5 August 2004

MILLENNIUM & COPTHORNE HOTELS PLC
RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2004

Millennium & Copthorne Hotels plc today presents its results for the six months ended 30 June 2004.

Group results

- Group turnover up 8% to £262.7m (2003: £243.0m)
- Group operating profit up 131% to £35.8m (2003: £15.5m, includes £7.0m pre-opening expenses for the Millenium Hilton Hotel, New York)
- Pre-tax profits increased to £20.6m (2003: £6.3m loss)
- Pre-tax profit before disposal of fixed assets £20.1m (2003: £6.7m loss)
- Earnings per share 4.6p (2003: loss per share of 2.2p)
- Interim dividend of 2.08p per share (2003: Full year 6.25p)

Operational overview

- Encouraging results in improving markets reflect benefits of continued focus on driving profitability at a local level
- Group occupancies increased to 69.5% (2003: 61.1%) with growth in all regions
- Continued recovery in Group RevPAR performance, up 12%, led by significant improvements in New York, London and Asia
- Management developments:
  - Tony Potter to be appointed Group Chief Executive, effective by the end of the year
  - David Cashman appointed Group Chief Financial Officer
  - Strengthened senior regional management teams

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

“Our recovery is firmly on track. The improving trend that we saw in the second half of 2003 and in the first quarter has continued. We are particularly encouraged by the significant improvements achieved in our key markets of New York, London and Asia.

"We have focused on improving the operational performance of our hotels, appraising our asset portfolio, introducing strengthened management teams and new marketing initiatives as well maintaining a tighter control on costs. We remain confident that we are well positioned to make further progress in the second half and beyond."

Enquiries to:

Tony Potter, Joint Chief Executive Millennium & Copthorne Hotels plc	020 7404 5959 (5 August)
David Cashman, Group Chief Financial Officer Millennium & Copthorne Hotels plc	020 7404 5959 (5 August)
Nick Claydon/Kate Miller/Chi Lo Brunswick Group Limited	020 7404 5959

A copy of the press release and analyst presentation will be available on http://www.millenniumhotels.com. An audio webcast of the results presentation to analysts and investors will be available on www.millenniumhotels.com and www.cantos.com
Photographs are available on www.newscast.co.uk

MILLENNIUM & COPTHORNE HOTELS PLC
RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2004

OVERVIEW

Our results for the first half of 2004 demonstrate that our recovery is firmly on track and give encouragement for the second half and beyond.

	Three months to 30 June 2004	Three months to 30 June 2003	Six months to 30 June 2004	Six months to 30 June 2003
	£m	£m	£m	£m
Group turnover	136.1	117.9	262.7	243.0
Group operating profit	21.9	5.9	35.8	15.5
Profit/(loss) before tax	15.0	(11.0)	20.6	(6.3)

On 6 May 2004 we provided a quarterly trading update in which we stated that the improving trend that we saw in the second half of 2003 had continued. Our recovery has become stronger in the second quarter, albeit against easier comparables, particularly in Asia, as we benefit from a pick up in both business and leisure travel.

We are encouraged to note signs of a continued recovery in both occupancy and rate in our key markets of New York and London with RevPAR up 18% (which includes a full six months trading at The Millenium Hilton, New York in 2004) and 14% respectively. RevPAR in our Asia region increased 46%. Whilst this was driven through increased occupancies, we saw encouraging early signs of rate growth in the region during the month of June.

For the six months to 30 June 2004 we recorded a pre tax profit of £20.6m (2003: loss of £6.3m). The earnings per share was 4.6p (2003: loss of 2.2p). We are declaring an interim dividend at 2.08p per share (2003: Full year 6.25p per share).

The management team has commenced a programme of in-depth appraisal to ensure that operational performance meets best practice, thereby improving RevPAR, and that the value inherent in the Group's asset portfolio is maximised. As well as initiating further cost saving initiatives, they have introduced strengthened management teams and new marketing initiatives to drive revenues.

REVIEW OF OPERATIONS

Group performance

Our turnover for the first six months of 2004 was £262.7m (2003: £243.0m). Group operating profit was £35.8m (2003: £15.5m). Occupancy for the Group was 69.5% (2003: 61.1%) and the average room rate was £59.68 (2003: £60.74) resulting in a RevPAR up 12% at £41.48 (2003: £37.11). The Group GOP margin was 32.4% (2003: 29.4%).

In order to assist the understanding of our key operating statistics we are presenting "like for like" statistics in constant currency. We continue to exclude the Millenium Hilton in New York from like for like comparisons as the property was not open for the full period last year.

On this like for like (LFL) basis, with constant rates of exchange, occupancy was 69.1% (2003: LFL 60.9%) and the average room rate was 0.6% up at £57.66 (2003: LFL £57.33) resulting in a 14% increase in RevPAR of £39.84 (2003: LFL £34.91).

Our performance takes into account a £0.5m profit on the disposal of staff accommodation in London. We are making good progress in disposing of further non-core properties, such as the Millennium Sydney, where initial sales are likely to be completed and booked in early 2005.

UNITED STATES

New York

The RevPAR trend in New York is encouraging. Occupancy for the region has increased to 84.0% (2003: LFL 82.6%). Average rate of £93.06 has shown even stronger growth (2003: LFL £85.50) and the resultant RevPAR was £78.17 (2003: LFL £70.62).

New York is continuing to enjoy high volumes of business. The weak dollar has helped to boost leisure travel in the United States. Business travel is also improving which is helping to strengthen average rates.

The conference market in New York continues to be highly competitive. Steps taken in the early part of the year, including the implementation of new marketing initiatives, have begun to address this challenge and the Group is now starting to see strong forward bookings for the fourth quarter at our main conference property, the Millennium Broadway.

The Millenium Hilton has now been trading for just over one year and continues to perform strongly and improve RevPAR. Market share has increased and profitability has continued to improve. With respect to the legal action with the insurance company, no business interruption compensation has been booked for the period. In June 2004 the US District Judge presiding over the action dismissed all of the insurance company's complaints except for the issue of the determination of the terms of its business interruption loss coverage under the policy. We continue to pursue our claim aggressively and remain confident that the claim will be settled in our favour. Any further business interruption income will be booked on a received basis.

Regional US

The occupancy for the region improved to 56.3% (2003: LFL 54.6%). The average rate was £52.81 (2003: LFL £52.43) and the resultant RevPAR was £29.73 (2003: LFL £28.63).

Recovery in our eleven regional Millennium branded US properties remains uneven, but overall the RevPAR performance of the region's hotels was encouraging. Occupancy continues to strengthen although there is still rate resistance at a few properties as can be seen in the marginal increase in rate for the region. However, it is encouraging to note that the RevPAR improvement in the second quarter is better than that in quarter one.

Chicago, Minneapolis and Nashville have all seen year on year RevPAR improvements since 2002.

Despite a marginal profit improvement at the Millennium Biltmore Hotel Los Angeles, the downtown Los Angeles market remains competitive and this property is receiving focussed management attention. Cincinnati's performance has been negatively impacted by the gradual closure of the Cincinnati Convention Center, which, after undergoing a major refurbishment and expansion will reopen in 2006. The performance of this hotel is the principal reason for a decline in the Regional US operating performance.

EUROPE

London

The occupancy for the region was 78.5% (2003: LFL 74.5%). The average rate was £79.45 (2003: LFL £73.63) and the resultant RevPAR was £62.37 (2003: LFL £54.85).

In the first quarter we reported increased RevPAR through improved average rate reflecting the benefits of our pricing strategy. There was a significant improvement in our London performance in the second quarter over 2003 with a RevPAR increase of 23% year on year. This resulted from a 10% rate growth and an increase in occupancy.

The Copthorne Tara Hotel London Kensington has produced a much stronger performance this year, principally driven by increased business levels in the aircrew, corporate and individual leisure sectors.

Food and beverage revenues have also showed improvement and a strong profit performance. This is due in part to the fact that both our restaurant and private dining and our Meetings and Events businesses throughout London are doing well.

Rest of Europe

The occupancy for the region was 71.3% (2003: LFL 68.4%). The average rate was £67.44 (2003: LFL £68.00) and the resultant RevPAR was £48.08 (2003: LFL £46.51). Whilst occupancies are being increased we are still seeing some pressure on rate in Continental Europe.

Regional UK
Our regional UK portfolio continued to perform well overall. The occupancy for the region was 73.2% (2003: LFL 71.0%). The average rate was £65.35 (2003: LFL £64.00) and the resultant RevPAR was £47.84 (2003: LFL £45.44).

This growth has been repeated in most of the regional UK portfolio with strong demand from the business sector in key locations. Trading at our two airport hotels near Gatwick has reflected the increasing volume of airline passenger traffic and these two hotels have recorded a combined year on year RevPAR growth of 12.0%.

Continental Europe
In Continental Europe occupancy was 68.3% (2003: LFL 64.2%) The average rate was £70.99 (2003: LFL £75.03) and the resultant RevPAR £48.49 (2003: LFL £48.17).

Our property in central Paris, the Millennium Hotel Paris, performed well with good increases in rate and occupancy. However, rate pressure continued to be seen at the Millennium Hotel Charles de Gaulle and at our two German hotels. Occupancy increased in all properties with the exception of the Copthorne Hotel Hannover whose business fluctuates according to the exhibitions and trade fairs held at the nearby Hannover MESSE complex.

ASIA

The occupancy for the region was 71.4% (2003: LFL 48.0%). The average rate was £46.93 (2003: LFL £47.73) and the resultant RevPAR was £33.51 (2003: LFL £22.91).

Asia continues to show strong recovery. RevPAR improvements in the second quarter for our owned properties most severely impacted by SARS last year have been between 99% and 280%.

This improvement has chiefly been driven by increases in volume with opportunities still to be realised for further rate growth. We stated in our May announcement that we were experiencing downward rate pressure in all countries except Taiwan. In the second quarter average rate has also increased in Singapore, Malaysia and South Korea. Further rate growth in June is encouraging.

In Taiwan, our Food and Beverage business has grown year on year despite recent competition from the nearby Tower 101.

Trading in our two joint venture properties in Hong Kong has been strong and ahead of 2002.

AUSTRALASIA

The occupancy for the region was 73.2% (2003: LFL 68.5%). The average rate was £38.02 (2003: LFL £37.51) and the resultant RevPAR was £27.83 (2003: LFL £25.69).

The performance of our New Zealand properties has been strong and they increased their RevPAR by 8.3%. All three hotel brands, Millennium, Copthorne and Kingsgate, have shown increases. This performance has reflected year on year increases of inbound travellers from Australia.

Our retail centres in Sydney, Australia continue to perform well and we have seen good results from our land development business in New Zealand.

MANAGEMENT

On the departure of John Wilson as Chief Executive last March we put in place provisional management arrangements with Tony Potter and Wong Hong Ren as Joint Interim Chief Executives. They were charged with providing continuity to the group, reviewing both its operations and assets and establishing our forward programmes. These tasks will be completed by the end of the year at which point Tony Potter will become Group Chief Executive and Wong Hong Ren will revert to his former role as Executive Director with particular responsibility for finance and our asset portfolio.

David Cashman has been in charge of our financial functions since the departure of David Thomas last March. We are now pleased to confirm that he has been appointed Group Chief Financial Officer with immediate effect, reporting to Wong Hong Ren.

In addition, we have recently strengthened our senior management team in both Europe and the Middle East with the appointment of a President for each region. With these appointments, each region will be headed by a regional President, who will be supported by a team of operational managers. This will further allow us to develop our management effectiveness at regional and unit level.

The new appointment of a Vice President of Sales & Marketing for the European and Middle Eastern region will extend progress with regard to our sales activity and focus throughout all levels of the business.

CURRENT TRADING AND PROSPECTS

We are encouraged by the improvement in Group RevPAR achieved in the first half of 2004. Group RevPAR for first four weeks of July was 12.8% on a like for like basis.

We have focused on improving the operational performance of our hotels, appraising our asset portfolio, introducing strengthened management teams and new marketing initiatives as well maintaining a tighter control on costs. We remain confident that we are well positioned to make further progress in the second half and beyond.

Kwek Leng Beng
Chairman
5 August 2004

REVIEW OF FINANCE

Results

The total turnover for the six months was £292.6m (2003: £268.7m) including £29.9m (2003: £25.7m) as a share of the turnover of joint ventures. The Group operating profit was £35.8m (2003: £15.5m).

Joint ventures

The share of operating profits of joint ventures for the six months was £4.0m (2003: £0.6m). The increase in the share of operating profits principally reflects recovery from the adverse effects of the Iraq war and the SARS virus on these hotels in 2003.

Profit on disposal of fixed assets

This is comprised of a £0.5m profit on sale of staff accommodation in London.

Interest

Group interest receivable and similar income was £1.3m (2003: £2.2m). Total interest payable was £21.0m (2003: £25.0m).

The Group interest payable (excluding joint ventures and associates) was £19.2m (2003: £22.4m). The reduction in interest payable compared to last year is largely as a result of the settlement of the Regal deferred consideration and favourable exchange movements, which were partly offset by higher average interest rates during the period.

Of the total interest payable, £1.8m (2003: £2.6m) was in respect of the Group's share of the interest payable by joint ventures.

The total net interest cost for the period was £19.7m (2003: £22.8m), which was covered 2.0 times (2003: 0.7 times) by profits, including our share of operating profits of joint ventures and associated undertakings, of £39.8m (2003: £16.1m).

The group borrowing rate is increased by hedging arrangements in respect of a 5 year US loan which expires on 30 November 2005.

Taxation

The effective rate of taxation for the period is 15.0% (full year 2003: 10.2%) and we are reporting a tax charge of £3.1m (six months to 30 June 2003: credit of £1.6m).

Capital expenditure

The cash outflow on capital expenditure for the period was £6.4m (2003: £20.5m, of which £11.6m related to the refurbishment of the Millenium Hilton New York).

Major projects for the second half include a refurbishment and upgrade of 100 rooms at the Millennium Broadway Hotel New York and the complete renovation of one of the two towers at the Orchard Hotel Singapore.

Dividends and earnings per share

The directors are proposing an interim dividend of 2.08p per share (full year 2003: 6.25p). The interim dividend will be paid on 6 October 2004 to shareholders on the register as at close of business on 13 August 2004. The Group will again be offering shareholders the option of a scrip dividend.

All shareholders were offered the option of either a scrip dividend and/or cash in settlement of the final dividend for 2003. There was an encouraging level of acceptance, which included the Group's parent company City Developments Limited, and a total of 1,448,622 new shares were issued to the value of £4.3m. The balance of £1.5m dividend payable was paid in cash.

The basic earnings per share was 4.6p (2003: loss per share of 2.2p).

Treasury

The net borrowings of the Group, as at 30 June 2004, were £655.7m (31 December 2003: £680.9m). The movement in borrowings reflects a decrease in underlying net debt of £10.8m and translation differences and other non-cash movements of £13.9m.

Cash flow and gearing

Net cash inflow from operations was £40.2m (2003: £32.2m). There was an overall net increase in cash of £3.5m (2003: decrease of £31.6m), which, together with an increase of £3.9m in short term deposits, gives rise to cash balances at 30 June 2004 of £50.2m (2003: £32.7m).

The Group gearing as at 30 June 2004 was 52% (31 December 2003: 53%).

Acquisition of minority shareholding

During the period, the Group increased its shareholding in Kingsgate International Corporation Limited (Kingsgate). Kingsgate has property interests in Australia and was, prior to this transaction, listed on the New Zealand stock exchange.

The Group's shareholding in Kingsgate is held through its majority owned subsidiary CDL Hotels New Zealand Limited which has increased its interest in Kingsgate from 50.74% to 61.30%. The total purchase consideration of approximately NZ$15.2m (£5.4m) represents NZ$0.36 for each share acquired by the Group and was partly settled at 30 June 2004.

Tony Potter / Wong Hong Ren
Joint Chief Executives
5 August 2004

Consolidated profit and loss account

	6 months ended 30 June 2004 £m Unaudited	6 months ended 30 June 2003 £m Unaudited	Year ended 31 December 2003 £m Audited
TURNOVER			
Group and share of joint ventures	**292.6**	268.7	583.2
Less share of turnover of joint ventures	**(29.9)**	(25.7)	(60.1)
GROUP TURNOVER	**262.7**	243.0	523.1
Cost of sales	**(118.4)**	(113.7)	(242.1)
GROSS PROFIT	**144.3**	129.3	281.0
Administrative expenses	**(108.5)**	(106.8)	(218.5)
Other operating expenses	**-**	(7.0)	(8.1)
GROUP OPERATING PROFIT	**35.8**	15.5	54.4
Share of operating profits of joint ventures	**4.0**	0.6	7.0
TOTAL OPERATING PROFIT	**39.8**	16.1	61.4
Profit on disposal of fixed assets	**0.5**	0.4	0.4
PROFIT BEFORE INTEREST AND TAXATION	**40.3**	16.5	61.8
Interest payable less receivable			
Group	**(17.9)**	(20.2)	(38.3)
Joint ventures	**(1.8)**	(2.6)	(4.8)
	(19.7)	(22.8)	(43.1)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	**20.6**	(6.3)	18.7
Tax on profit/(loss) on ordinary activities	**(3.1)**	1.6	(1.9)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	**17.5**	(4.7)	16.8
Minority interests - equity	**(4.6)**	(1.6)	(5.7)
Profit/(loss) for the financial period	**12.9**	(6.3)	11.1
Dividends paid and proposed	**(5.9)**	(11.9)	(17.7)
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL PERIOD	**7.0**	(18.2)	(6.6)
Earnings/(loss) per share	**4.6p**	(2.2p)	3.9p
Diluted earnings/(loss) per share	**4.5p**	(2.2p)	3.9p
Dividends per share	**2.08p**	4.20p	6.25p

Consolidated statement of total recognised gains and losses

	6 months ended 30 June 2004 £m Unaudited	6 months ended 30 June 2003 £m Unaudited	Year ended 31 December 2003 £m Audited
Profit/(loss) for the financial period	**12.9**	(6.3)	11.1
Loss on foreign currency translation	**(29.5)**	(17.2)	(55.6)
Deficit on revaluation of fixed assets	**-**	-	(2.4)
Total recognised gains and losses relating to the financial period	**(16.6)**	(23.5)	(46.9)

Note of historical cost profits and losses

	6 months ended 30 June 2004 £m Unaudited	6 months ended 30 June 2003 £m Unaudited	Year ended 31 December 2003 £m Audited
Reported profit/(loss) on ordinary activities before taxation	**20.6**	(6.3)	18.7
Difference between a historical cost depreciation charge and the actual depreciation charge for the period calculated on the revalued amount	**0.2**	0.2	0.5
Historical cost profit/(loss) on ordinary activities before taxation	**20.8**	(6.1)	19.2
Historical cost profit/(loss) for the period retained after taxation, minority interests and dividends	**7.2**	(18.0)	(6.1)

Consolidated balance sheet

	30 June 2004 £m Unaudited	30 June 2003 £m Unaudited	31 December 2003 £m Audited
FIXED ASSETS			
Tangible assets	**2,041.5**	2,178.9	2,103.0
Investments in joint ventures			
Share of gross assets	**248.9**	273.5	256.6
Share of gross liabilities	**(171.8)**	(192.3)	(178.9)
Share of minority interests	**(20.0)**	(20.5)	(19.6)
Loans to joint ventures	**31.7**	35.8	32.7
	88.8	96.5	90.8
Investment in associated undertakings	**0.4**	1.4	0.5
Other investments	**0.8**	0.5	0.9
	90.0	98.4	92.2
	2,131.5	2,277.3	2,195.2
CURRENT ASSETS			
Stocks	**19.3**	15.1	16.0
Debtors falling due within one year	**68.6**	68.3	59.6
Debtors falling due after more than one year	**1.8**	2.1	1.9
	70.4	70.4	61.5
Cash and short term deposits	**50.2**	32.7	44.9
	139.9	118.2	122.4
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Bank loans, overdrafts and finance lease obligations	**(21.0)**	(88.4)	(66.5)
Other liabilities	**(115.4)**	(146.8)	(111.7)
	(136.4)	(235.2)	(178.2)
NET CURRENT ASSETS/(LIABILITIES)	**3.5**	(117.0)	(55.8)
TOTAL ASSETS LESS CURRENT LIABILITIES	**2,135.0**	2,160.3	2,139.4
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
Bank loans, overdrafts and finance lease obligations	**(684.9)**	(656.5)	(659.3)
Other liabilities	**(11.4)**	(13.2)	(11.7)
	(696.3)	(669.7)	(671.0)
PROVISIONS FOR LIABILITIES AND CHARGES	**(52.1)**	(54.5)	(55.0)
NET ASSETS	**1,386.6**	1,436.1	1,413.4
CAPITAL AND RESERVES			
Called up share capital	**85.5**	84.8	84.8
Share premium account	**846.5**	845.6	845.8
Revaluation reserve	**291.2**	306.5	296.4
Profit and loss account	**46.4**	78.6	59.5
SHAREHOLDERS' FUNDS – EQUITY	**1,269.6**	1,315.5	1,286.5
MINORITY INTERESTS – EQUITY	**117.0**	120.6	126.9
TOTAL CAPITAL EMPLOYED	**1,386.6**	1,436.1	1,413.4

Consolidated Cash Flow Statement

	6 months ended 30 June 2004 £m Unaudited	6 months ended 30 June 2003 £m Unaudited	Year ended 31 December 2003 £m Audited
CASH FLOW STATEMENT			
Net cash inflow from operating activities	**40.2**	32.2	93.1
Dividends received from joint ventures	**-**	-	0.3
Returns on investments and servicing of finance	**(18.9)**	(23.4)	(45.5)
Taxation paid	**(1.3)**	(0.6)	(5.3)
Net capital expenditure and financial investment	**(4.9)**	(13.8)	(23.7)
Acquisitions and disposals	**-**	(2.6)	(28.0)
Equity dividends paid	**(1.5)**	(23.5)	(35.3)
Cash inflow/(outflow) before use of liquid resources and financing	**13.6**	(31.7)	(44.4)
Management of liquid resources	**(3.9)**	(8.5)	-
Financing			
Net cash from the issue of shares and purchase of minority interests	**(2.8)**	-	0.1
(Decrease)/increase in debt and lease financing	**(3.4)**	8.6	32.5
Net cash (outflow)/inflow from financing	**(6.2)**	8.6	32.6
Increase/(decrease) in cash in the period	**3.5**	(31.6)	(11.8)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
Increase/(decrease) in cash in the period	**3.5**	(31.6)	(11.8)
Cash outflow from increase in liquid funds	**3.9**	8.5	-
Cash outflow/(inflow) from the decrease/(increase) in debt and lease financing	**3.4**	(8.6)	(32.5)
Change in net debt resulting from cash flows	**10.8**	(31.7)	(44.3)
Acquisitions	**-**	(12.6)	(12.6)
Deferred finance costs	**0.5**	0.3	0.4
Translation differences and other non cash movements	**13.9**	7.3	51.1
Movement in net debt in the period	**25.2**	(36.7)	(5.4)
Net debt at the beginning of the period	**(680.9)**	(675.5)	(675.5)
Net debt at the end of the period	**(655.7)**	(712.2)	(680.9)

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	6 months ended 30 June 2004 £m Unaudited	6 months ended 30 June 2003 £m Unaudited	Year ended 31 December 2003 £m Audited
Group operating profit	**35.8**	15.5	54.4
Depreciation	**17.8**	19.9	38.5
Tangible fixed assets written off	**-**	-	0.6
(Increase)/decrease in stocks	**(3.3)**	0.6	(0.3)
(Increase)/decrease in debtors	**(8.1)**	6.5	10.1
Decrease in creditors	**(1.8)**	(10.0)	(9.7)
Decrease in provisions	**(0.2)**	(0.3)	(0.5)
Net cash inflow from operating activities	**40.2**	32.2	93.1

ANALYSIS OF NET DEBT

	As at 1 January 2004 £m	**Cash flow £m**	**Deferred finance costs £m**	**Translation differences and other non cash movements £m**	**As at 30 June 2004 £m**
Cash	31.8	2.9		(0.9)	**33.8**
Overdrafts	(1.5)	0.6		0.2	**(0.7)**
		3.5			
Short term deposits	13.1	3.9		(0.6)	**16.4**
Debt due after one year	(491.2)	29.6		9.2	**(452.4)**
Debt due within one year	(20.7)	0.9		1.2	**(18.6)**
Finance leases	(7.7)	0.8		0.4	**(6.5)**
Bonds due after one year	(162.1)	(70.3)	0.5	4.2	**(227.7)**
Bonds due within one year	(42.6)	42.4		0.2	**-**
		3.4			
	(680.9)	10.8	0.5	13.9	**(655.7)**

ANALYSIS OF CASH FLOW FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT	**6 months ended 30 June 2004**	6 months ended 30 June 2003	Year ended 31 December 2003
	£m	£m	£m
	Unaudited	Unaudited	Audited
Returns on investments and servicing of finance			
Interest received	**1.0**	0.8	2.2
Interest paid	**(18.1)**	(21.4)	(39.0)
Payment of interest on deferred consideration	**-**	-	(4.8)
Loan arrangement fees paid	**(0.5)**	(0.3)	(0.4)
Interest element of finance lease rental payments	**(0.1)**	(0.6)	(0.9)
Dividends paid to minorities	**(1.2)**	(1.9)	(2.6)
Net cash outflow for returns on investments and servicing of finance	**(18.9)**	(23.4)	(45.5)
Capital expenditure and financial investment			
Purchase of tangible fixed assets	**(6.4)**	(8.9)	(17.6)
Millenium Hilton New York capital expenditure	**-**	(11.6)	(14.7)
Proceeds from the sale of investments	**-**	2.5	2.5
Sale of other fixed assets	**1.5**	4.2	6.1
Net cash outflow for capital expenditure and financial investment	**(4.9)**	(13.8)	(23.7)
Acquisitions and disposals			
Acquisition of subsidiary undertakings	**-**	(2.6)	(2.6)
Payment of deferred consideration	**-**	-	(25.4)
Net cash outflow for acquisitions and disposals	**-**	(2.6)	(28.0)
Management of liquid resources			
Cash placed on short term deposit	**(3.9)**	(8.5)	-
Net cash outflow from management of liquid resources	**(3.9)**	(8.5)	-
Financing			
Issue of shares from the exercise of options	**1.4**	-	0.1
Purchase of shares from minority interests	**(4.2)**	-	-
	(2.8)	-	0.1
Drawdown of third party loans	**195.3**	150.6	304.7
Repayment of third party loans	**(198.0)**	(141.8)	(261.1)
Capital element of finance lease repayment	**(0.7)**	(0.2)	(11.1)
	(3.4)	8.6	32.5
Net cash (outflow) /inflow from financing	**(6.2)**	8.6	32.6

Notes

1. **Date of approval** These interim statements were approved by the directors on 4 August 2004. Further copies of the statements can be obtained from Millennium & Copthorne Hotels plc at Victoria House, Victoria Road, Surrey, RH6 7AF.

2. **Basis of preparation** These statements have been prepared under the historical cost convention, modified to include the revaluation of certain hotels and investment properties. Preparation is in accordance with the Group's accounting policies as set out in the financial statements for the year ended 31 December 2003.

   The comparative figures for the financial year ended 31 December 2003 are not the Group's statutory accounts for that financial year but are abridged from them. Those accounts have been reported on by the Group's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified and did not contain a statement under section 237 (2) and (3) of the Companies Act 1985.

3. **Basis of consolidation** The interim statements consolidate the accounts of Millennium & Copthorne Hotels plc and its subsidiary undertakings together with the Group's share of the net assets and results of its joint ventures and associated undertakings.

   The results of the subsidiary undertakings acquired are included in the profit and loss account from the effective date of acquisition. The Group's share of the results and the net assets of its associated undertakings and joint ventures are included in the consolidated profit and loss account and balance sheet under the equity method of accounting.

4. **Taxation** A tax charge has been accrued at a rate of 15.0% which takes account of the forecast effective tax rate for the full year (2003 full year: 10.2%).

5. **Dividends** The interim dividend of 2.08p per share will be paid on 6 October 2004 to shareholders on the register as at close of business on 13 August 2004. The ex-dividend date for the shares will be 11 August 2004. The Group will again be offering shareholders the option of a scrip dividend.

6. **Earnings per share** The basic earning per share of 4.6p (2003: loss of 2.2p) is based on a profit of £12.9 million (2003: loss of £6.3 million) and a weighted average number of shares in issue of 283.4 million (2003: 282.6 million) being the average number of shares in issue in the period. Fully diluted profit per share of 4.5p (2003: loss of 2.2p) is based on a weighted average number of shares in issue of 284.1 million (2003: 282.6 million) being the average number of shares in issue during the period adjusted for the exercise of share options.

Segmental information for the six months ended 30 June 2004

	New York 2004 £m	Rest of USA 2004 £m	London 2004 £m	Rest of Europe 2004 £m	Asia 2004 £m	Australasia 2004 £m	Group 2004 £m
TURNOVER							
Hotel	**36.3**	**46.8**	**36.2**	**44.6**	**66.6**	**22.4**	**252.9**
Non-hotel	**-**	**1.2**	**-**	**-**	**0.7**	**7.9**	**9.8**
Total	**36.3**	**48.0**	**36.2**	**44.6**	**67.3**	**30.3**	**262.7**
HOTEL GROSS OPERATING PROFIT	**9.3**	**8.1**	**18.3**	**13.0**	**23.8**	**9.4**	**81.9**
Hotel fixed charges	**(6.2)**	**(8.7)**	**(6.6)**	**(8.7)**	**(10.3)**	**(4.3)**	**(44.8)**
HOTEL OPERATING PROFIT/(LOSS)	**3.1**	**(0.6)**	**11.7**	**4.3**	**13.5**	**5.1**	**37.1**
NON-HOTEL OPERATING PROFIT	**-**	**0.1**	**-**	**-**	**0.4**	**4.2**	**4.7**
Profit/(loss) before central costs	**3.1**	**(0.5)**	**11.7**	**4.3**	**13.9**	**9.3**	**41.8**
Other operating expenses							**-**
Central costs							**(6.0)**
GROUP OPERATING PROFIT							**35.8**
Share of operating profits of joint ventures	**0.7**				**3.3**		**4.0**
Profit on disposal of fixed assets							**0.5**
Net interest payable							**(19.7)**
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION							**20.6**

Segmental information for the six months ended 30 June 2003

Reported Currency	New York 2003 £m	Rest of USA 2003 £m	London 2003 £m	Rest of Europe 2003 £m	Asia 2003 £m	Australasia 2003 £m	Group 2003 £m
TURNOVER							
Hotel	28.7	50.8	31.3	43.7	56.2	21.0	231.7
Non-hotel	-	1.8	-	-	0.9	8.6	11.3
Total	28.7	52.6	31.3	43.7	57.1	29.6	243.0
HOTEL GROSS OPERATING PROFIT	7.6	9.8	15.0	12.4	15.3	8.1	68.2
Hotel fixed charges	(5.8)	(9.9)	(5.1)	(9.0)	(10.1)	(4.4)	(44.3)
HOTEL OPERATING PROFIT/(LOSS)	1.8	(0.1)	9.9	3.4	5.2	3.7	23.9
NON-HOTEL OPERATING PROFIT	-	0.8	-	-	0.3	3.4	4.5
Profit before central costs	1.8	0.7	9.9	3.4	5.5	7.1	28.4
Other operating expenses	(7.0)						(7.0)
Central costs							(5.9)
GROUP OPERATING PROFIT							15.5
Share of operating profits of joint ventures	0.3				0.3		0.6
Profit on disposal of fixed assets							0.4
Net interest payable							(22.8)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION							(6.3)

For 2003 the New York hotel operating profit excludes pre-opening expenses and legal fees incurred with respect to the Millenium Hilton. These are disclosed in other operating expenses.

Appendix 1
Key Operating Statistics - for the six months ended 30 June 2004

	6 months ended 30 June 2004	6 months ended 30 June 2003	6 months ended 30 June 2003	Year ended 31 December 2003
		Like For Like		
	Excluding Millenium Hilton	Excluding Millenium Hilton	Excluding Millenium Hilton	Excluding Millenium Hilton
	Reported Currency	Constant Currency	Reported Currency	Reported Currency
OCCUPANCY (%)				
New York	**84.0**	82.6	82.6	83.8
Rest of USA	**56.3**	54.6	54.6	57.0
USA	**61.4**	59.8	59.8	61.9
London	**78.5**	74.5	74.5	80.9
Rest of Europe	**71.3**	68.4	68.4	69.8
Europe	**74.5**	71.1	71.1	74.7
Asia	**71.4**	48.0	48.0	56.5
Australasia	**73.2**	68.5	68.4	68.7
Group	**69.1**	60.9	61.0	64.9
AVERAGE ROOM RATE (£)				
New York	**93.06**	85.50	96.20	101.87
Rest of USA	**52.81**	52.43	58.99	57.97
USA	**62.93**	60.83	68.44	68.88
London	**79.45**	73.63	73.63	73.85
Rest of Europe	**67.44**	68.00	68.31	66.74
Europe	**73.05**	70.62	70.78	70.16
Asia	**46.93**	47.73	52.79	51.98
Australasia	**38.02**	37.51	36.29	37.14
Group	**57.66**	57.33	60.38	60.42
REVPAR (£)				
New York	**78.17**	70.62	79.46	85.37
Rest of USA	**29.73**	28.63	32.21	33.04
USA	**38.64**	36.38	40.93	42.64
London	**62.37**	54.85	54.85	59.74
Rest of Europe	**48.08**	46.51	46.72	46.58
Europe	**54.42**	50.21	50.32	52.41
Asia	**33.51**	22.91	25.34	29.37
Australasia	**27.83**	25.69	24.82	25.52
Group	**39.84**	34.91	36.83	39.21
GROSS OPERATING PROFIT MARGIN (%)				
New York	**22.0**		25.6	26.5
Rest of USA	**17.3**		19.4	20.1
USA	**18.9**		21.5	21.2
London	**50.6**		47.9	49.4
Rest of Europe	**29.1**		28.3	28.0
Europe	**38.7**		36.5	37.3
Asia	**35.7**		27.2	35.8
Australasia	**42.0**		38.6	40.8
Group	**32.3**		29.4	32.3

Like for like statistics exclude

- Millennium Hotel Sydney for the six months ended 30 June 2003
- Quality Hotel Willis Street Wellington for the six months ended 30 June 2003

The Millenium Hilton is excluded from both 2003 and 2004 statistics. Including the Millenium Hilton in 2004 and 2003 (but excluding pre-opening expenses), and Millennium Hotel Sydney and Quality Hotel Willis Street Wellington in 2003 would produce the following statistics

	6 months ended June 2004	6 months ended June 2003 Constant Currency	6 months ended June 2003 Reported Currency
OCCUPANCY (%)			
New York	**83.7**	82.3	82.3
USA	**63.1**	60.1	60.1
Group	**69.5**	61.1	61.1
AVERAGE ROOM RATE (£)			
New York	**100.66**	86.43	97.24
USA	**68.66**	61.63	69.34
Group	**59.68**	57.37	60.74
REVPAR (£)			
New York	**84.25**	71.13	80.03
USA	**43.32**	37.04	41.67
Group	**41.48**	35.05	37.11
GOP (%)			
New York	**25.6**		26.5
USA	**20.9**		21.9
Group	**32.4**		29.4

Appendix 2

Consolidated profit and loss account - for the three months ended 30 June 2004

	3 months ended 30 June 2004 £m Unaudited	3 months ended 30 June 2003 £m Unaudited
TURNOVER		
Group and share of joint ventures	**152.0**	132.1
Less share of turnover of joint ventures	**(15.9)**	(14.2)
GROUP TURNOVER	**136.1**	117.9
Cost of sales	**(59.3)**	(54.2)
GROSS PROFIT	**76.8**	63.7
Administrative expenses	**(54.9)**	(53.4)
Other operating expenses	**-**	(4.4)
GROUP OPERATING PROFIT	**21.9**	5.9
Share of operating profits of joint ventures	**2.7**	(0.2)
TOTAL OPERATING PROFIT	**24.6**	5.7
Loss on disposal of fixed assets	**-**	(5.7)
PROFIT BEFORE INTEREST AND TAXATION	**24.6**	-
Interest payable less receivable		
Group	**(8.7)**	(9.8)
Joint ventures	**(0.9)**	(1.2)
	(9.6)	(11.0)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	**15.0**	(11.0)
Tax on profit/(loss) on ordinary activities	**(2.2)**	2.9
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	**12.8**	(8.1)
Minority interests – equity	**(1.8)**	0.2
Profit/(loss) for the financial period	**11.0**	(7.9)

Appendix 3
Key Operating Statistics - for the three months ended 30 June 2004

	3 months ended 30 June 2004 Excluding Millenium Hilton Reported Currency	3 months ended 30 June 2003 Like for Like Excluding Millenium Hilton Constant Currency	3 months ended 30 June 2003 Excluding Millenium Hilton Reported Currency
OCCUPANCY (%)			
New York	**88.5**	84.0	84.0
Rest of USA	**59.4**	58.4	58.4
USA	**64.7**	63.1	63.1
London	**82.4**	73.6	73.6
Rest of Europe	**73.6**	71.2	71.2
Europe	**77.5**	72.3	72.3
Asia	**72.1**	35.1	35.1
Australasia	**63.1**	55.0	55.0
Group	**69.7**	57.0	57.0
AVERAGE ROOM RATE (£)			
New York	**99.21**	86.92	96.81
Rest of USA	**55.60**	54.08	60.31
USA	**66.54**	62.12	69.24
London	**81.61**	74.30	74.30
Rest of Europe	**67.23**	66.83	67.82
Europe	**74.01**	70.21	70.75
Asia	**48.73**	45.79	51.39
Australasia	**34.98**	34.31	35.02
Group	**59.78**	58.29	62.10
REVPAR (£)			
New York	**87.80**	73.01	81.32
Rest of USA	**33.03**	31.58	35.22
USA	**43.05**	39.20	43.69
London	**67.25**	54.68	54.68
Rest of Europe	**49.48**	47.58	48.29
Europe	**57.36**	50.76	51.15
Asia	**35.13**	16.07	18.04
Australasia	**22.07**	18.87	19.26
Group	**41.67**	33.23	35.40
GROSS OPERATING PROFIT MARGIN (%)			
New York	**30.5**		30.6
Rest of USA	**22.7**		25.3
USA	**25.4**		27.1
London	**52.6**		47.3
Rest of Europe	**30.7**		28.9
Europe	**40.6**		36.5
Asia	**36.5**		17.9
Australasia	**33.3**		29.8
Group	**34.1**		28.7

Like for like statistics exclude the Millenium Hilton from both 2003 and 2004 statistics. Including the Millenium Hilton in 2004 would produce the following statistics

	3 months ended June 2004	3 months ended June 2003 Constant Currency	3 months ended June 2003 Reported Currency
OCCUPANCY (%)			
New York	**89.0**	83.2	83.2
USA	**66.8**	63.6	63.6
Group	**70.3**	57.3	57.3
AVERAGE ROOM RATE (£)			
New York	**106.16**	88.39	98.60
USA	**72.43**	63.55	70.88
Group	**62.00**	58.88	62.83
REVPAR (£)			
New York	**94.48**	73.54	82.04
USA	**48.38**	40.42	45.08
Group	**43.59**	33.74	36.00
GOP (%)			
New York	**34.0**		38.3
USA	**27.6**		30.2
Group	**34.5**		29.9