
At end of 2010, the investment properties of CDL Hospitality Trusts ("CDLHT"), the Groups associate in a Singapore-listed REIT, and of First Sponsor Capital Limited ("FSCL") were subject to external professional valuation on an open market existing use basis. The Group's share of CDLHT's and FSCL's net revaluation surplus of investment properties was £4.4m and £4.8m respectively.

5. Share of profits of joint ventures and associates

	First Quarter 2011 £m	First Quarter 2010 £m	Full Year 2010 £m
Share of profit for the period			
Operating profit before separately disclosed items	**7.1**	6.3	**29.1**
Separately disclosed items (refer note 4)	**-**	-	**6.9**
Interest	**(0.5)**	(0.2)	**(3.0)**
Tax	**(0.7)**	(0.6)	**(4.4)**
Non-controlling interests	**(0.9)**	(0.6)	**(3.8)**
Interest, tax and non-controlling interests	**(2.1)**	(1.4)	**(11.2)**
	5.0	4.9	**24.8**

6. Income tax expense

The Group recorded a tax expense of £4.2m total income tax expense for the first quarter (first quarter 2010: £4.5m), excluding the tax relating to joint ventures and associates. This comprises a UK tax credit of £0.5m and an overseas tax charge of £4.7m (first quarter 2010: a UK tax charge of £1.2m and an overseas tax charge of £3.3m). For full year 2010 the £30.7m total income tax expense comprised a UK tax charge of £7.1m and an overseas tax charge of £23.6m.

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

The estimated annual effective rate applied to profit before income tax excluding the Group's share of joint ventures and associates profits is 28.6% (2010: first quarter estimate 32.8%). The effective rate for the full year 2010 was 29.6% and, excluding the impact of separately disclosed items of the Group within profit before tax, changes in corporate tax rates on brought forward deferred taxes, changes in tax legislation and adjustments in respect of previous years, the Group's underlying effective tax rate for full year 2010 was 28.9%.

A charge of £0.7m for the first quarter (first quarter 2009: £0.6m and full year 2010: £4.4m) relating to joint ventures and associates is included in the reported profit before tax.

Notes to the consolidated financial statements (unaudited)

7. Earnings per share

Earnings per share are calculated using the following information:

	First Quarter 2011	First Quarter 2010	**Full Year 2010**
(a) Basic			
Profit for the period attributable to holders of the parent (£m)	**14.1**	12.2	96.2
Weighted average number of shares in issue (m)	**312.9**	309.7	311.8
Basic earnings per share (pence)	**4.5p**	3.9p	30.9p
(b) Diluted			
Profit for the period attributable to holders of the parent (£m)	**14.1**	12.2	96.2
Weighted average number of shares in issue (m)	**312.9**	309.7	311.8
Potentially dilutive share options under Group's share option schemes (m)	**1.3**	1.1	1.2
Weighted average number of shares in issue (diluted) (m)	**314.2**	310.8	313.0
Diluted earnings per share (pence)	**4.5p**	3.9p	30.7p
(c) Headline earnings per share (pence)			
Profit for the period attributable to holders of the parent (£m)	**14.1**	12.2	96.2
Adjustments for:			
- Separately disclosed items - Group (net of tax and non-controlling interests) (£m)	**0.1**	0.1	(1.6)
- Share of separately disclosed items of joint ventures and associates (net of tax and non-controlling interests) (£m)	**-**	-	(5.4)
- Change in tax rates on opening deferred tax (£m)	**(0.1)**	-	(7.4)
- Changes in tax legislation (£m)	**-**	-	11.9
Adjusted profit for the period attributable to holders of the parent (£m)	**14.1**	12.3	93.7
Weighted average number of shares in issue (m)	**312.9**	309.7	311.8
Headline earnings per share (pence)	**4.5p**	4.0p	30.1p
(d) Diluted headline earnings per share			
Adjusted profit for the period attributable to holders of the parent (£m)	**14.1**	12.3	93.7
Weighted average number of shares in issue (diluted) (m)	**314.2**	310.8	313.0
Diluted headline earnings per share (pence)	**4.5p**	3.9p	29.9p

8. Non-GAAP measures

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

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

	First Quarter 2011 £m	First Quarter 2010 £m	**Full Year 2010 £m**
Profit after tax	**15.5**	14.1	**97.9**
Adjustments for:			
Separately disclosed items (net of tax) – Group	**0.1**	0.1	**(1.6)**
Separately disclosed items (net of interest, tax and non- controlling interests) – Share of joint ventures and associates	**-**	-	**(5.4)**
Tax impact of changes in tax rates on opening deferred tax	**(0.1)**	-	**(7.4)**
Tax impact of changes in tax legislation	**-**	-	**11.9**
Headline profit after taxation	**15.5**	14.2	**95.4**

Notes to the consolidated financial statements (unaudited)

8. Non-GAAP measures (continued)

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

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

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

	First Quarter 2011 £m	First Quarter 2010 £m	Full Year 2010 £m
Net Debt			
Cash and cash equivalents (as per cash flow statement)	**274.6**	154.3	251.5
Bank overdrafts (included as part of borrowings)	**0.3**	0.6	0.4
Cash and cash equivalents (as per the consolidated statement of financial position)	**274.9**	154.9	251.9
Interest-bearing loans, bonds and borrowings			
– Non-current	**(317.3)**	(309.7)	(323.7)
– Current	**(89.4)**	(47.1)	(93.9)
Net debt	**(131.8)**	(201.9)	(165.7)
Gearing (%)	**6.9%**	10.8%	8.5%

Reconciliation of net cash flow to movement in net debt	**First Quarter 2011 £m**	First Quarter 2010 £m	Full Year 2010 £m
Net debt at beginning of year	**(165.7)**	(202.5)	(202.5)
Increase in cash debt equivalents and bank overdrafts per the consolidated cash flow statement	**27.2**	10.3	101.4
Net (increase)/decrease in loans	**(2.1)**	5.2	20.4
Net borrowings in respect of subsidiary acquired in the year	**-**	-	(62.4)
Translation adjustments	**8.8**	(14.9)	(22.6)
Movements in net debt	**33.9**	0.6	36.8
Net debt at end of period	**(131.8)**	(201.9)	(165.7)
Gearing (%)	**6.9%**	10.8%	8.5%

Free cash flow
In presenting and discussing the Group's cash generated by its operations, free cash flow is calculated. Free cash flow is not defined under IFRS. The Group believes that it is both useful and necessary to communicate free cash flow as it reflects the cash available to strengthen the statement of financial position or to provide returns to shareholders in the form of dividends or share purchases. Reconciliation of free cash flow to the closest GAAP measure Net cash generated from operating activities is provided below.

Reconciliation of net cash generated from operating activities to free cash flow	**First Quarter 2011 £m**	First Quarter 2010 £m	Full Year 2010 £m
Net cash generated from operating activities per the consolidated cash flow statement	**20.9**	14.8	166.9
Net acquisition of property, plant and equipment	**(3.6)**	(2.7)	(18.9)
Free cash flow	**17.3**	12.1	148.0

9. Assets classified as held for sale

Assets classified as held for sale represent the remaining term of the 99-year leasehold interest (commencing 26 February 2007) in the hotel known as the "Studio M Hotel Singapore" that is to be sold to CDLHT. The sale price for the hotel is S$154 million (£76.3 million[1]). The sale price will be satisfied entirely in cash upon completion on 3 May 2011. Following completion the hotel will continue to be branded as a Studio M Hotel and the Group will continue to have management responsibility for the hotel.

Based on Group's carrying value of the Hotel assets subject to disposal as at 31 December 2010, (1) total realised pre-tax profit from the disposal to be credited to the income statement is expected to be approximately S$34.2 million (£17.0 million [1]) and (2) total unrealised pre-tax profit from the disposal which will be credited to the balance sheet under 'Investment in joint ventures and associates' arising from the Group's 35.1% interest in the stapled securities of CDLHT is expected to be approximately S$18.4m (£9.1m[1]).

[1]. Based on £1=S$2.0175 as at 31 March 2011.

APPENDIX 1: KEY OPERATING STATISTICS (UNAUDITED)
for the three months ended 31 March 2011

	First Quarter 2011 Reported currency	First Quarter 2010 Constant currency	First Quarter 2010 Reported currency	Full Year 2010 Reported currency
Occupancy %				
New York	**74.3**		76.4	85.2
Regional US	**50.5**		48.8	56.7
Total US	**56.4**		55.5	63.6
London	**73.9**		74.4	83.8
Rest of Europe	**64.7**		65.0	69.7
Total Europe	**68.7**		69.1	75.9
Singapore	**83.5**		82.6	86.7
Rest of Asia	**67.0**		71.8	73.0
Total Asia	**74.1**		76.5	79.1
Australasia	**75.6**		77.9	66.3
Total Group	**66.9**		67.3	71.4
Average Room Rate (£)				
New York	**130.55**	122.02	124.25	152.03
Regional US	**59.86**	56.34	57.38	65.64
Total US	**82.93**	78.11	79.54	93.78
London	**104.95**	95.42	95.42	107.45
Rest of Europe	**71.77**	72.55	73.47	73.22
Total Europe	**87.55**	83.43	83.91	89.93
Singapore	**102.25**	92.53	87.85	93.84
Rest of Asia	**74.05**	74.75	71.96	77.45
Total Asia	**87.70**	84.33	79.39	85.55
Australasia	**57.38**	57.19	53.80	51.96
Total Group	**82.63**	78.41	76.94	85.52
RevPAR (£)				
New York	**97.00**	93.22	94.93	129.53
Regional US	**30.23**	27.49	28.00	37.22
Total US	**46.77**	43.35	44.14	59.64
London	**77.56**	70.99	70.99	90.04
Rest of Europe	**46.44**	47.16	47.76	51.03
Total Europe	**60.15**	57.65	57.98	68.26
Singapore	**85.38**	78.66	72.56	81.36
Rest of Asia	**49.61**	53.67	51.67	56.54
Total Asia	**64.99**	64.51	60.73	67.67
Australasia	**43.38**	44.55	41.91	34.45
Total Group	**55.28**	52.77	51.78	61.06
Gross Operating Profit Margin (%)				
New York	**8.1**		8.4	27.8
Regional US	**5.0**		4.3	17.2
Total US	**6.4**		6.2	22.2
London	**49.3**		48.6	53.6
Rest of Europe	**22.5**		22.8	26.7
Total Europe	**35.4**		34.7	40.1
Singapore	**55.1**		53.4	54.0
Rest of Asia	**35.0**		38.7	39.1
Total Asia	**45.4**		46.0	46.6
Australasia	**46.2**		45.7	37.9
Total Group	**33.5**		32.5	37.1

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

APPENDIX 2: HOTEL ROOM COUNT AND PIPELINE (UNAUDITED)
for the three months ended 31 March 2011

Hotel and room count	Hotels			Rooms		
	31 March 2011	31 December 2010	31 March 2010	**31 March 2011**	31 December 2010	31 March 2010
Analysed by region:						
New York	**3**	3	3	**1,757**	1,755	1,746
Regional US	**16**	16	16	**5,554**	5,554	5,727
London	**7**	7	7	**2,493**	2,493	2,487
Rest of Europe	**18**	18	18	**3,227**	3,227	3,231
Middle East	**9**	8	8	**3,299**	2,991	2,407
Singapore	**6**	6	6	**2,750**	2,750	2,750
Rest of Asia	**16**	16	17	**7,253**	7,256	7,570
Australasia	**29**	29	30	**3,506**	3,506	3,533
Total	**104**	103	105	**29,839**	29,532	29,451
Analysed by ownership type:						
Owned and leased	**68**	68	67	**20,991**	20,992	20,648
Managed	**20**	20	19	**5,602**	5,375	4,519
Franchised	**12**	11	13	**1,637**	1,556	1,883
Investment	**4**	4	6	**1,609**	1,609	2,401
Total	**104**	103	105	**29,839**	29,532	29,451
Analysed by brand:						
Grand Millennium	**5**	5	4	**2,473**	2,473	1,648
Millennium	**40**	39	41	**14,208**	13,897	14,573
Copthorne	**34**	34	35	**7,083**	7,083	7,128
Kingsgate	**14**	14	14	**1,436**	1,436	1,425
Other M&C	**5**	5	4	**1,882**	1,882	1,469
Third Party	**6**	6	7	**2,757**	2,761	3,208
Total	**104**	103	105	**29,839**	29,532	29,451

Pipeline	Hotels			Rooms		
	31 March 2011	31 December 2010	31 March 2010	**31 March 2011**	31 December 2010	31 March 2010
Analysed by region:						
Regional US	**-**	-	1	**-**	-	250
Rest of Europe	**-**	-	3	**-**	-	639
Middle East	**22**	23	24	**6,324**	6,618	7,565
Rest of Asia	**2**	2	2	**388**	388	364
Total	**24**	25	30	**6,712**	7,006	8,818
Analysed by ownership type:						
Owned or leased	**1**	1	2	**144**	144	370
Managed	**23**	24	28	**6,568**	6,862	8,448
Total	**24**	25	30	**6,712**	7,006	8,818
Analysed by brand:						
Grand Millennium	**2**	2	2	**1,298**	1,298	1,423
Millennium	**13**	14	15	**3,648**	3,942	3,988
Copthorne	**3**	3	3	**394**	394	480
Kingsgate	**4**	4	4	**892**	892	892
Other M&C	**2**	2	6	**480**	480	2,035
Total	**24**	25	30	**6,712**	7,006	8,818

The Group opened one hotel in Oman under management contract. The Group's worldwide pipeline has 24 hotels offering 6,712 rooms, which are mainly management contracts.