4 August 2006

MILLENNIUM & COPTHORNE HOTELS PLC
INTERIM RESULTS FOR THE HALF YEAR TO 30 JUNE 2006

Millennium & Copthorne Hotels plc today announces half year results to 30 June 2006.The Group has a portfolio of 105 hotels located in the Americas, Europe, Middle-East, Asia and New Zealand.

Financial Highlights

- Revenue up 11% to £312.7m (2005: £281.0m)
- Hotel operating profit up 13% to £50.2m (2005: £44.6m)
- Group operating profit before other operating income up 17% to £47.2m (2005: £40.4m)
    - Other operating income of £0.3m (2005: £12.8m)
- Profit before tax excluding other operating income up 36% to £35.8m (2005: £26.3m)
- Profit before tax £36.1m (2005: £39.1m). The decline reflects the one-off £12.8m insurance receipt in H1 2005
- Adjusted earnings per share up 40% to 8.1p (2005: 5.8p)[1]
- Earnings per share 8.2p (2005: 8.2p)
- Interim dividend of 2.08p (2005: 2.08p)

Overview of Group Performance

- Group RevPAR up by 10.8% (7.6% at constant rates of exchange)
- Particularly strong performances in the US and Asia with RevPAR growth of 16.6% and 20.8% respectively
- Group rate growth of 9.2% reflects success in implementing rate-driven RevPAR strategy
- Focus on operational improvement and commitment to achieving sustained operational excellence in our hotels have led to improved profit conversion of 47.4% (2005: 37.0%)
- Seven management contracts for 1,617 rooms secured in the period in London, Dubai, Abu Dhabi and Sharm el Sheikh
- 520-room Millennium Beijing announced in May
- Non-hotel performance benefited from the sale of 22 apartments in Sydney, leading to a £2.2m increase in operating profit for our non-hotel operations in Australasia. This underlines the Group's ability to drive shareholder value through the redevelopment of assets for alternative use

Commenting today, Mr Kwek Leng Beng, Chairman said:

"Results for the half year were strong, particularly in the New York and Singapore markets. The second half has begun well with Group RevPAR for July up 9.6%. We remain confident of making further progress and the outlook for the year as a whole remains in line with the expectations that we set out in April.

We are sorry that our Group Chief Executive, Tony Potter, is leaving us to work outside the UK. We wish him success in his future endeavours and thank him for his contribution over the years. We have embarked on a process to recruit a new Group Chief Executive and Tony Potter will continue in his post pending the appointment of his successor. Our strategy and business plans remain unchanged and we are confident that we will achieve our financial targets for the year."

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There will be an audio webcast of the results presentation from 9:15am on 4th August 2006 on http://www.millenniumhotels.com

[1] Adjusted to exclude other operating income (net of tax)

OVERVIEW

I am pleased to report a strong performance in the first half of 2006 and results which are in line with our expectations. For the six months to 30 June 2006, we recorded a pre tax profit of £36.1m (2005: £39.1m). Results in the first half of 2005 benefited from a one off insurance receipt of £12.8m. The earnings per share were 8.2p (2005: 8.2p). We are declaring an interim ordinary dividend of 2.08p per share (2005: 2.08p per share).

	3 months ended 30 June 2006	3 months ended 30 June 2005	6 months ended 30 June 2006	6 months ended 30 June 2005
	£m	£m	£m	£m
Revenue	162.8	151.5	312.7	281.0
Group operating profit before other operating income	30.0	27.0	47.2	40.4
Profit before tax, excluding other operating income	24.3	19.3	35.8	26.3
Profit before tax	24.6	19.3	36.1	39.1

Second Quarter Overview

At constant exchange rates, Group RevPAR for Q2 has increased by 7.0% mainly as a result of rate-growth of 6.4% and partly through occupancy growth in London (+0.8 percentage points), New York (+2.8 percentage points), Asia (+0.8 percentage points) and New Zealand (+1.4 percentage points). New York remains the most buoyant of our geographic segments with RevPAR up 15.7%. Asia also experienced strong growth with an 11.6% increase and, within this, Singapore continued to show the strongest growth with RevPAR 23.6% ahead of 2005 Q2. RevPAR in London increased by 4.5% and we expect to see further improvements when the remaining 2006 refurbishment programmes are complete. The regional US and Continental Europe both recorded significant improvements in profitability.

SUMMARY OF FIRST HALF PERFORMANCE

Group RevPAR for the six months to 30 June increased by 7.6% at constant exchange rates. Group occupancies increased by 1.1 percentage points and average rate grew by 5.9%. At constant exchange rates, total hotel revenues increased by £15.0m and hotel operating profit by £4.4m to £50.2m.

Revenue increased to £312.7m (2005: £281.0m). Operating profit before other operating income and impairment increased by 17% to £47.2m (2005 restated: £40.4m). Profit before tax and other operating income was £35.8m (2005: £26.3m).

Other operating income for the half year includes the profit on disposal of a number of shop units in Singapore. The £12.8m of other operating income in H1 2005 represents the final insurance receipt for the Millenium Hilton in New York. As a result of this one-off receipt last year, Group profit before tax was £36.1m compared to £39.1m in 2005.

Although the industry continues to face significant cost pressures in payroll and energy costs, our continued focus on driving the operational performance of our hotels has led to improved profit conversion of 47.4% (2005: 37.0%).

During the period, we started selling the Zenith apartments in the remaining tower of the former Millennium Sydney Hotel. Approximately 22% of the floor space has now been sold and the revenue and profits have been recognised within non-hotel income.

The Group secured seven management contracts, comprising 1,617 rooms during the first half in London, Dubai, Abu Dhabi and Sharm el Sheikh. This will bring the total number of managed and franchise rooms to 5,691. In May, we announced the development of the 520-room Millennium Beijing. This is due to open in April 2008 and will become the Group's second hotel in China. Our first hotel in China, the Millennium Hongqiao Hotel Shanghai is due to open at the end of August this year.

On 26 May 2006, the Group announced its intention to sell long leasehold interests in three of its Singapore hotels for a consideration of S$612m (£209.9m – see note a) to CDL Hospitality Trusts ('CDLHT'), a hotel real estate investment trust group listed on the Singapore exchange. These hotels were the Orchard Hotel (including the connected shopping centre), M Hotel and Copthorne King's Hotel. On 19 July 2006, the Group completed the sale of these three assets to CDLHT: both Orchard and M Hotels on a 75-year lease and King's for the remaining 61 years of a 99-year leasehold interest. CDLHT has also acquired the Grand Copthorne Waterfront Hotel, a Group-managed hotel, from the Group's immediate parent company City Developments Limited for S$234m (£80.3m – see note a). CDLHT has, in turn, entered into an agreement on 19 July 2006 to lease all four hotels back to the Group and pay a management fee.

The CDLHT float completed on 19 July 2006 in tough market conditions and the Group received cash of £206.8m from the disposal of its hotels. To gain an additional platform for the Group's growth and to demonstrate its commitment to CDLHT, the Group re-invested £77.7m for a 39.1% interest in CDLHT. This will be classified as an investment in associates. The Group will record the effects of the transactions in its financial results for the third quarter ending 30 September 2006 which will include a one-off gain on disposal. Furthermore, this transaction is expected to have a positive net impact on the Group's full year earnings.

The Board recommends an interim dividend of 2.08p per share. The interim dividend will be paid on 11 October 2006 to those shareholders on the register at the close of business on 18 August 2006.

(a) Exchange rate used: S$1 = 0.3430, as at 19 July 2006.

UNITED STATES

New York

RevPAR growth in New York continues to be heavily rate-driven with average rate increases of 13.2% while occupancy has grown by 3.0 percentage points. This has resulted in a RevPAR improvement of 17.3%. GOP margin has increased from 28.8% in H1 2005 to 32.9% in H1 2006.

Regional US

Excluding the impact of the Wynfield Hotel which the Group repossessed in December 2005 and the closure of the Four Points Sunnyvale hotel at the beginning of 2006, Regional US's like-for-like RevPAR increased by 8.0% to £35.02 (2005: £32.43). This was the result of a 1.8 percentage point occupancy increase and a 5.1% rate increase. The Regional US recovery continues to gain momentum, although it is not equally spread across the portfolio. On an unadjusted basis, RevPAR was up 3.7% to £33.76 (2005: £32.55).

EUROPE

London

Following the 142 room refurbishment at the Millennium Gloucester which led to a flat performance in the first quarter, RevPAR increased by 4.5% to £75.40 in the second quarter. As a result, RevPAR for the first half increased by 2.2% to £68.85 (2005: £67.40). This was primarily rate-driven, with average rate up by £1.61 to £81.00 (2005: £79.39).

Rest of Europe

RevPAR increased by 2.4% to £52.47 with occupancy up by 0.5 percentage points to 73.0%, and average rate up 1.7% to £71.88.

Regional UK

RevPAR increased 2.8% to £52.89 primarily through increased rate with a small uplift in occupancy.

France & Germany

Our presence in these two countries remains limited to four hotels. RevPAR increased by 1.6% to £51.82 through a combination of small occupancy and rate increases. Our two German properties produced a stronger performance with RevPAR increasing by 5.9%.

ASIA

Our rate-led strategy in Asia achieved an increase in average rate of 9.9% to £60.87. Occupancy increased by 2.0 percentage points resulting in RevPAR up 13.0% to £44.68. Our Singapore properties have grown RevPAR by 32.6% driven by occupancy growth and very strong rate increases.

NEW ZEALAND

In New Zealand, where we operate under the Millennium, Copthorne and Kingsgate brands, RevPAR has remained flat at £29.09 with little change in occupancy or average rate.

REVIEW AND OUTLOOK

Results for the half year were strong, particularly in the New York and Singapore markets. The second half has begun well with Group RevPAR for July up 9.6%. We remain confident of making further progress and the outlook for the year as a whole remains in line with the expectations that we set out in April.

Kwek Leng Beng
Chairman
3 August 2006

Consolidated income statement (unaudited)
For the six months ended 30 June 2006

	Notes	**6 months ended 30 June 2006 £m**	6 months ended 30 June 2005 £m	Year ended 31 December 2005 £m
Revenue	2	**312.7**	281.0	595.2
Cost of sales		**(140.0)**	(125.4)	(259.1)
Gross profit		**172.7**	155.6	336.1
Administrative expenses		**(125.5)**	(115.2)	(243.0)
Other operating income	3	**0.3**	12.8	28.3
Group operating profit		**47.5**	53.2	121.4
Analysed between:				
Group operating profit before other operating income and impairment		**47.2**	40.4	99.6
Other operating income	3	**0.3**	12.8	28.3
Impairment		**-**	-	(6.5)
Share of profit of joint ventures and associates		**2.1**	1.8	3.5
Analysed between:				
Operating profit		**4.8**	3.7	8.5
Interest		**(0.8)**	(0.5)	(1.3)
Taxation		**(0.6)**	(0.4)	(1.4)
Minority interests		**(1.3)**	(1.0)	(2.3)
Finance income		**2.5**	3.5	6.7
Finance expense		**(16.0)**	(19.4)	(35.8)
Profit before tax		**36.1**	39.1	95.8
Income tax expense	4	**(8.2)**	(12.6)	(26.0)
Profit for the period		**27.9**	26.5	69.8
Attributable to:				
Equity holders of the parent		**23.7**	23.4	61.1
Minority interests		**4.2**	3.1	8.7
		27.9	26.5	69.8
Basic earnings per share (pence)	5	**8.2**	8.2	21.3
Diluted earnings per share (pence)	5	**8.2**	8.1	21.2

The financial results above all derive from continuing activities.

Consolidated statement of recognised income and expense (unaudited)

For the six months ended 30 June 2006

	6 months ended 30 June 2006 £m	6 months ended 30 June 2005 £m	Year ended 31 December 2005 £m
Foreign exchange translation differences	**(40.2)**	37.4	80.7
Cash flow hedges: amounts recycled to income statement	**-**	3.5	4.0
Actuarial losses arising in respect of defined benefit pension schemes	**-**	(1.7)	(2.4)
Taxation credit arising on defined benefit pension schemes	**-**	0.4	0.6
Income and expense recognised directly in equity	**(40.2)**	39.6	82.9
Profit for the period	**27.9**	26.5	69.8
Total recognised income and expense for the period	**(12.3)**	66.1	152.7
Attributable to:			
Equity holders of the parent	**(6.8)**	58.1	138.3
Minority interests	**(5.5)**	8.0	14.4
Total recognised income and expense for the period	**(12.3)**	66.1	152.7

Consolidated balance sheet (unaudited)
As at 30 June 2006

	Notes	**As at 30 June 2006 £m**	As at 30 June 2005 £m	As at 31 December 2005 £m
Non-current assets				
Property, plant and equipment		**1,863.4**	1,877.3	1,943.4
Lease premium prepayment		**82.8**	79.0	80.8
Investment properties		**46.7**	44.3	48.0
Investments in joint ventures and associates		**29.8**	26.1	29.0
Loans due from joint ventures and associates		**25.8**	23.8	26.3
Other financial assets		**2.6**	2.7	2.2
		2,051.1	2,053.2	2,129.7
Current assets				
Assets held for sale		**-**	9.3	-
Inventories		**4.1**	4.0	4.4
Development properties		**60.8**	44.6	48.5
Lease premium prepayment		**1.7**	1.0	1.0
Trade and other receivables		**56.0**	64.9	53.2
Other financial assets		**6.9**	3.9	5.9
Cash and cash equivalents		**121.8**	91.2	104.6
		251.3	218.9	217.6
Total assets		**2,302.4**	2,272.1	2,347.3
Non-current liabilities				
Interest-bearing loans, bonds and borrowings		**(482.4)**	(314.4)	(530.1)
Employee benefits		**(15.9)**	(15.9)	(16.0)
Provisions		**(1.5)**	(1.8)	(1.6)
Other non-current liabilities		**(6.7)**	(6.2)	(6.8)
Deferred tax liabilities		**(235.6)**	(224.9)	(239.9)
		(742.1)	(563.2)	(794.4)
Current liabilities				
Interest-bearing loans, bonds and borrowings		**(87.4)**	(293.0)	(54.9)
Trade and other payables		**(100.9)**	(98.7)	(100.3)
Provisions		**(0.4)**	(0.4)	(0.4)
Income taxes payable		**(14.7)**	(22.9)	(19.5)
Other financial liabilities – hedging derivatives		**-**	(1.9)	-
		(203.4)	(416.9)	(175.1)
Total liabilities		**(945.5)**	(980.1)	(969.5)
Net assets		**1,356.9**	1,292.0	1,377.8
Equity				
Total equity attributable to equity holders of the parent		**1,237.1**	1,170.7	1,250.3
Minority interests		**119.8**	121.3	127.5
Total equity	7	**1,356.9**	1,292.0	1,377.8

Consolidated statement of cash flows (unaudited)

For the six months ended 30 June 2006

	6 months ended 30 June 2006 £m	6 months ended 30 June 2005 £m	Year ended 31 December 2005 £m
Cash flows from operating activities			
Profit for the period	**27.9**	26.5	69.8
Adjustments for:			
Depreciation and amortisation	**18.1**	17.5	36.4
Share of profit of joint ventures and associates	**(2.1)**	(1.8)	(3.5)
Impairment for property, plant and equipment	**-**	-	6.5
Profit on sale of property, plant and equipment	**(0.3)**	-	(9.6)
Revaluation of investment properties	**-**	-	(5.9)
Employee stock options	**0.4**	0.2	0.7
Finance income	**(2.5)**	(3.5)	(6.7)
Finance expense	**16.0**	19.4	35.8
Income tax expense	**8.2**	12.6	26.0
Operating profit before changes in working capital and provisions	**65.7**	70.9	149.5
Increase in inventories, trade and other receivables	**(1.5)**	(19.8)	(19.3)
Decrease/(increase) in development properties	**1.6**	(12.5)	(17.6)
Increase/(decrease) in trade and other payables	**2.7**	(0.3)	3.9
(Decrease)/increase in provisions and employee benefits	**(0.2)**	0.2	(0.4)
Cash generated from operations	**68.3**	38.5	116.1
Interest paid	**(16.5)**	(16.8)	(35.4)
Interest received	**3.9**	3.2	6.1
Income taxes paid	**(8.6)**	(5.6)	(13.1)
Net cash from operating activities	**47.1**	19.3	73.7
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment, investment properties and assets held for sale	**0.2**	6.0	34.5
(Investment in)/proceeds from disposal of financial assets	**(4.7)**	0.2	(1.8)
Proceeds from disposal of joint venture	**2.3**	5.3	6.5
Acquisition of property, plant and equipment	**(14.0)**	(13.9)	(39.2)
Net cash from investing activities	**(16.2)**	(2.4)	-
Balance carried forward	**30.9**	16.9	73.7

Consolidated statement of cash flows (unaudited) (continued)
For the six months ended 30 June 2006

	6 months ended 30 June 2006 £m	6 months ended 30 June 2005 £m	Year ended 31 December 2005 £m
Balance brought forward	**30.9**	16.9	73.7
Cash flows from financing activities			
Proceeds from the issue of share capital	**0.5**	1.4	2.1
Repayment of borrowings	**(78.6)**	(117.5)	(419.0)
Drawdown of borrowings	**80.7**	128.7	387.0
Payment of finance lease obligations	**(1.0)**	(0.9)	(1.8)
Loan arrangement fees	**(0.6)**	(0.3)	(1.4)
Dividends paid to minorities	**(2.2)**	(2.1)	(2.3)
Dividends paid to equity holders of the parent	**(7.3)**	(29.8)	(31.5)
Net cash from financing activities	**(8.5)**	(20.5)	(66.9)
Net increase in cash and cash equivalents	**22.4**	(3.6)	6.8
Cash and cash equivalents at beginning of period	**103.7**	89.8	89.8
Effect of exchange rate fluctuations on cash held	**(5.3)**	4.2	7.1
Cash and cash equivalents at end of the period	**120.8**	90.4	103.7
Reconciliation of cash and cash equivalents			
Cash and cash equivalents shown in the balance sheet	**121.8**	91.2	104.6
Overdraft bank accounts included in borrowings	**(1.0)**	(0.8)	(0.9)
Cash and cash equivalents for cash flow statement purposes	**120.8**	90.4	103.7

Notes to the half year results announcement (unaudited)

1. Basis of preparation and accounting policies

The interim financial statements for Millennium & Copthorne Hotels plc ('the Company') as at and for the six months ended 30 June 2006 comprise the Company and its subsidiaries (together referred to as 'the Group') and the Group's interests in jointly controlled and associate entities.

The financial information presented in this half year results announcement has been prepared in accordance with the same accounting policies as the Group's statutory accounts for the year ended 31 December 2005.

Interim financial information published by the Group during 2005, including for the six month period to 30 June 2005, had applied an accounting policy of annual revaluation of hotel land and buildings which was consistent with the policy adopted under UK GAAP. For the financial statements for the year ended 31 December 2005, this policy was revised for better industry comparability. Now the Group states hotel land and buildings which have been previously revalued at depreciated deemed historic cost. This is their UK GAAP carrying value at 1 January 2004 including previous revaluations, subsequent additions at cost, less disposals, depreciation and impairment. As a result of this change and related adjustments for deferred taxation, previously reported net assets at 30 June 2005 of £1,315.2m have decreased by £23.2m to £1,292.0m.

The consolidated interim financial statements do not include all of the information required to be included in full annual financial statements. The financial information for the six months ended 30 June 2006 and 30 June 2005 included within the consolidated interim financial statements have been subject to a review and not an audit.

The comparative figures for the financial year ended 31 December 2005 have been extracted from the Group's statutory accounts for that financial year but do not constitute those accounts. Those accounts have been reported on by the Company's auditors and have been delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 237(2) or (3) of the Companies Act 1985. The consolidated financial statements of the Group for the financial year ended 31 December 2005 are available from the Company's website www.millenniumhotels.com

The interim financial statements were approved by the Board of Directors on 3 August 2006.

2. Segmental analysis

The following segmental analysis is not intended to be a full statutory disclosure.

	6 months ended 30 June 2006							
	New York £m	Regional US £m	London £m	Rest of Europe £m	Asia £m	Australasia £m	Central costs £m	Total Group £m
Revenue								
Hotel	49.0	57.3	39.2	47.9	81.8	23.1	-	298.3
Property operations	-	1.3	-	-	0.7	12.4	-	14.4
Total	49.0	58.6	39.2	47.9	82.5	35.5	-	312.7
Hotel gross operating profit	16.1	12.2	17.6	13.8	30.0	9.9	-	99.6
Hotel fixed charges*	(9.3)	(9.3)	(6.7)	(7.8)	(11.7)	(4.6)	-	(49.4)
Hotel operating profit	6.8	2.9	10.9	6.0	18.3	5.3	-	50.2
Property operations operating profit	-	0.3	-	-	0.3	4.0	-	4.6
Profit before central costs	6.8	3.2	10.9	6.0	18.6	9.3	-	54.8
Central costs	-	-	-	-	-	-	(7.6)	(7.6)
Group operating profit before other operating income and impairment	6.8	3.2	10.9	6.0	18.6	9.3	(7.6)	47.2

Notes to the half year results announcement (unaudited) (continued)

2. Segmental analysis (continued)

	6 months ended 30 June 2005							
	New York £m	Regional US £m	London £m	Rest of Europe £m	Asia £m	Australasia £m	Central costs £m	Total Group £m
Revenue								
Hotel	39.9	52.1	38.6	47.6	71.9	24.2	-	274.3
Property operations	-	1.2	-	-	0.7	4.8	-	6.7
Total	39.9	53.3	38.6	47.6	72.6	29.0	-	281.0
Hotel gross operating profit	11.5	9.6	18.6	14.2	26.0	10.2	-	90.1
Hotel fixed charges*	(5.6)	(8.8)	(6.9)	(8.6)	(10.8)	(4.8)	-	(45.5)
Hotel operating profit	5.9	0.8	11.7	5.6	15.2	5.4	-	44.6
Property operations operating profit	-	0.3	-	-	0.4	1.8	-	2.5
Profit before central costs	5.9	1.1	11.7	5.6	15.6	7.2	-	47.1
Central costs	-	-	-	-	-	-	(6.7)	(6.7)
Group operating profit before other operating income and impairment	5.9	1.1	11.7	5.6	15.6	7.2	(6.7)	40.4

	Year ended 31 December 2005							
	New York £m	Regional US £m	London £m	Rest of Europe £m	Asia £m	Australasia £m	Central costs £m	Total Group £m
Revenue								
Hotel	91.2	112.8	78.7	97.7	151.7	48.6	-	580.7
Property operations	-	2.6	-	-	1.4	10.5	-	14.5
Total	91.2	115.4	78.7	97.7	153.1	59.1	-	595.2
Hotel gross operating profit	31.2	23.5	38.1	31.1	55.7	20.4	-	200.0
Hotel fixed charges*	(14.2)	(18.5)	(13.5)	(17.0)	(20.7)	(9.4)	-	(93.3)
Hotel operating profit	17.0	5.0	24.6	14.1	35.0	11.0	-	106.7
Property operations operating profit	-	0.6	-	-	0.8	5.3	-	6.7
Profit before central costs	17.0	5.6	24.6	14.1	35.8	16.3	-	113.4
Central costs	-	-	-	-	-	-	(13.8)	(13.8)
Group operating profit before other operating income and impairment	17.0	5.6	24.6	14.1	35.8	16.3	(13.8)	99.6

*'Hotel fixed charges' include depreciation, amortisation of lease prepayments, property rent, taxes and insurance, operating lease rentals and management fees.

3. Other operating income

	6 months ended 30 June 2006 £m	6 months ended 30 June 2005 £m	Year ended 31 December 2005 £m
Changes in fair value upon revaluation of investment property	**-**	-	5.9
Business interruption insurance proceeds	**-**	12.8	12.8
Net gain on disposal of property, plant and equipment	**0.3**	-	9.6
	0.3	12.8	28.3

4. Income tax expense

The £8.2m total income tax charge for the six months ended 30 June 2006 comprises a UK tax charge of £1.0m and an overseas tax charge of £7.2m (six months ended 30 June 2005 a UK charge of £0.7m and overseas tax charge of £11.9m and for the year ended 31 December 2005 a UK tax credit of £(4.2m) and overseas tax charge of £30.2m).

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

Taxation for the period comprises both the Group tax charge and the joint venture taxation charge which is included separately within the Group's share of joint venture profits (but disclosed on the face of the income statement).

The estimated annual effective rate applied to profit before tax excluding the Group's share of joint venture profits is 24.1%. For the comparative periods, excluding the Group's share of joint venture profits and also excluding the Millenium Hilton business interruption profit of £12.8m and the tax thereon of £6.0m, the Group's effective tax rate was 26.9% (six months ended 30 June 2005) and 25.2% (year ended 31 December 2005).

5. Earnings per share

	6 months ended 30 June 2006 £m	6 months ended 30 June 2005 £m	Year ended 31 December 2005 £m
Basic			
Profit for period attributable to holders of the parent (£m)	**23.7**	23.4	61.1
Weighted average number of shares outstanding (m)	**288.8**	286.6	287.0
Basic earnings per share (pence)	**8.2**	8.2	21.3
Diluted			
Weighted average number of shares outstanding (m)	**289.8**	287.6	287.9
Diluted earnings per share (pence)	**8.2**	8.1	21.2
Adjusted earnings per share			
Profit for the period attributable to holders of the parent (£m)	**23.7**	23.4	61.1
Adjustment to exclude other operating income and impairment (net of tax) (£m)	**(0.2)**	(6.8)	(7.3)
Adjusted profit for the period attributable to holders of the parent (£m)	**23.5**	16.6	53.8
Weighted average number of shares outstanding (m)	**288.8**	286.6	287.0
Adjusted earnings per share (pence)	**8.1**	5.8	18.7

Notes to the half year results announcement (unaudited) (continued)

6. Dividends

Dividends have been recognised within equity as follows:

	6 months ended 30 June 2006 £m	6 months ended 30 June 2005 £m	Year ended 31 December 2005 £m
Final ordinary dividend paid for 2005 of 5.62p (for 2004: 4.17p)	**16.2**	11.9	11.9
Interim ordinary dividend paid for 2005 of 2.08p	**-**	-	5.9
Total ordinary dividend paid	**16.2**	11.9	17.8
Final special dividend paid for 2004 of 6.25p	**-**	17.9	17.9
	16.2	29.8	35.7

After the balance sheet date, the Directors have declared an interim dividend of 2.08p per share (2005 interim dividend: 2.08p) payable on 11 October 2006 to the holders of relevant shares on the register at 18 August 2006. The interim dividend amounts to £6.0m (2005: £5.9m) and will be reflected in the financial statements in the second half of the financial year.

The Directors again offer the option of a scrip dividend reinvestment plan. Those shareholders who have not elected to participate in this plan, and who would like to participate with respect to the 2006 interim dividend, may do so by contacting Lloyds TSB Registrars direct on 0870 2413018. The last day for election for the interim dividend is 27 September 2006 and any requests should be made in good time ahead of that date.

7. Statement of changes to total equity

	6 months ended 30 June 2006 £m	6 months ended 30 June 2005 £m	Year ended 31 December 2005 £m
Total recognised income and expense for the period	**(12.3)**	66.1	152.7
First time adoption of IAS 39	**-**	(5.4)	(5.4)
Dividends paid to equity holders of the parent	**(16.2)**	(29.8)	(35.7)
Issue of shares in lieu of dividends	**8.9**	-	4.2
Dividends paid to minority interests	**(2.2)**	(2.1)	(2.3)
Transfer from share of associates	**-**	0.6	0.6
Share options exercised	**0.5**	1.4	2.1
Equity settled transactions	**0.4**	0.2	0.6
Net (decrease)/increase in total equity	**(20.9)**	31.0	116.8
Opening total equity	**1,377.8**	1,261.0	1,261.0
Closing total equity	**1,356.9**	1,292.0	1,377.8

8. Subsequent events

On 26 May 2006, the Group announced its intention to sell long leasehold interests in three of its Singapore hotels for a consideration of S$612m (£209.9m – see note a) to CDL Hospitality Trusts ('CDLHT'), a hotel real estate investment trust group listed on the Singapore exchange. These hotels were the Orchard Hotel (including the connected shopping centre), M Hotel and Copthorne King's Hotel. On 19 July 2006, the Group completed the sale of these three assets to CDLHT: both Orchard and M Hotels on a 75-year lease and King's for the remaining 61 years of a 99-year leasehold interest. CDLHT has also acquired the Grand Copthorne Waterfront Hotel, a Group-managed hotel, from the Group's immediate parent company City Developments Limited for S$234m (£80.3m – see note a). CDLHT has, in turn, entered into an agreement on 19 July 2006 to lease all four hotels back to the Group and pay a management fee.

The CDLHT float completed on 19 July 2006 in tough market conditions and the Group received cash of £206.8m from the disposal of its hotels. To gain an additional platform for the Group's growth and to demonstrate its commitment to CDLHT, the Group re-invested £77.7m for a 39.1% interest in CDLHT. This will be classified as an investment in associates. The Group will record the effects of the transactions in its financial results for the third quarter ending 30 September 2006 which will include a one-off gain on disposal. Furthermore, this transaction is expected to have a positive net impact on the Group's full year earnings.

Note: (a). Exchange rate used: S$1 = £0.3430, as at 19 July 2006.

Independent review report to Millennium & Copthorne Hotels plc

Introduction

We have been instructed by the company to review the financial information for the six months ended 30 June 2006 which comprises the consolidated income statement, consolidated balance sheet, consolidated statement of recognised income and expense and the related notes (1) to (8) that have been reviewed.

We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Listing Rules of the Financial Services Authority. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the UK. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Statements on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2006.

KPMG Audit Plc
Chartered Accountants

8 Salisbury Square
London
EC4Y 8BB

Date: 3 August 2006

APPENDIX 1: Key operating statistics (unaudited)

For the six months ended 30 June 2006

	6 months 30 June 2006 Reported currency	6 months 30 June 2005 Constant Currency	6 months 30 June 2005 Reported currency	Year ended 31 December 2005 Reported currency
Occupancy %				
New York	**85.8**		82.8	84.5
Regional US	**65.8**		64.9	66.2
Total US	**70.4**		69.0	70.4
London	**85.0**		84.9	84.8
Rest of Europe	**73.0**		72.5	72.8
Total Europe	**78.3**		78.0	78.1
Asia	**73.4**		71.4	73.7
Australasia	**71.2**		71.2	69.6
Total Group	**73.2**		72.1	73.0
Average Room Rate (£)				
New York	**135.84**	120.02	113.79	129.42
Regional US	**51.30**	50.15	47.55	49.63
Total US	**75.11**	69.32	65.72	71.53
London	**81.00**	79.39	79.39	80.20
Rest of Europe	**71.88**	70.70	70.64	69.83
Total Europe	**76.27**	74.89	74.86	74.82
Asia	**60.87**	55.37	51.80	52.40
Australasia	**40.86**	40.82	42.92	43.43
Total Group	**67.36**	63.58	61.71	64.01
RevPAR (£)				
New York	**116.55**	99.38	94.22	109.36
Regional US	**33.76**	32.55	30.86	32.86
Total US	**52.88**	47.83	45.35	50.36
London	**68.85**	67.40	67.40	68.01
Rest of Europe	**52.47**	51.26	51.21	50.84
Total Europe	**59.72**	58.41	58.39	58.43
Asia	**44.68**	39.53	36.99	38.62
Australasia	**29.09**	29.06	30.56	30.23
Total Group	**49.31**	45.84	44.49	46.73
Gross Operating Profit Margin (%)				
New York	**32.9**		28.8	34.2
Regional US	**21.3**		18.4	20.8
Total US	**26.6**		22.9	26.8
London	**44.9**		48.2	48.4
Rest of Europe	**28.8**		29.8	31.8
Total Europe	**36.1**		38.1	39.2
Asia	**36.7**		36.2	36.7
Australasia	**42.9**		42.1	42.0
Total Group	**33.4**		32.8	34.4

For comparability the 30 June 2005 Average Room Rate and RevPAR have been translated at 30 June 2006 exchange rates.

APPENDIX 2: Consolidated income statement (unaudited)

For the three months ended 30 June 2006

	3 months ended 30 June 2006 £m	3 months ended 30 June 2005 £m
Revenue	**162.8**	151.5
Cost of sales	**(70.2)**	(64.9)
Gross profit	**92.6**	86.6
Administrative expenses	**(62.6)**	(59.6)
Other operating income	**0.3**	-
Group operating profit	**30.3**	27.0
Analysed between:		
Group operating profit before other operating income	**30.0**	27.0
Other operating income	**0.3**	-
Share of profit of joint ventures and associates	**0.9**	1.0
Analysed between:		
Operating profit	**2.3**	2.0
Interest	**(0.4)**	(0.3)
Taxation	**(0.3)**	(0.2)
Minority interests	**(0.7)**	(0.5)
Finance income	**1.5**	2.9
Finance expense	**(8.1)**	(11.6)
Profit before tax	**24.6**	19.3
Income tax expense	**(4.8)**	(4.6)
Profit for the period	**19.8**	14.7
Attributable to:		
Equity holders of the parent	**18.1**	13.6
Minority interests	**1.7**	1.1
	19.8	14.7
Basic earnings per share (pence)	**6.3**	4.8
Diluted earnings per share (pence)	**6.3**	4.7

The financial results above all derive from continuing activities.

APPENDIX 3: Key operating statistics (unaudited)

For the three months ended 30 June 2006

	3 months 30 June 2006 Reported currency	3 months 30 June 2005 Constant Currency	3 months 30 June 2005 Reported currency
Occupancy %			
New York	**90.8**		88.0
Regional US	**70.2**		71.0
Total US	**75.0**		74.9
London	**88.0**		87.2
Rest of Europe	**75.5**		76.2
Total Europe	**81.1**		81.1
Asia	**73.8**		73.0
Australasia	**61.3**		59.9
Total Group	**74.3**		73.9
Average Room Rate (£)			
New York	**142.73**	127.24	123.32
Regional US	**53.62**	51.81	50.21
Total US	**78.58**	72.06	69.84
London	**85.68**	82.75	82.75
Rest of Europe	**73.12**	72.20	71.81
Total Europe	**79.17**	77.23	77.03
Asia	**62.80**	56.92	54.30
Australasia	**36.44**	37.24	42.30
Total Group	**70.15**	65.94	64.97
RevPAR (£)			
New York	**129.60**	111.97	108.52
Regional US	**37.64**	36.79	35.65
Total US	**58.94**	53.97	52.31
London	**75.40**	72.16	72.16
Rest of Europe	**55.21**	55.02	54.72
Total Europe	**64.21**	62.63	62.47
Asia	**46.35**	41.55	39.64
Australasia	**22.34**	22.31	25.34
Total Group	**52.12**	48.73	48.01
Gross Operating Profit Margin (%)			
New York	**39.7**		37.0
Regional US	**28.0**		24.6
Total US	**33.4**		30.2
London	**46.7**		49.8
Rest of Europe	**29.8**		32.3
Total Europe	**37.6**		40.0
Asia	**38.6**		38.1
Australasia	**35.5**		36.5
Total Group	**36.2**		35.7

For comparability the 30 June 2005 Average Room Rate and RevPAR have been translated at 30 June 2006 exchange rates.