

21 May 2003

**MILLENNIUM & COPTHORNE HOTELS PLC  
TRADING UPDATE AND RESULTS FOR THE THREE MONTHS ENDED  
31 MARCH 2003**

Millennium & Copthorne Hotels plc today provides a trading update and results for the three months ended 31 March 2003.

*Group results*

- Group turnover £125.1m (2002: £135.6m)
- Group operating profit £9.6m (2002: £18.5m)
- Pre-tax profit £4.7m (2002: £7.6m)

*Operational overview*

- Ongoing tight control on costs
- Sale of non-core assets in London and China realises £6.1m of profit
- Significant SARS impact on Singapore and Hong Kong in second half of March
- Post period end:
  - Improvement in trading in the United States and Europe since the end of the war in Iraq
  - Asian business continued to be severely affected by SARS during April and May
  - Reopening of the Millennium Hilton in New York

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

“Despite challenging conditions we made a promising start to the year with Group RevPAR for the period to 21 February 2003 down only 2% on the prior year. However, the accelerated build up to and the subsequent war in Iraq had a severe impact on international travel. This was compounded by the outbreak of SARS in the second half of March which significantly impacted our operations in Asia.

“The war in Iraq is over and we are experiencing a significant improvement in the business environment in Europe and the USA. Asia continues to be affected by SARS but following the strong control and precautionary measures introduced by the Singapore government we expect



**MILLENNIUM & COPTHORNE HOTELS PLC**  
**TRADING UPDATE AND RESULTS FOR THE THREE MONTHS ENDED 31 MARCH**  
**2003**

The Group's majority shareholder, City Developments Limited, will this year introduce quarterly reporting following the issue of a new regulation to this effect for all companies listed on the Singapore Stock Exchange. In order to comply with London Stock Exchange requirements, Millennium & Copthorne Hotels plc will now also issue quarterly trading updates as well as the year end and interim statements. This initial release is comprehensive to ensure that all aspects of the current trading environment are addressed.

**SUMMARY OF PERFORMANCE**

At the time of the Preliminary Announcement in March we stated that 2003 would be a challenging year due to the prospect of war in Iraq and worldwide economic uncertainty. In March the build up to the war resulted in a severe impact on international travel. The conflict is over and we are experiencing an improvement in the business environment in Europe and the USA. However, the hotel industry in Asia has now been severely affected by the impact of the SARS virus on travel in that region. The virus did not have a major impact until the third week in March but it has seriously affected business in April and May.

We also outlined the position regarding the Millenium Hilton in New York that had been closed since 11 September 2001. On 5 May it was reopened with a ribbon cutting ceremony by Mayor Bloomberg and we now have nearly half of the 561 rooms open. The refurbished rooms are in demand and we anticipate that all of the rooms will be opened by mid summer. The legal action with the insurance company has not been settled and to ensure our accounting is prudent we have not recognised any business interruption income from this hotel in 2003. The hotel incurred a loss of US\$4.1m the first quarter 2003 relating to on-going fixed expenses and pre-opening costs. This compares to a net profit of US\$2.1m, after recognising business interruption insurance, for the equivalent period in 2002.

Our turnover for the first quarter of 2003 was £125.1m, a reduction of £10.5m. Group operating profit was £9.6m (2002: £18.5m) and profit before tax was £4.7m (2002: £7.6m). Earnings per share was 0.6p (2002: 0.9p). Group RevPAR was down 5% on the equivalent period in 2002.

In response to very challenging market conditions we have successfully continued to drive sales at a local level to maintain and improve market share. We continue to monitor our cost base carefully and we have put in place further cost reductions, both in terms of staffing levels and by restricting other expenses. The Group is continuing the review of non-core assets and seeking opportunities to realise shareholder value.

**REGIONAL PERFORMANCE**

The results and key operating statistics for this period are set out in full in the appendix. In order to assist the understanding of these results, the commentary that follows is based upon statistics presented in constant currency on a like for like basis.

## **UNITED STATES**

### **New York**

In New York, we have continued our policy of targeting volume through tactical marketing and our occupancy has remained high at 81.2% (2002: 82.8%) despite the severe winter weather and the Iraq conflict. Overall, RevPAR fell by 9% in the quarter as a result of the pressure on average rates, particularly those offered via the Internet which is becoming an increasingly popular booking channel.

The Millennium Hilton re-opened on 5 May as a "brand new" hotel and it is well positioned in the New York market. Initial bookings have been encouraging with all available rooms fully booked on most days. We are focussed on fully reopening the hotel as soon as possible. The legal action with the insurance company has not been settled and we have therefore not recognised any business interruption income from this hotel in 2003. In the first half of 2003 our projected net charge to the profit and loss account is forecast to be US\$9.2m mainly resulting from pre-opening costs compared to a net profit of US\$4.5m in 2002. This is reported as other operating expenses.

### **Regional US**

We have seen some encouraging signs in the year to date in this region. Occupancy in this region has begun to improve and was nearly 7 percentage points up on 2002. This more than compensated for the fall of 10% in average room rate to produce a very pleasing increase in RevPAR of 4% for the period.

Our large convention hotels in St Louis and Cincinnati both performed well and they increased their combined occupancy by 10 percentage points, conversely our other large convention property in this region, the Millennium Biltmore Hotel Los Angeles, maintained its occupancy at just below 2002 but suffered a significant fall in average rate. Other good performances were in the Millennium hotels in Boulder, Chicago, Minneapolis and the newly rebranded Millennium Maxwell House Nashville, which all showed significant RevPAR improvements.

On 31 March 2003 we acquired the remaining 60% of the share capital held by limited partners in The Sunnyvale Four Points Hotel, California for a net consideration of US\$4.2m (£2.6m). This will give us greater flexibility going forward. This 378 room hotel is now wholly owned by the Group.

## **EUROPE**

### **London**

Significant pressure on average rate, combined with generally reduced levels of business, has affected the performance of our London properties. Despite the difficult market conditions our occupancy was above 75%. However, the average rate fell by almost 5% and our RevPAR declined by 11%.

The war in Iraq has further reduced inbound business from the United States but we are continuing with our policy of making tactical price reductions rather than wholesale cuts.

As set out in our preliminary announcement in March, we have recognised a £4.0m profit on the sale of one of our staff hostels. This is reported as profit on the sale of fixed assets.

### **Rest of Europe**

Occupancy showed a minor decrease compared to 2002 but average rate fell by 5% to produce a RevPAR decline of 6%.

Our Millennium Hotel in the centre of Paris achieved a 3% rise in RevPAR mainly through an increase in occupancy. The German hotel market shows no signs of recovery and the combined RevPAR of our two properties was in line with last year. The operating loss in our German hotels was £0.6m.

### **ASIA**

In Asia, our occupancy was nearly five percentage points down on last year and the average rate fell by 1% leading to a reduction in RevPAR of 8%.

The SARS virus did not have a major effect on Singapore or Hong Kong until the second half of March and other countries, such as Taiwan, were not affected until April. The Grand Hyatt Taipei was the best performing hotel in the region with a rise in both occupancy and average rate leading to a 4% increase in RevPAR. However, in late April and May, Taiwan has been more seriously affected by SARS with resultant reductions in room revenues.

The impact of both the war and SARS are being mitigated by cost cutting measures such as a shorter working week for staff, moth-balling of guest rooms and the closure of unprofitable outlets. In addition, both the Hong Kong and Singapore governments have introduced relief packages for the tourist industry, mainly by reducing government levies.

Our Singapore hotels have minimal borrowings and we have no borrowings in Taiwan. Our interest servicing burden is therefore minimal in these countries and their cash position is satisfactory.

South Korea has not been declared as a SARS affected area but business volumes have reduced due to a decline in intra-regional travel.

As set out in our preliminary announcement in March, we have recognised a £2.1m profit on the sale of our shareholding in a partly completed hotel in China. This is reported as profit on the sale of fixed assets.

### **AUSTRALASIA**

Australasia continues to achieve good RevPAR growth and finished the quarter 4% ahead of last year. This was achieved through an increase in average rate, which was boosted by the hosting of the Americas Cup in Auckland between mid February and early March. We remain pleased with the performance of this region.

The Millennium Sydney has now closed and the conversion of one of the towers to residential accommodation has begun. We are continuing to evaluate our options regarding the second tower.

## **GROUP FINANCE**

The Group has considerable financial strength and notwithstanding the impact on the Group of the Iraq conflict and the SARS virus, we do not anticipate any difficulties in continuing to meet our financial obligations.

As at 31 March 2003, the gross asset value is £2.2bn (2002: £2.3bn). The net debt was £703m (2002: £696m). The overall gearing was 51% (2002: 49%). The net debt includes cash balances of £49.5m (2002: £89.3m). Of our gross debt of £752.9m only 10% is due within one year. Our borrowing arrangements are largely asset specific and we have unencumbered assets in excess of £700m.

Our US debt of US\$531m is subject to interest hedging arrangements resulting in a blended cost of 6.7%. This arrangement will cease in December 2005 when the interest rate will become US Federal rate (presently 1.75%) plus between 150 to 200 basis points.

We have deferred an element of non-essential capital expenditure and expect the total for the year, including US\$25m on the Millennium Hilton, to be in the region of £30m.

## **CURRENT TRADING AND PROSPECTS**

The war in Iraq clearly affected the travel industry both in terms of actual bookings made and by shortening the lead time for future bookings. Many people waited longer than usual before making the final decision to travel and this trend is continuing.

In addition, the SARS virus has effectively isolated Hong Kong, Singapore and now Taiwan. Many Western companies have imposed travel bans to the affected region and Asian based personnel are being discouraged from travelling to other countries for fear of spreading the disease.

As a consequence of the Iraq war and the SARS virus, RevPAR in Asia was down 52% in April. Once the SARS outbreak is contained we hope to see an immediate pick up in travel in the region again. On 7 May, the US Center for Disease Control and Prevention (CDC) took Singapore off its travel advisory list meaning that CDC no longer advises against travel to Singapore but only advises travellers to take precautions. Following the strong control and precautionary measures introduced by the Singapore government we expect the World Health Organisation to declare Singapore SARS free in the near future.

In respect of the other regions, the RevPAR decline for April was 23% in New York, 20% in the rest of the USA, 25% in London and 15% in the rest of Europe. Australasia continued to show growth and its RevPAR was up 6% for the month of April. This gives an overall Group RevPAR fall of 26%.

In the first two weeks of May we have seen a significant improvement in trading in the United States and Europe. We are confident that the containment of SARS in Asia will result in a further improvement in Group trading.

In the light of the factors mentioned above, coupled with our decision not to recognise business interruption insurance for the Millenium Hilton, our profit for the six months to 30 June will be significantly lower than the equivalent period in 2002. However, the Group is financially sound and is well positioned to meet the existing challenges in the global marketplace.

**- End -**

## Appendix

### Consolidated profit and loss account

	<b>3 months ended 31 March 2003 £m Unaudited</b>	3 months ended 31 March 2002 £m Unaudited	Year ended 31 December 2002 £m Audited
<b>TURNOVER</b>			
Group and share of joint ventures	<b>136.6</b>	151.4	641.1
Less share of turnover of joint ventures	<u>(11.5)</u>	<u>(15.8)</u>	<u>(73.6)</u>
<b>GROUP TURNOVER</b>			
Cost of sales	<u>(59.5)</u>	<u>(62.1)</u>	<u>(252.1)</u>
<b>GROSS PROFIT</b>			
Administrative expenses	<u>(53.4)</u>	(56.4)	(225.6)
Other operating (expense)/income	<u>(2.6)</u>	<u>1.4</u>	<u>6.5</u>
<b>GROUP OPERATING PROFIT</b>			
Share of operating profits of joint ventures	<b>0.8</b>	1.7	12.2
Share of operating profits of associated undertakings	<u>-</u>	<u>0.1</u>	<u>0.4</u>
<b>TOTAL OPERATING PROFIT</b>			
	<b>10.4</b>	20.3	108.9
Profit on sale of fixed assets	<b>6.1</b>	-	-
<b>Interest payable less receivable</b>			
Group	<u>(10.4)</u>	(10.9)	(41.8)
Joint ventures	<u>(1.4)</u>	(1.7)	(6.5)
Associated undertakings	<u>-</u>	<u>(0.1)</u>	<u>(0.4)</u>
	<u>(11.8)</u>	<u>(12.7)</u>	<u>(48.7)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			
	<b>4.7</b>	7.6	60.2
Tax on profit on ordinary activities	<u>(1.3)</u>	<u>(2.2)</u>	<u>(14.4)</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>			
	<b>3.4</b>	5.4	45.8
Minority interests - equity	<u>(1.8)</u>	<u>(2.9)</u>	<u>(7.8)</u>
<b>Profit for the financial period</b>			
	<b>1.6</b>	2.5	38.0
Dividends paid and proposed	<u>-</u>	<u>-</u>	<u>(35.3)</u>
<b>RETAINED PROFIT FOR THE FINANCIAL PERIOD</b>			
	<b>1.6</b>	<u>2.5</u>	<u>2.7</u>
<b>Basic earnings per share</b>			
	<b>0.6p</b>	0.9p	13.4p
<b>Diluted earnings per share</b>			
	<b>0.6p</b>	0.9p	13.4p

**Consolidated statement of total recognised gains and losses**

	<b>3 months ended 31 March 2003 £m Unaudited</b>	3 months ended 31 March 2002 £m Unaudited	Year ended 31 December 2002 £m Audited
Profit for the financial period	1.6	2.5	38.0
Gain/(loss) on foreign currency translation	13.6	17.5	(62.6)
Deficit on revaluation of fixed assets	<u>-</u>	<u>-</u>	<u>(0.3)</u>
Total gains and losses relating to the financial period	15.2	20.0	(24.9)
Prior year adjustments	<u>-</u>	<u>(62.5)</u>	<u>(62.5)</u>
Total gains and losses recognised since last annual report	<u>15.2</u>	<u>(42.5)</u>	<u>(87.4)</u>

**Note of historical cost profits and losses**

	<b>3 months ended 31 March 2003 £m Unaudited</b>	3 months ended 31 March 2002 £m Unaudited	Year ended 31 December 2002 £m Audited
Reported profit on ordinary activities before taxation	4.7	7.6	60.2
Difference between a historical cost depreciation charge and the actual depreciation charge for the period calculated on the revalued amount	<u>0.1</u>	<u>0.1</u>	<u>0.5</u>
Historical cost profit on ordinary activities before taxation	<u>4.8</u>	<u>7.7</u>	<u>60.7</u>
Historical cost profit for the period retained after taxation, minority interests and dividends	<u>1.7</u>	<u>2.6</u>	<u>3.2</u>

## Consolidated balance sheet

	31 March 2003 £m Unaudited	31 March 2002 £m Unaudited	31 December 2002 £m Audited
<b>FIXED ASSETS</b>			
Tangible assets	2,226.1	2,326.5	2,185.4
Investments in joint ventures			
Share of gross assets	289.3	323.1	288.1
Share of gross liabilities	(201.8)	(232.6)	(205.1)
Share of minority interests	(21.9)	(22.7)	(21.2)
Loans to joint ventures	<u>36.7</u>	<u>40.8</u>	<u>36.1</u>
	102.3	108.6	97.9
Investment in associated undertakings	2.2	5.9	6.2
Investments	<u>0.6</u>	<u>0.3</u>	<u>0.3</u>
	<u>105.1</u>	<u>114.8</u>	<u>104.4</u>
	<u>2,331.2</u>	<u>2,441.3</u>	<u>2,289.8</u>
<b>CURRENT ASSETS</b>			
Stocks	15.1	13.7	15.7
Debtors falling due within one year	79.8	103.9	75.6
Debtors falling due after more than one year	<u>2.2</u>	<u>7.9</u>	<u>2.0</u>
	82.0	111.8	77.6
Cash at bank and in hand	<u>49.5</u>	<u>89.3</u>	<u>59.1</u>
	146.6	214.8	152.4
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
Bank loans, overdrafts and finance lease obligations	(76.4)	(137.3)	(115.8)
Other liabilities	<u>(174.5)</u>	<u>(218.0)</u>	<u>(176.4)</u>
	<u>(250.9)</u>	<u>(355.3)</u>	<u>(292.2)</u>
<b>NET CURRENT LIABILITIES</b>	<u>(104.3)</u>	<u>(140.5)</u>	<u>(139.8)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	2,226.9	2,300.8	2,150.0
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>			
Bank loans, overdrafts and finance lease obligations	(676.5)	(648.3)	(618.8)
Other liabilities	<u>(13.6)</u>	<u>(17.5)</u>	<u>(15.2)</u>
	<u>(690.1)</u>	<u>(665.8)</u>	<u>(634.0)</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	<u>(48.9)</u>	<u>(45.9)</u>	<u>(49.7)</u>
<b>NET ASSETS</b>	<u>1,487.9</u>	<u>1,589.1</u>	<u>1,466.3</u>
<b>CAPITAL AND RESERVES</b>			

Called up share capital	<b>84.8</b>	84.7	84.8
Share premium account	<b>845.6</b>	845.5	845.6
Revaluation reserve	<b>311.9</b>	323.7	308.4
Profit and loss account	<b><u>123.8</u></b>	<u>177.0</u>	<u>112.1</u>
<b>SHAREHOLDERS' FUNDS - EQUITY</b>	<b>1,366.1</b>	1,430.9	1,350.9
<b>MINORITY INTERESTS - EQUITY</b>	<b><u>121.8</u></b>	<u>158.2</u>	<u>115.4</u>
<b>TOTAL CAPITAL EMPLOYED</b>	<b><u>1,487.9</u></b>	<u>1,589.1</u>	<u>1,466.3</u>

	<b>31 March 2003 £m Unaudited</b>	31 March 2002 £m Unaudited	31 December 2002 £m Audited
<b>CASH FLOW STATEMENT</b>			
Net cash inflow from operating activities	<b>8.8</b>	19.2	122.2
Dividends received from associated undertakings	-	-	0.2
Dividends received from joint ventures	-	-	0.1
Returns on investments and servicing of finance	<b>(10.8)</b>	(14.4)	(50.0)
Taxation refund/(paid)	<b>1.5</b>	(2.8)	(11.6)
Capital expenditure and financial investment	<b>(3.5)</b>	(3.4)	(12.2)
Acquisitions and disposals	<b>(2.6)</b>	-	-
Equity dividends paid	<b>—</b>	—	<u>(35.3)</u>
Cash (outflow)/inflow before use of liquid resources and financing	<b>(6.6)</b>	(1.4)	13.4
Management of liquid resources	-	-	30.6
Financing			
Net cash from the issue of shares and purchase of minority interests	-	0.2	(37.2)
(Decrease)/increase in debt and lease financing	<b><u>(2.2)</u></b>	<u>8.8</u>	<u>8.1</u>
Net cash (outflow)/inflow from financing	<b><u>(2.2)</u></b>	<u>9.0</u>	<u>(29.1)</u>
(Decrease)/increase in cash in the period	<b><u>(8.8)</u></b>	<u>7.6</u>	<u>14.9</u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

(Decrease)/increase in cash in the period	<b>(8.8)</b>	7.6	14.9
Cash inflow from decrease in liquid funds	-	-	(30.6)
Cash outflow/(inflow) from the decrease/(increase) in debt and lease financing	<b><u>2.2</u></b>	<u>(8.8)</u>	<u>(8.1)</u>
Change in net debt resulting from cash flows	<b>(6.6)</b>	(1.2)	(23.8)

Acquisitions	(12.7)	-	-
Deferred finance costs	-	-	0.2
Translation differences and other non cash movements	(8.6)	(9.7)	33.5
Movement in net debt in the period	(27.9)	(10.9)	9.9
Net debt at 1 January 2003	(675.5)	(685.4)	(685.4)
Net debt at 31 March 2003	(703.4)	(696.3)	(675.5)

**RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	31 March 2003 £m Unaudited	31 March 2002 £m Unaudited	31 December 2002 £m Audited
Operating profit	9.6	18.5	96.3
Depreciation	9.8	10.1	39.8
(Gain)/loss on disposal of fixed assets	(0.1)	(0.1)	0.4
Decrease/(increase) in stocks	0.2	(0.1)	0.1
Increase in debtors	(11.6)	(11.5)	(4.3)
Increase/(decrease) in creditors	0.9	2.4	(9.7)
Decrease in provisions	-	(0.1)	(0.4)
Net cash inflow from operating activities	8.8	19.2	122.2

**ANALYSIS OF NET DEBT**

	As at 1 January 2003 £m	Cash flow £m	Acquisitions excluding cash and overdrafts £m	Translation differences and other non cash movements £m	As at 31 March 2003 £m
Cash	46.2	(8.8)		1.5	38.9
Overdrafts	(1.8)	(8.8)		0.1	(1.7)
Short term deposits	12.9			(2.3)	10.6
Debt due after one year	(465.0)	(51.8)		(5.7)	(522.5)
Debt due within one year	(86.5)	53.9	(12.7)	(3.5)	(48.8)
Finance Leases	(18.3)	0.1		(0.3)	(18.5)
Bonds due after one year	(147.4)	-		1.9	(145.5)
Bonds due within one year	(15.6)	-		(0.3)	(15.9)
		2.2			
	(675.5)	(6.6)	(12.7)	(8.6)	(703.4)

**ANALYSIS OF CASH FLOW FOR HEADINGS  
NETTED IN THE CASH FLOW STATEMENT**

	<b>31 March 2003 £m</b>	31 March 2002 £m	31 December 2002 £m
	<b>Unaudited</b>	Unaudited	Audited
<b>Returns on investment and servicing of finance</b>			
Interest received	0.6	0.9	4.6
Interest paid	(10.4)	(12.6)	(46.5)
Loan arrangement fees paid	(0.3)	-	(2.9)
Interest element of finance lease rental payments	(0.3)	(0.3)	(1.2)
Dividends paid to minorities	(0.4)	(2.4)	(4.0)
<b>Net cash outflow for returns on investments and servicing of finance</b>	<b>(10.8)</b>	<b>(14.4)</b>	<b>(50.0)</b>
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets	(5.8)	(5.7)	(28.6)
Hilton capital expenditure	(6.3)	(0.4)	(5.1)
Insurance capital claim receipts	-	-	18.9
Purchase of development properties	-	-	(2.1)
Proceeds from the sale of development properties	1.6	0.3	0.3
Sale of properties held for resale	-	2.4	3.2
Sale of other fixed assets	6.7	-	0.3
Decrease in investments, associates and joint ventures	0.3	-	-
Repayment in loans to associated undertakings and joint ventures	-	-	0.9
<b>Net cash outflow for capital expenditure and financial investment</b>	<b>(3.5)</b>	<b>(3.4)</b>	<b>(12.2)</b>
<b>Acquisitions and disposals</b>			
Acquisition of subsidiary undertakings	(2.6)	-	-
<b>Net cash outflow for acquisitions and disposals</b>	<b>(2.6)</b>	<b>-</b>	<b>-</b>
<b>Management of liquid resources</b>			
Cash withdrawn from short term deposit	-	-	30.6
<b>Net cash inflow from management of liquid resources</b>	<b>-</b>	<b>-</b>	<b>30.6</b>
<b>Financing</b>			
Issue of shares from the exercise of options	-	0.2	0.2
Purchase of shares in minorities	-	-	(37.4)
	-	0.2	(37.2)

Drawdown of third party loans	59.8	40.7	165.2
Repayment of third party loans	(61.9)	(31.3)	(155.0)
Capital element of finance lease repayment	(0.1)	(0.6)	(2.1)
	<u>(2.2)</u>	<u>8.8</u>	<u>8.1</u>
<b>Net cash outflow from financing</b>	<u>(2.2)</u>	<u>9.0</u>	<u>(29.1)</u>

### Segmental Analysis

	3 months ended 31 March 2003	3 months ended 31 March 2002	Year ended 31 Dec 2002
	Reported Currency Unaudited £m	Reported Currency Unaudited £m	Reported Currency Audited £m
<b>GROUP TURNOVER</b>			
New York	12.5	16.1	68.0
Regional US	24.1	25.9	119.7
London	15.6	17.3	75.3
Regional Europe	21.1	21.3	88.6
Asia	34.0	39.2	157.6
Australasia	17.8	15.8	58.3
Group	<u>125.1</u>	<u>135.6</u>	<u>567.5</u>
<b>OPERATING (LOSS)/PROFIT</b>			
New York	(0.5)	1.3	10.7
Regional US	(2.2)	(0.8)	8.1
London	5.4	5.3	24.6
Regional Europe	1.6	2.2	9.3
Asia	5.7	7.4	34.9
Australasia	5.3	4.7	14.4
Group	<u>15.3</u>	<u>20.1</u>	<u>102.0</u>
Other operating (expense)/income	(2.6)	1.4	6.5
Central costs and other items	(3.1)	(3.0)	(12.2)
<b>GROUP OPERATING PROFIT</b>	<u>9.6</u>	<u>18.5</u>	<u>96.3</u>
Share of operating profits of joint ventures	0.8	1.7	12.2
Share of operating profits of associated undertakings	-	0.1	0.4
Profit on sale of fixed assets	6.1	-	-
Interest payable less receivable	(11.8)	(12.7)	(48.7)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<u>4.7</u>	<u>7.6</u>	<u>60.2</u>

## Notes.

1. **Basis of preparation** These statements have been prepared under the historic cost convention, modified to include the revaluation of certain hotels. Preparation is in accordance with the Group's accounting policies as set out in the financial statements for the year ended 31 December 2002.

The comparative figures for the financial year ended 31 December 2002 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, following their adoption by the Annual General Meeting on 21 May 2003, will be 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.

2. **Basis of consolidation** The interim statements consolidate the accounts of Millennium & Cophorne 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.

3. **Taxation** A tax charge has been accrued to reflect the estimated effective tax rate for the full year of 27.7% (2002 full year: 23.9%).
4. **Earnings per share** The basic earnings per share of 0.6p (2002: 0.9p) are based on earnings of £1.6 million (2002: £2.5 million) and a weighted average number of shares in issue of 282.6 million (2002: 282.6 million) being the average number of shares in issue in the period. Fully diluted earnings per share of 0.6p (2002: 0.9p) are based on a weighted average number of shares in issue of 282.7 million (2002: 282.7 million) being the average number of shares in issue during the period adjusted for the exercise of share options.

## Key Operating Statistics

	3 months ended 31 March 2003 Reported Currency	3 months ended 31 March 2002 Constant Currency	3 months ended 31 March 2002 Reported Currency	Year ended 31 December 2002 Reported Currency
<b>OCCUPANCY (%)</b>				
New York	81.2	82.8	82.8	83.3
Rest of USA	50.9	44.3	44.3	54.0
USA	56.4	51.8	51.8	59.7
London	75.4	80.9	80.9	83.1
Rest of Europe	65.5	66.1	66.1	68.6
Europe	69.9	72.6	72.6	75.0
Asia	61.0	65.7	65.7	66.4
Australasia	80.1	80.0	80.0	70.4
Group	64.9	65.6	65.6	67.2
<b>AVERAGE ROOM RATE (£)</b>				
New York	95.56	103.07	115.56	120.28
Rest of USA	57.47	63.79	71.52	70.83
USA	67.53	76.04	85.25	84.29
London	72.97	76.63	76.63	79.86
Rest of Europe	68.85	72.33	69.81	68.94
Europe	70.82	74.45	73.17	74.30
Asia	53.60	54.27	58.78	59.26
Australasia	37.03	35.75	30.95	31.46
Group	58.90	61.64	63.73	65.73
<b>REVENUE PER AVAILABLE ROOM (£)</b>				
New York	77.59	85.34	95.68	100.19
Rest of USA	29.25	28.26	31.68	38.25
USA	38.09	39.39	44.16	50.32
London	55.02	61.99	61.99	66.36
Rest of Europe	45.10	47.81	46.14	47.29
Europe	49.50	54.05	53.12	55.73
Asia	32.70	35.66	38.62	39.35
Australasia	29.66	28.60	24.76	22.15
Group	38.23	40.44	41.81	44.17