MILLENNIUM & COPTHORNE HOTELS PLC Annual Report & Accounts 2008

MILLENNIUM & COPTHORNE HOTELS plc

ANNUAL REPORT & ACCOUNTS 2008

be our guest

WHERE HOSPITALITY MEETS EXCELLENCE

COVER RATIONALE
Ensuring the comfort of our guests is at the heart of everything we do. This report aims to give an insight into how we achieve new heights in hospitality through our commitment to service excellence.

ON THE COVER
Millennium Hongqiao Hotel Shanghai

Our Growth • Your Convenience

Millennium & Copthorne Hotels comprise 103 hotels with 28,800 rooms in 18 countries. Maritim Hotels, our worldwide of hospitality marketing alliance partner has 49 hotels with 14,520 rooms in 7 countries.

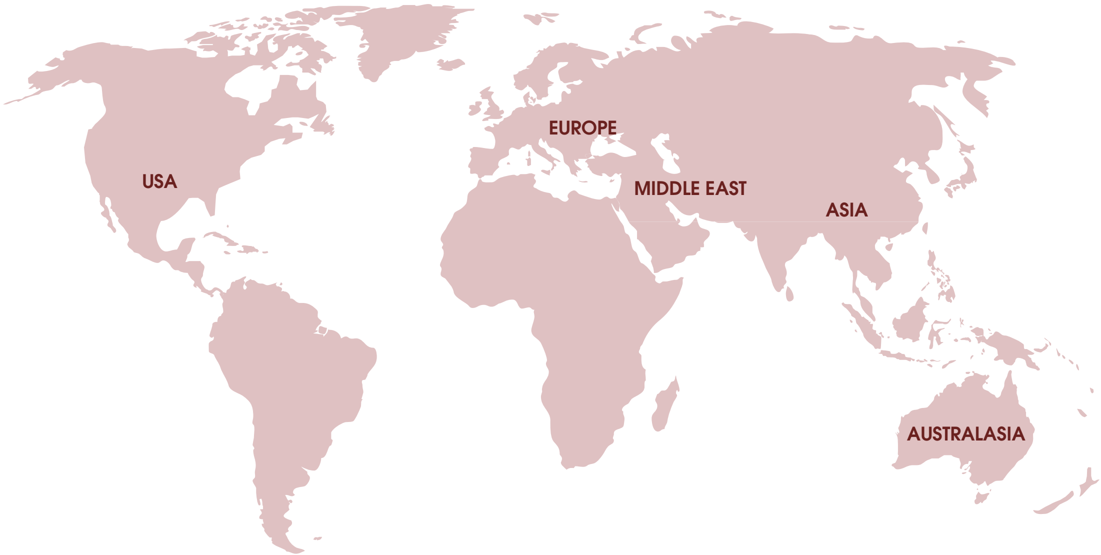
USA
Anchorage
Boston
Boulder
Buffalo
Chicago
Cincinnati
Durham
Los Angeles
Minneapolis
Nashville
New York (3)
Scottsdale
St Louis
Other United States (5)

Europe
Aberdeen
Birmingham
Cardiff
Gatwick (2)
Glasgow
Hannover
London (7)
Manchester
Merry Hill Dudley
Newcastle
Paris (2)
Plymouth
Reading (2)
Slough Windsor
Stuttgart

Middle East
Abu Dhabi (2)
Doha
Dubai (3)
Kuwait
Sharjah
Sharm El Sheikh

Asia
Bangkok
Beijing
Hainan
Hong Kong (2)
Jakarta
Kuala Lumpur
Manila
Penang
Phuket
Qingdao
Seoul
Shanghai
Singapore (5)
Taipei
Xiamen

Australasia
Auckland (3)
Bay Of Islands (2)
Christchurch (4)
Hokianga
Kingsgate Hotels & Resorts (8)
Marlborough
Masterton
New Plymouth
Queenstown (3)
Rotorua (2)
Taupo(2)
Wellington (2)

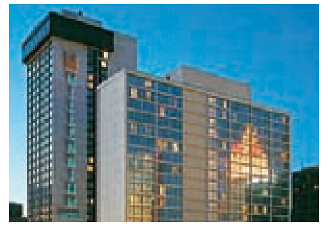


† In addition to the 103 hotels that are open, there are a further 17 that are in the pipeline.

USA

NORTH AMERICA
Millennium Bostonian Hotel Boston

Millennium Hotel Cincinnati

ASIA

CHINA
Copthorne Hotel Qingdao

CHINA
Grand Millennium Beijing

THAILAND
Grand Millennium Sukhumvit Bangkok

SINGAPORE
M Hotel Singapore

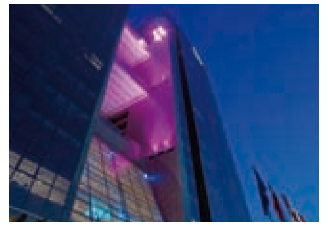


EUROPE & MIDDLE EAST

UK
Millennium Hotel at Chelsea Football Club

UAE
Grand Millennium Dubai

FRANCE
Millennium Paris Opera

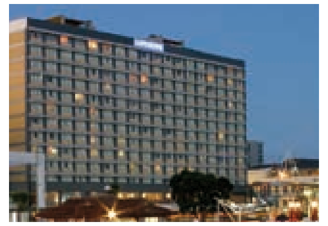



AUSTRALASIA

NEW ZEALAND
Millennium Hotel Christchurch

NEW ZEALAND
Copthorne Hotel and Resort Hokianga

NEW ZEALAND
Copthorne Hotel Auckland Harbour City

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OFFERING THE BEST GUEST EXPERIENCE

From Phuket to Paris, guests can look forward to basking in the highest levels of hospitality.

THE PERFECT MEETING POINT FOR BUSINESS OR LEISURE

Copthorne Hotel & Resort Effingham Park London Gatwick

CONFERENCES & CONVENTIONS

With a full range of equipment, state-of-the-art facilities and support from a team of trained and dedicated staff, M&C hotel properties are the perfect venue for any conference, convention or incentive event. Ably supported by a host of award-winning restaurants and experienced catering outfits, your event will be a success and more.

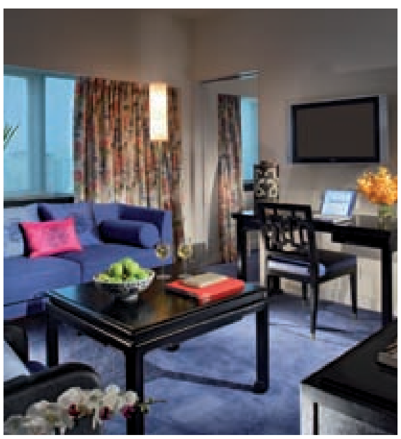
Copthorne Tara Hotel London Kensington

Grand Copthorne Waterfront Singapore (top)

Millennium Biltmore Hotel Los Angeles (bottom)

LUXURIOUS EXECUTIVE SUITES LOCATED WORLD-WIDE

Feel at home away from home while travelling on business. M&C hotels offer that something extra, be it in choice luxury bedding, or executive club dining privileges. For longer stays, M&C also offers service apartment accommodation such as La Residenza at the Grand Copthorne Waterfront Singapore.

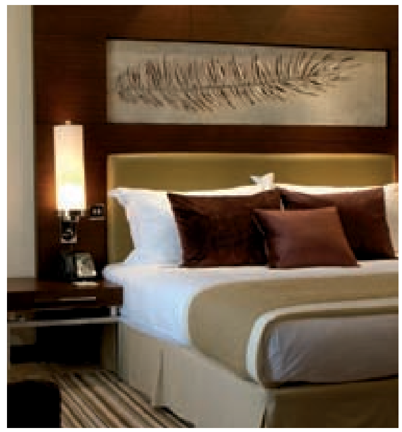


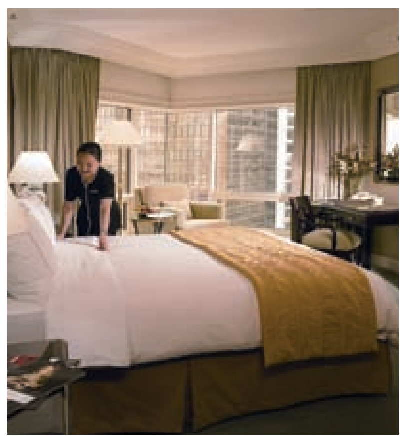
Millennium Bostonian Hotel Boston (Top)

Orchard Hotel Singapore (Bottom)

La Residenza, Grand Copthorne Waterfront Singapore (Top)

Millennium Biltmore Hotel Los Angeles (Bottom)





Grand Millennium Dubai (Top)

Grand Millennium Kuala Lumpur (Bottom)

The Copthorne Hotel Qingdao was rebranded in May 2008, the first Copthorne to join M&C's growing portfolio of hotels in China. The hotel, together with sister hotels, the newly opened Grand Millennium Beijing and Millennium Hongqiao Hotel Shanghai, are located in venues of the 2008 Summer Olympic Games.

Millennium Hotel Paris Opéra (Top)

(Bottom, left to right) Grand Millennium Sukhumvit Bangkok; Millennium UN Plaza Hotel New York; Millennium Broadway Hotel New York - Hudson Theatre

LEISURE SPOTS

In addition to elegant surroundings and convenient locations, a variety of dining, recreational and leisure options will make your stay with us a relaxing and pleasurable one.

Grand Millennium Beijing

SIP, DINE & RELAX

Whether for business or pleasure, M&C properties offer a variety of venues for you to close that business deal or celebrate with friends and family. If you want to work on your tan or shoot the breeze, we've got you covered too.

Millennium Hotel at Chelsea Football Club (Top)

Kingsgate Hotel Dunedin (Bottom)

Grand Millennium Sukhumvit Bangkok (Top)

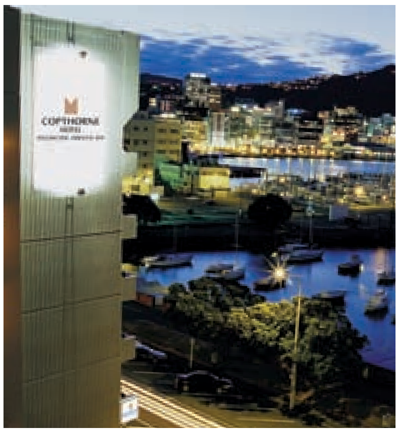
Grand Millennium Beijing (Bottom)

Millennium Oyoun Hotel Sharm El Sheikh Egypt (Top)

Millennium Hotel Paris Charles de Gaulle (Bottom)

The Millennium Resort Patong Phuket is M&C's first resort property in East Asia, offering us more options to deliver the kind of service discerning travellers expect. M&C also has resort properties in Europe, the Middle East, the US and New Zealand.

GAINING BRAND RECOGNITION FOR SERVICE EXCELLENCE



ASIA
The Grand Copthorne Waterfront Singapore has attained the Singapore Service Class (S-Class) certification at the 2008 Business Excellence Awards, in recognition of its strong commitment to service excellence.

The Millennium Hotel Hongqiao Shanghai was named one of the most influential hotels in Shanghai for 2008 by popular media including Oriental Morning Post and Yahoo! Koubei.com.

NEW ZEALAND
Millennium & Copthorne Hotels New Zealand was the overall winner at the 2008 Hospitality Standards Institute Excellence in Training Awards.

MIDDLE EAST
The Millennium Sharjah has won the award for Sharjah's Best Leading Hotel, while the Millennium Airport Hotel Dubai was named Best Middle East's Leading Airport Hotel at the World Travel Awards Middle East ceremony 2008. The Wall Street Journal recently described the World Travel Awards as the "travel industry's equivalent of the Oscars".

EUROPE
The Millennium Gloucester Hotel & Conference Centre London Kensington took the top prize of Gold for Best Brand Marketing Campaign and Silver for Best CD-Rom/DVD for its conference centre at the annual Meetings Industry Marketing Awards.

USA
The Millennium Broadway Hotel won the 2008 Paragon Award for being amongst the top 40 US hotels for corporate meetings, as voted by readers of Corporate Meetings & Incentives, the leading US meetings market publication.

Kingsgate Hotel Parnell Auckland is part of our award-winning group in New Zealand. Around the clock, wherever you are, you can expect to experience the kind of service that has won our hotels around the world various prestigious awards.

PERFORMANCE HIGHLIGHTS

- Profit before tax: down 34.7% to £102.8m due primarily to impairment and share of revaluation deficit of CDLHT
- Earnings per share: down 58.0% to 21.3p due to impairment, other operating expenses and taxation
- Recommended dividend: final 4.17p, making a total of 6.25p (2007: 12.50p) per share for the full year
- Strong cash generated from operations: £147.1m (2007: £160.2m). Free cash flow £46.6m (2007: £71.7m)
- Strong balance sheet and gearing of 16.4% (2007: 18.3%)
- Interest cover up at 12.4 times from 8.5 times in 2007

£ millions	**2008**	Reported Currency Growth %	Constant Currency[1] Growth %	2007
RevPAR	**£57.19**	7.6%	1.9%	£53.16
Revenue – total	**702.9**	5.0%	(1.2%)	669.6
Revenue – hotels	**696.1**	7.1%	0.9%	649.7
Headline operating profit[2]	**143.5**	2.4%	(3.4%)	140.2
Headline profit before tax[2]	**125.9**	6.4%	(1.0%)	118.3

1 For comparability, statistics for 2007 have been translated at 2008 average exchange rates

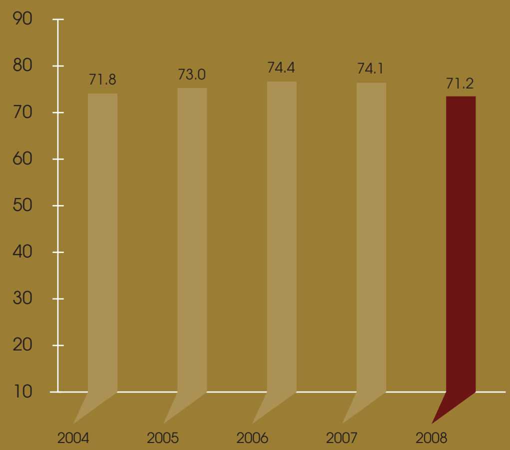
2 Adjusted to exclude other operating income/(expense) together with impairment of group, joint ventures and associates

The Group's principal operations are providing hotel rooms to guests in the following five regions: USA, Europe, Middle East, Asia and Australasia.

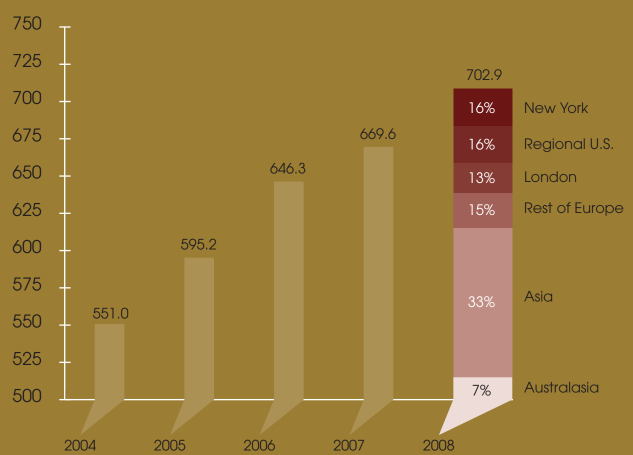
The Group owns, operates, manages and franchises hotels with significant operations in Singapore, London and New York.

The Group operates under four brands: Grand Millennium, Millennium, Copthorne and Kingsgate and is primarily focusing on the development of the Grand Millennium Millennium and Copthorne brands, which are used for its four star deluxe or five star properties in gateway cities. The Kingsgate brand is mainly located in New Zealand.

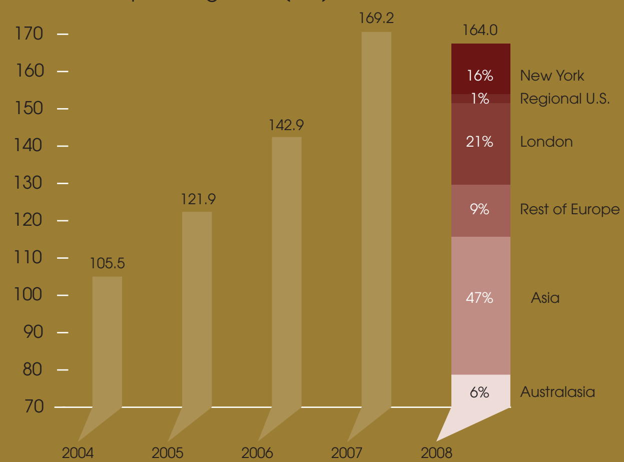
Occupancy (%)



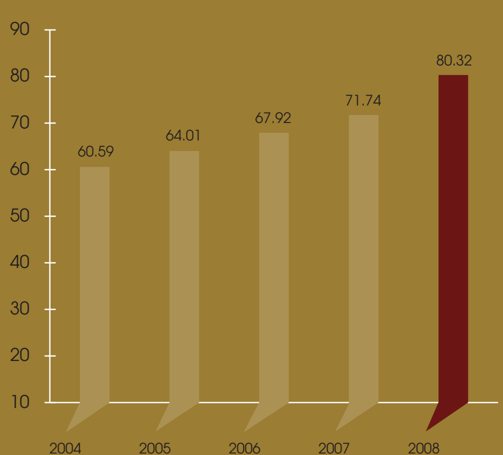
Group Revenue (£m)[1]



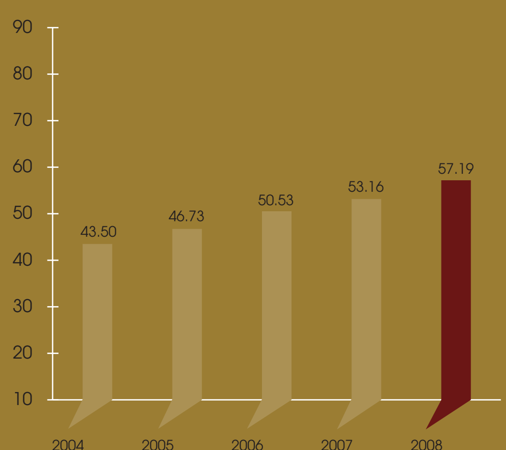
Headline Operating Profit (£m)[1,2]



Average Room Rate (£)[1]



RevPAR (£)[1]



1 Reported currency

2 Headline operating profit from operations excluding central costs and, for 2007, a £9.6m write-down of the Sunnyvale development property in Regional US

"Our actions have added stability and enhanced the Group's strength to withstand the current economic crisis"

In June and July 2008, we detected a slowdown in the rate of growth in Asia and since then the Group has remained vigilant in controlling costs including a recruitment freeze and a halt on virtually all new capital expenditure apart from essential health and safety expenditure. We immediately took steps to implement cash conservation and profit protection plans for the Group. Through the successful implementation of these continued initiatives, I am pleased to report that, despite a softening of demand across all regions in which the Group operates, in the quarter ended 31 December 2008, the Group has managed to partially mitigate the adverse market and financial conditions on the Group's hotel revenue and RevPAR.

Financial Performance

In reported currency, the Group's hotel revenues increased 7.1% and RevPAR increased 7.6% for the 12 months ended 31 December 2008 while headline profit before tax increased by 6.4% to £125.9 million (2007: £118.3m) and headline operating profit increased by 2.4% to £143.5 million (2007: £140.2m).

In June the Group entered into a contract to dispose of CDL Hotels (Korea) Limited. However the purchaser was unable to complete the transaction and M&C recorded a £31.4 million gain arising from the forfeiture of the non-refundable cash deposit paid by the buyer, which boosted the Group's cash position by £27.3 million.

The years immediately preceding the global economic turmoil and financial tsunami in 2008 represented a period of high liquidity and relatively easy access to credit markets. This fueled an insatiable demand for real estate properties including hotels thereby contributing to an escalation in asset prices in many countries around the world. We adopted a conservative approach and have been selective in making our investments, with a particular emphasis on growing the Group's presence in key gateway cities in Asia.

While we have been less aggressive than many other investors, we have not been immune to the deterioration in the global markets. Arising from a critical review of the Group's investments in joint ventures in Asia, the Group's carrying value in the 30% joint venture in Beijing and 50% joint venture in Bangkok have been fully written down by an aggregate of £19.6 million in the fourth quarter. This is due to the difficult economic conditions and the over supplied hotel situation in Beijing post the Olympics and the unstable political conditions affecting business in Thailand. At the end of the year the Group took impairment charges of £15.5m on Sunnyvale, hotels in the UK and US, and land in India. The Group also recorded a loss of £20.4m which represents its share of the revaluation deficit (2007: £32.3m revaluation uplift) of investment properties of CDLHT, the Group's 39.0% associate in a Singapore-listed REIT. All these non-cash items have been separately identified in the income statement.

The Group's investment of £39.5m in China through First Sponsor, largely funded by surplus Australian dollars, benefited from exchange rate translation generating a currency gain of £14.3m which was credited to reserves.

Strong Balance Sheet and Capital Resources
The Group continues to maintain a strong balance sheet and low gearing at 16.4% (31 December 2007: 18.3%). As at 31 December 2008, the Group had total undrawn committed bank facilities available of £188.6m. Although the Group had repaid £40.0m of bank debt during the year, net debt increased by £23.0m from 2007 due to the effect of foreign currency translation.

Key Operational Highlights
During the year the Group opened seven new hotels; one in Beijing, two further hotels in China operating under franchise agreements and four in the Middle East region operating under management contracts.

In China the Millennium Harbourview Hotel Xiamen, a 352-room property, was contracted under a franchise agreement in January 2008. The hotel was formerly the Crowne Plaza Harbourview Hotel Xiamen. In April 2008 the Group opened its fourth Grand Millennium property, the 521-room Grand Millennium Beijing in China, and in May 2008 the Copthorne Hotel Qingdao, a 453-room property, was contracted under a franchise agreement. The hotel was formerly Hotel Equatorial Qingdao. In total, the Group has five properties in China.

In the Middle East the Group opened four new properties under management contracts under three brands which are all new to the Middle East. The first property is the 352-room Grand Millennium Dubai which was the third property in the Group to be launched under the Grand Millennium brand. The second is the Copthorne Hotel Dubai which has 163 rooms offering views over Dubai Creek and surrounding parks from private balconies. The third is the Al Jahrah Copthorne Hotel & Resort, the Group's first property in Kuwait. The Group opened its fourth property, the 108-room Kingsgate Abu Dhabi Hotel marking the first property trading under the Kingsgate brand outside of New Zealand.

The Group also announced the signing of a further eight management contracts, with seven in the United Arab Emirates and one in Kuwait. These properties are due to open between 2009 and 2011 and account for almost 2,300 additional rooms. This brings the number of rooms in the Group's worldwide pipeline to 5,168 rooms (17 hotels).

The Group has largely completed a combined US$50.0m renovation project at the Millennium Bostonian in Boston and the Millennium Knickerbocker in Chicago to completely transform both properties to bring a stylish, high quality upscale look to both hotels.

Since the year end we have opened a new managed hotel in Sheffield and signed a management contract for two hotels in Liverpool.

Dividend
In this difficult trading climate, consistent with our focus on conserving cash, the Board is recommending a final dividend of 4.17p per share taking the full year dividend to 6.25p per share.

CEO Appointment
We announced the appointment of Richard Hartman as Chief Executive Officer on 7 April 2008. Richard joined the Board of Millennium & Copthorne on 7 May 2008. Wong Hong Ren reverted to his previous role as an Executive Director with responsibilities that include overseeing the Group's finance function.

Richard, aged 63 has over 30 years experience in the hotel and restaurant industry and has held senior positions at InterContinental Hotels Group where he was main Board Director from 2003 to 2007. He was also President of ITT Sheraton North America between 1992 and 1998.

Looking Forward
Moving forward, global financial and credit markets are expected to remain volatile with the continued loss of confidence among investors, lenders and industry players alike. In this current uncertain climate, it is difficult to predict with accuracy how long these conditions will continue to exist and when a correction and improvement in market sentiment can be expected. We are cognisant of the fact that airline load factors are currently in decline despite the reduction in energy and fuel oil prices. Leisure and corporate travel are also facing great constraints. Group RevPAR for the first 5 weeks of 2009 declined by 21.2% (New York -41%, Regional US -23%, Asia -20%, London -4%). Against this background, the Group is anticipating that the next few quarters will present challenging trading conditions which are expected to be partially mitigated by the fact that global rooms supply from new build hotels is limited due to the lack of debt financing.

We have made some tough decisions in recent years, including changes in senior management, and have maintained our prudent approach to acquisitions, divestments and the way in which the Group is financed. Our actions have added stability and enhanced the Group's strength to withstand the current economic crisis. I believe that with a continued policy of tough, prudent and analytical management we can steer our ship through the roughest of waters. When calm returns to the world economic scene – as eventually it must – we will have secured an enviable competitive position from which we may exploit the best commercial opportunities that become available.

Finally I would like to thank all our staff for their sterling efforts in 2008 and to express my sincere gratitude, as always, to our shareholders, for demonstrating their confidence in the Group, for remaining committed to our future, and for their belief in our ability to deliver further good results for 2009 and beyond.

Kwek Leng Beng

CHAIRMAN
17 February 2009

The business review describes the main trends and factors underlying the development, performance and position of the Group during the year ended 31 December 2008 as well as those likely to affect the Group's future development, performance and position.

The business review is divided into the following sections:
- Financial
- Operating
- Risk Factors
- Non-GAAP Information

The Group's principal operations are providing hotel rooms to guests in the following five regions: The USA, Europe, Middle East, Asia and Australasia.

The Group owns, operates, manages and franchises hotels with significant operations in London, New York and Singapore.

The Group operates under four brands: Grand Millennium, Millennium, Copthorne and Kingsgate. The Kingsgate brand is mainly used in New Zealand.

Financial Review

Introduction

The following review is based on the Group Financial Statements included elsewhere in this Annual Report.

The Group Financial Statements are prepared under IFRS. This review also makes reference to Non-GAAP figures. Reconciliations to GAAP figures are given.

The Group faces a number of significant risks that may impact on its future performance and activities which are highlighted in the "Risk Factors" section.

Foreign currency translation

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

	At 31 December	
Currency (=£)	**2008**	2007
Singapore dollar	**2.132**	2.882
US dollar	**1.474**	1.985
New Zealand dollar	**2.563**	2.577
Australian dollar	**2.152**	2.270
New Taiwan dollar	**49.29**	65.35
Korean won	**1,878.41**	1,859.35

	Average for year ended 31 December	
Currency (=£)	**2008**	2007
Singapore dollar	**2.628**	3.010
US dollar	**1.859**	1.998
New Zealand dollar	**2.592**	2.711
Australian dollar	**2.174**	2.394
New Taiwan dollar	**59.46**	66.45
Korean won	**1,995.67**	1,854.84

Property, Plant And Equipment

Property, plant and equipment represents a significant portion of the asset base of the Group and hence assumptions made to determine carrying value and related depreciation are critical to the Group's financial performance. Land and buildings are stated at cost or deemed cost less depreciation and any provision for impairment. The assessment for impairment requires the Group to make certain judgements, including property valuations and future cash flows from its respective properties. A review of impairment of property, plant and equipment is made whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable.

Taxation

The Group's income tax expense is the sum of the total current and deferred tax charges. The calculation of the Group's total income tax expense necessarily involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The final resolution of some of these items may give rise to material profit and loss and/or cash flow variances. The geographical complexity of the Group's structure makes the degree of estimation and judgement more challenging.

The resolution of issues is not always within the control of the Group and it is often dependent on the efficacy of the legal processes in the relevant tax jurisdictions in which the Group operates. Issues can, and often do, take many years to resolve. Payments in respect of tax liabilities for an accounting period result from payments on account and on the final resolution of open items. As a result, there can be substantial differences between the income tax expense in the income statement and tax payments.

Key Performance Indicators
The Board monitors the Group's performance on a regular basis. Performance is assessed against budgets and forecasts using financial and non-financial measures.

The following sets out certain of the most significant Key Performance Indicators (KPIs) used by the Group, their purpose, the basis of calculation and source of underlying data.

The Group uses a number of primary measures to assess its performance. A number of these measures at Group level are presented on a like-for-like basis which provides an assessment of the underlying growth excluding the impact of business acquisitions and disposals and changes in exchange rates. Financial measures presented on a like-for-like basis are Non-GAAP financial measures. For more information on these measures and the basis of calculation see "Non-GAAP Information" on page 34.

Revenue
Revenue and its growth for the Group, and its principal markets, covering 2008 and 2007 financial years, is provided in the section headed "Operating Review".

Headline operating profit
Headline operating profit is used by the Group for performance analysis as it represents the underlying operating profitability of the Group. The basis of calculation, along with an analysis of why the Group believes it to be a useful measure, is provided in the section titled "Non-GAAP Information" on page 34.

Headline profit before tax
Headline profit before tax is calculated as profit before income tax less other operating income/expenses (of Group and share of joint ventures and associates) and impairment.

Headline earnings per share
Headline earnings per share is calculated as basic earnings per share before other operating income/expenses (of Group and share of joint venture and associates), impairment (net of tax), effect of major tax legislation changes and change in tax rates on opening deferred taxes. Details of excluded items are disclosed in note 8 to the Consolidated Financial Statements and in the business review on page 22.

Hotel operating profit
Profit derived from hotel operations excluding related central/regional costs, other operating income and impairment, and share of results of joint ventures and associates.

Revenue based measures
Management believes that revenue based measures provide useful information for investors regarding trends in customer revenue derived from room sales and the occupancy percentage.

The data used to calculate these KPIs is derived from a number of sources. Room revenue, average room rates and occupancy are derived from hotel property management systems.

Occupancy % – rooms occupied by hotel guests, expressed as a percentage of rooms that are available.

Average Room Rate – room revenue divided by the number of room nights sold.

RevPAR – average room rate multiplied by occupancy percentage (also obtained by dividing room revenue by the number of available room nights).

Free cashflow
Free cash flow is defined as the net increase in cash and cash equivalents less flows from financing activities and flows from the acquisitions or disposals of subsidiaries/operations, joint ventures or associates. It is a Non-GAAP measure since it is not defined under IFRS, but is used by management in order to assess operational performance.

Group Overview

	2008 £m	2007 £m
Summary results		
Revenue		
New York	**112.3**	106.5
Regional US	**110.7**	112.0
London	**93.8**	92.0
Rest of Europe	**104.6**	98.0
Asia	**229.9**	196.0
Australasia	**44.8**	45.2
Total hotels	**696.1**	649.7
Property operations	**6.8**	19.9
Total revenue	**702.9**	669.6
Hotel operating profit		
New York	**26.9**	27.6
Regional US	**2.4**	9.4
London	**34.4**	33.7
Rest of Europe	**14.7**	15.0
Asia	**57.8**	46.7
Australasia	**9.3**	8.1
Total hotel operating profit	**145.5**	140.5
Property operations – excluding write-down of development property	**(0.8)**	8.6
Property operations – write-down of development property	**–**	(9.6)
Central costs	**(20.5)**	(19.4)
Share of associates and joint ventures operating profit	**19.3**	20.1
Headline operating profit	**143.5**	140.2
Other operating income	**31.4**	13.8
Impairment		
– Joint ventures investments and loans	**(19.6)**	–
– Hotels	**(8.1)**	(7.0)
– Other property	**(7.4)**	–
Other operating (expense)/income – share of joint ventures and associates	**(16.8)**	32.3
Share of interest, tax and minority interests of joint ventures and associates	**(10.2)**	(7.8)
Operating profit	**112.8**	171.5
Net finance expense	**(10.0)**	(14.1)
Profit before tax	**102.8**	157.4
Income tax (expense)/credit	**(31.9)**	2.1
Profit for the year	**70.9**	159.5
Headline profit before tax	**125.9**	118.3
Headline profit after tax	**94.9**	101.1
Basic earnings per share	**21.3p**	50.7p
Headline earnings per share	**29.1p**	30.9p

Summary Results

Group RevPAR (at constant rates) increased by 1.9% to £57.19. Hotel reported revenue was £696.1m or 7.1% higher than the 2007 revenue of £649.7m. Hotel revenue, at constant rates of exchange, grew by £5.9m or 0.9% with the impact of strong demand in the first nine months of the year being offset by the softening market in all the regions in the fourth quarter.

Headline profit before tax increased by 6.4% from £118.3m to £125.9m and headline operating profit increased by 2.4% from £140.2m to £143.5m. Hotel gross operating profit increased by 7.0% to £266.2m (2007: £248.7m) and gross operating margin declined 0.1 percentage point to 38.2% (2007: 38.3%). On a like-for-like basis, if the Sunnyvale write-down in 2007 were excluded, the headline profit before tax decreased only by 1.6%. This is despite a £3.5m year-on-year increase in share of losses from the Beijing and Bangkok joint venture companies, poor performance of the property operations and the hotel refurbishments of Boston and Chicago.

Headline earnings per share reduced by 5.8% to 29.1p (2007: 30.9p).

Revenue

Group reported revenue was £702.9m or 5.0% higher than the 2007 revenue of £669.6m. The net effect of exchange movements during the year was to increase reported revenue by £41.8m, mainly driven by a strengthening in the US dollar and the Singapore dollar.

Headline Operating Profit

Reconciliation between profit before tax, headline profit before tax and headline operating profit is shown below:

	2008 £m	2007 £m
Profit before tax	**102.8**	157.4
Adjusted to exclude:		
Other operating income	**(31.4)**	(13.8)
Profit on aborted sale of CDL Hotels (Korea) Limited	**(31.4)**	–
Fair value adjustments of investment property	**–**	(8.7)
Sale and leaseback of three Singapore hotels	**–**	(1.4)
Gain on dilution of investment in CDLHT	**–**	(2.0)
Profit on disposal of stapled securities in CDLHT	**–**	(0.7)
Release of property tax provision set aside on acquisition of Regal Hotels in 1999	**–**	(1.0)
Share of other operating expense/(income) of joint ventures and associates	**19.4**	(32.3)
Fair value adjustments to CDLHT and First Sponsor Capital Limited investment property	**16.8**	(32.3)
Interest, tax and minority interests	**2.6**	–
Impairment	**35.1**	7.0
Joint ventures investments and loans	**19.6**	–
Hotels	**8.1**	7.0
Other property	**7.4**	–
Headline profit before tax	**125.9**	118.3
Add back:		
Share of results of joint ventures and associates		
– interest, tax and minority interests on operating income	**7.6**	7.8
Net finance expense	**10.0**	14.1
Headline operating profit	**143.5**	140.2

Headline Operating Profit (continued)

Consistent with the impact on revenue, currency movements had a £8.3m (6.0%) positive impact on the headline profit from operations.

Headline operating profit increased by £3.3m (2.4%) to £143.5m in 2008 from £140.2m. The main contributors to the increase are a favourable currency movement of £8.3m and a write-down of Sunnyvale of £9.6m in 2007. On a like-for-like basis, hotel operating profit declined by £3.1m while property operations fell by £8.2m. Contributions from joint ventures and associates also declined by £2.4m, due mainly to Beijing and Bangkok.

Other Operating Income

On 24 June 2008, M&C announced the proposed disposal of CDL Hotels (Korea) Limited, a wholly-owned subsidiary of M&C with one principal asset, the Millennium Seoul Hilton Hotel. Completion of the proposed disposal was expected to take place on 30 September 2008 and subsequently agreed to be deferred to 28 November 2008. While the Group was ready, willing and able to complete the disposal, the buyer was unable to finalise its financing arrangements and, consequently, the agreement for the disposal was terminated. The non-refundable cash deposit paid by the buyer was accordingly forfeited and has resulted in the Group recording a £31.4m gain.

Share Of (Losses)/Profits In Joint Ventures And Associates

In 2008 the Group's share of the losses of joint ventures and associates including share of other operating income/expenses and net of interest, tax and minority interests, was a loss of £19.9m (2007: £44.6m profit). The principal causes of the loss are (i) a charge of £20.4m which represents the Group's share of the revaluation deficit of investment properties of CDLHT, its 39.0% associate in a Singapore listed REIT, (ii) a charge of £12.2m for impairment on the Group's 30% joint venture in China (Beijing Fortune Hotel Co. Ltd) and (iii) partly offset by a £3.6m revaluation surplus in the Group's other associate the 39.8% owned First Capital Sponsor Limited.

Non Cash Impairment Of Investments And Other Assets

The carrying value of the Group's 30% and 50% investment in Beijing and Bangkok respectively have been fully written down by £12.2m and £7.4m respectively. This follows a review of the difficult economic conditions and over supplied hotel situation in Beijing post the Olympics and the unstable political conditions affecting business in Thailand.

The Directors undertook an annual review of the carrying value of the hotel and property assets for indications of impairment and where appropriate external valuations were also undertaken. An impairment charge of £8.1m (2007: £7.0m) has been recorded and relates to 6 hotels in US and UK together with land in India.

The Group formerly operated the Four Points Sunnyvale Hotel California, US and in 2006, a decision to redevelop into a new hotel and residential apartments led to the closure of the hotel operations. Accordingly, in that year, the Group transferred the redevelopment of Sunnyvale from Property, Plant and Equipment to Development Properties. In 2007, with the uncertainties in the US property market, the Directors then made a write-down of £9.6m to the carrying value of the property, which was classified within the headline operating profit. In December 2008, in view of the continued uncertainties of the US property market, the Group changed its intent from the aforesaid to holding the hotel component of the Sunnyvale site when completed for its own operations, and to holding the residential component when completed to be leased out to earn rental income or for capital appreciation or both. Accordingly, transfers have been made from Development Properties into Property, Plant and Equipment. An impairment charge of £7.4m has been made on reclassification based on an external professional valuation obtained.

Revaluation Of Investment Properties

Included in the other operating expense of joint ventures and associates are (i) a loss of £20.4m which represents the Group's share of the revaluation deficit (2007: £32.3m revaluation uplift) of investment properties of CDLHT, the Group's 39.0% (2007: 38.5%) associate in a Singapore-listed REIT and (ii) a gain of £3.6m which represents the Group's share of revaluation surplus (2007: £nil) of investment properties of FSCL, the Group's 39.8% (2007: 35.0%) owned associate in China.

Net Finance Expense

The net finance expense of £10.0m was £4.1m lower than that of 2007 due to an increase of £2.6m in net exchange gains and lower cost of net debt of £1.5m. The interest cover ratio, excluding share of results of joint ventures and associates, other operating income and impairment improved from 8.5 times in 2007 to 12.4 times in 2008.

Taxation

The Group tax expense excluding the tax relating to joint ventures and associates is £31.9m (2007: a tax credit of £2.1m), giving an effective rate of 26.0% (2007: (1.9%)).

A tax charge of £2.8m (2007: £1.4m) relating to joint ventures and associates is included in the reported profit before tax.

This increased tax expense is primarily attributable to the differing impact on non-recurring adjustments relating to prior years, in particular the deferred tax impact of a series of changes in legislation relating to UK hotel allowances. Further details are provided in note 7 to the consolidated financial statements.

Earnings Per Share

Basic earnings per share reduced by 29.4p to 21.3p (2007: 50.7p). Headline earnings per share decreased by 1.8p to 29.1p (2007: 30.9p). The table below reconciles basic earnings per share to headline earnings per share.

	2008 pence	2007 pence
Reported basic earnings per share	**21.3**	50.7
Other operating income		
– Group	**(10.5)**	(4.7)
– Share of joint ventures and associates	**6.5**	(11.0)
Impairment (net of tax and minority interests)	**9.8**	1.6
Change in tax legislation on hotel tax allowances	**3.4**	(4.4)
Change in tax rates on opening deferred taxes	**(1.4)**	(1.3)
Headline earnings per share	**29.1**	30.9

Dividends

The Group is recommending a full year dividend of 6.25p (2007: 12.50p) per share comprising a final dividend of 4.17p taken together with the interim dividend of 2.08p (2007: 2.08p). The 2008 dividend is covered 3.4 times by profit attributable to shareholders (2007: 4.1 times). Subject to approval by shareholders at the Annual General Meeting to be held on 6 May 2009, the final dividend will be paid on 20 May 2009 to shareholders on the register on 27 March 2009. The ex-dividend date of the Company's shares is 25 March 2009.

Financial Position And Resources

Balance Sheet

	2008 £m	2007 £m	Change £m
Property, plant, equipment and lease premium prepayment	**2,163.5**	1,799.0	364.5
Investment properties	**79.3**	58.2	21.1
Investments in and loans to joint ventures and associates	**338.7**	253.0	85.7
Other non-current assets	**6.7**	4.8	1.9
Non-current assets	**2,588.2**	2,115.0	473.2
Current assets excluding cash	**132.3**	142.9	(10.6)
Provisions and other liabilities excluding interest bearing loans, bonds and borrowings	**(296.4)**	(236.3)	(60.1)
Net debt	**(285.1)**	(262.1)	(23.0)
Deferred tax liabilities	**(258.1)**	(205.8)	(52.3)
Net assets	**1,880.9**	1,553.7	327.2
Equity attributable to equity holders of the parent	**1,737.5**	1,423.5	314.0
Minority interest	**143.4**	130.2	13.2
Total equity	**1,880.9**	1,553.7	327.2

Financial Position

The Group continues to maintain a strong balance sheet and low gearing at 16.4% (31 December 2007: 18.3%). The Group's cash was boosted by the £27.3m forfeiture of the non-refundable deposit received (net of expenses) on the aborted sale of CDL Hotels (Korea) Limited. As at 31 December 2008, the Group had total undrawn committed bank facilities available of £188.6m. Although the Group has repaid £40.0m of net bank debt during the current year, net debt increased by £23.0m from last year due to a £63.0m effect of foreign currency translation. As at 31 December 2008, the Group's total assets amounted £2,932.6m, of which, the net book value of its unencumbered properties was £1,986.2m.

Non-current assets

Property, plant, equipment and lease premium prepayment

Property, plant, equipment and lease premium prepayment increased by £364.5m. The main contributor to the increase was a £322.5m effect of exchange movements. The Group also invested £66.7m to improve its hotel portfolio which included: £22.7m on refurbishing the Millennium Knickerbocker Hotel Chicago and the Millennium Bostonian Hotel Boston; £7.1m on construction of a new 370-room hotel in Singapore that is due to open in late 2009; and £14.2m on the purchase of the freehold interest of the Copthorne Hotel Auckland Harbour City.

The Group states land and building at depreciated deemed cost, being their UK GAAP carrying value, including revaluations as at 1 January 2004 together with additions thereafter less subsequent depreciation or provision for impairment. Since 2005, external professional open market valuations on certain of the Group's hotel portfolio have taken place at each year end covering the entire Group's hotel portfolio over a three year period. An external valuation was also carried out on those properties that were principally last valued in 2005. Based on external valuations conducted at 31 December 2008 on 32% (based on net book value) of the Group's hotel portfolio, a valuation surplus of £152.8m is estimated but this has not been recorded in the accounts.

Investments in and loans to joint ventures and associates

The table below reconciles the movement of investments in and loans to joint ventures and associates of £85.7m.

	2008 £m
Share of profits/(losses) analysed:	
- Operating profit before other operating income/(expense) and impairment	**19.3**
- Impairment (Beijing £12.2m and Bangkok £7.4m)	**(19.6)**
- Other operating income of First Sponsor Capital Limited (FSCL)	**3.6**
- Other operating expense (CDLHT)	**(20.4)**
- Interest, tax and minority interests	**(10.2)**
	(27.3)
Additions (FSCL - £23.0m and CDLHT - £2.5m (management fees paid in stapled units))	**25.5**
Dividends received from associates	**(12.3)**
Loan to joint venture	**2.3**
Other movements	**(1.3)**
Foreign exchange adjustment	**98.8**
Total movement	**85.7**

The other operating expense of joint ventures and associates for the year ended 31 December 2008 comprises a loss of £20.4m which represents the Group's share of the revaluation deficit of investment properties of CDLHT, the Group's 39.0% associate in a Singapore-listed REIT and gain of £3.6m representing the Group's share of net revaluation surplus of investment properties of First Sponsor Capital Limited.

The Group's 30% and 50% investments in Beijing and Bangkok respectively have been fully written down by an aggregate of £19.6m and comprise a £12.2m provision for investments and a £7.4m provision for loans.

Liquidity and Capital Resources

Cash flow and net debt

At 31 December 2008 the Group's net debt was £23.0m higher than at 31 December 2007 at £285.1m. The factors contributing to this increase are shown in the table below.

	2008 £m	2007 £m
Cash flows from operating activities before changes in working capital, provisions, interest and tax	**154.9**	159.2
Changes in working capital and provisions	**(7.8)**	1.0
Interest and tax	**(36.7)**	(32.0)
Acquisition of property, plant and equipment	**(64.6)**	(56.8)
Proceeds from sale of property, plant and equipment	**0.8**	0.3
Free cash flow	**46.6**	71.7
Investment in and loans to joint ventures and associates	**(27.8)**	(60.2)
Proceeds less expenses from aborted sale of CDL Hotels (Korea) Limited	**27.3**	–
Dividends received from associates	**12.3**	6.6
Dividends paid – to equity holders of the parent	**(15.0)**	(10.5)
– to minority interests	**(3.4)**	(2.2)
Share buy back of minority interests	**(9.4)**	(10.0)
Other movements (primarily foreign exchange)	**(53.6)**	2.9
Increase in net debt	**(23.0)**	(1.7)
Opening net debt	**(262.1)**	(260.4)
Closing net debt	**(285.1)**	(262.1)

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

	2008 £m	2007 £m
Net Debt		
Cash and cash equivalents (as per cash flow statement)	**209.3**	155.9
Bank overdrafts (included as part of borrowings)	**2.8**	0.4
Cash and cash equivalents (as per the consolidated balance sheet)	**212.1**	156.3
Interest-bearing loans, bonds and borrowings – Non-current	**(415.1)**	(304.1)
– Current	**(82.1)**	(114.3)
Net debt	**(285.1)**	(262.1)
Gearing (%)	**16.4%**	18.3%

The Group invested £66.0m (£64.6m cash outflow in 2008) in its properties and, as previously noted, this included £22.7m renovating its hotels in Boston and Chicago, £7.1m on construction of a new 370-room hotel in Singapore and £14.2m on the purchase of the freehold interest of the Copthorne Hotel Auckland Harbour City. Investments in and loans to joint ventures and associates of £27.8m comprise additional investments in First Sponsor Capital Limited (FSCL) of £23.0m, CDLHT of £2.5m (management fees paid in stapled units) and a loan to Bangkok of £2.3m.

Other movements in net debt of £53.6m principally reflect the incidence of exchange rate fluctuations on net debt.

A reconciliation of net cash flow from operating activities, the closest equivalent GAAP measure, to free cash flow is provided below:

	2008 £m	2007 £m
Net cash generated from operations	**147.1**	160.2
Net interest and tax	**(36.7)**	(32.0)
Proceeds from sale of property, plant and equipment	**0.8**	0.3
Acquisition of property, plant and equipment	**(64.6)**	(56.8)
Free cash flow	**46.6**	71.7

Financial structure
Interest cover ratio, excluding share of results of joint ventures and associates and other operating income improved from 8.5 times in 2007 to 12.4 times in 2008. The reduction in net finance cost of £4.1m reflects an increase of £2.6m in net exchange rate gains and lower cost of net debt of £1.5m.

At 31 December 2008, the Group had £188.6m of undrawn and committed facilities available, comprising committed revolving credit facilities which provide the Group with the financial flexibility to draw and repay loans at its discretion and to react swiftly to investment opportunities.

The net book value of the Group's unencumbered properties as at 31 December 2008 was £1,986.2m (31 December 2007: £1,611.9m). At 31 December 2008 total borrowing amounted to £497.3m of which £64.0m was drawn under secured bank facilities of £95.4m.

Future funding
Of the Group's total facilities of £705.3m, £178.1m matures during 2009, comprising £78.1m committed facilities which are currently undrawn, £20.9m overdrafts subject to annual renewal and £79.1m unsecured bonds and amounts drawn on committed facilities.

The Directors have reviewed the financial resources available to the Group and the possible impact of a range of trading scenarios that could face the business in the current uncertain economic environment. After making appropriate enquiries, the Directors reasonably expect that the Group has adequate resources to continue in business for the foreseeable future.

Treasury risk management
Group treasury matters are governed by policies and procedures approved by the Board of Directors. The treasury committee monitors and reviews treasury matters on a regular basis. A written summary of major treasury activity is presented at each Board meeting. A summary of the Group's financial instruments is set out in note 19.

Pension Plans
The Group's major defined benefit plans are those operated in the UK, Korea and Taiwan and the net defined balance sheet liability on them decreased in the year by £0.1m to £12.8m. The UK plan is closed to new entrants.

Performance By Region

For comparability, the following regional review is based on calculations in constant currency whereby 31 December 2007 average room rate, RevPAR, revenue, gross operating profit and headline operating profit have been translated at 2008 average exchange rates.

United States

New York

Year on year revenue fell by 1.9% to £112.3m (2007: £114.5m). Trading for the year has been skewed by the final quarter which saw a sharp downturn as the effects of the global economic turmoil took hold in New York. In each of the first nine months RevPAR was ahead of 2007 and the overall RevPAR growth to September was 5.6%. In the final quarter RevPAR fell by 14.6% with declines in both occupancy and average rate. Full year RevPAR as a result was £138.13, a 1.2% fall against the prior year (2007: £139.83). For the year, occupancy fell by 1.9 percentage points although average rate of £163.08 was still 1.0% higher (2007: £161.47). The drop off in demand in the final quarter occurred in all three hotels, although our downtown property, the Millenium Hilton Hotel which has more exposure to the banking sector, saw steeper falls than the other two properties, and was the only one with a decline in RevPAR for the full year.

Regional US

In addition to the economic downturn, the Regional US operating results were impacted by refurbishments at our hotels in Boston and Chicago which lasted for most of the year. Total revenue fell by 8.1% to £112.3m (2007 £122.2m).

RevPAR fell by 8.5% to £33.08 (2007: £36.16). If the Boston and Chicago hotels are excluded from both years' results, the like-for-like (LFL) RevPAR fell by only 0.8%. This LFL fall was driven by a 3.8% percentage point fall in occupancy offset by a 5.4% increase in average room rates to £55.23 (2007: £54.38). Once again RevPAR growth of 2.3% in the first nine months was reversed by a 15.1% decline in the fourth quarter. There was a mixed set of results from the regional portfolio for the full year, but most hotels saw declines in the final quarter.

Europe

London

Despite the economic conditions, London was still able to grow revenue in 2008 by 2.0% to £93.8m (2007: £92.0m). RevPAR increased by 4.0% to £85.55 (2007: £82.23) as a result of rate growth with virtually flat occupancy. Average rates improved by 4.2% to £101.36 (2007: £97.31) with a 0.1 percentage point fall in occupancy to 84.4%. There was however a 1.5% RevPAR decline in the final quarter.

Rest of Europe

Revenue increased by 0.9% to £104.6m (2007: £103.7m) on stronger food and beverage revenue as RevPAR was almost flat with a 0.1% fall to £56.44 (2007: £56.51). This however masks the fact that there was RevPAR decline in Regional UK and France and growth in Germany as detailed below.

Regional UK

RevPAR fell 6.2% to £53.17 primarily driven by a 4.5 percentage point fall in occupancy to 73.2% (2007: 77.7%) and a 0.4% fall in rate to £72.64 (2007: £72.94). For the first nine months RevPAR was 3.9% below that of 2007, but a Q4 decline of 12.4% made the full year decline greater. Every hotel in the region recorded lower RevPAR for the full year with the two Gatwick properties producing largest shortfalls.

France & Germany

Our presence in these two countries remains limited to four hotels. RevPAR increased by 9.5% to £61.63 through stronger occupancy and rate. Occupancy grew by 3.2 percentage points to 67.2% (2007: 64.0%) while rate increased by 4.3% to £91.71 (2007: £87.96). There actually was growth in the final quarter with RevPAR increasing by 6.4% to £66.46 (2007: £62.45).

Following a weak year in 2007 the two German properties have produced a strong set of results with growth in all four quarters resulting in a 24.0% increase in RevPAR for the year. A new trade and exhibition centre in Stuttgart which opened in October 2007 helped that property. The German growth was offset by a 2.5% decrease in RevPAR from the two French properties resulting in the overall growth of 9.5%.

Middle East

Eight new management contracts involving new build hotels were signed in the year. The hotels are due to open between 2009 and 2011.

Four new properties in the Middle East region opened in the year bringing the total number of hotels managed or franchised in the Middle East to nine. The newly opened hotels were the Copthorne Hotel Dubai, the Grand Millennium Dubai, the Al-Jahra Copthorne Hotel & Resort and the Kingsgate Abu Dhabi adding a total of 885 rooms to the region. In addition, an extension to the Millennium Airport Hotel Dubai added a further 276 rooms bringing the overall total to 2,689 rooms in the Middle East.

Asia

Revenue growth was £17.6m or 8.3% due in part to two refurbished hotels, strong trading in Singapore in the first nine months of the year and a small increase in management fee revenue from our operations in China and Thailand.

RevPAR increased by 11.8% to £58.15 (2007: £52.00) driven by a 13.8% increase in average room rates to £76.72 (2007: £67.44) and a 1.3 percentage point occupancy fall to 75.8%.

Headline operating profit increased by £4.4m or 6.7%. This was in spite of increased losses from Beijing, Bangkok and First Sponsor which amounted to £3.6m.

Singapore

The impact of the global economy can most starkly be seen in Singapore. Full year RevPAR growth was a very strong 19.5%. This masks the downturn over the course of the year. Growth was in excess of 30% for the first six months but this growth slowed down in the third quarter and in the fourth quarter RevPAR was actually flat. RevPAR growth was rate driven throughout the year. Full year RevPAR was £74.06 (2007: £61.97) driven by a 24.8% increase in rate to £88.59 (2007: £70.99) and an occupancy fall of 3.7 percentage points to 83.6% (2007: 87.3%).

Rest of Asia

RevPAR figures in the rest of Asia have been aided by the refurbishment works at the Grand Millennium Kuala Lumpur and Heritage Hotel Manila in 2007 and increased by 0.4% to £46.26 (2007: £46.08). On a LFL basis excluding both these properties, RevPAR fell by 5.9% to £52.01 (2007: £55.29). This downturn was solely as a result of weaker performance of our hotel in Taipei which at 856 rooms is one of the largest in the Group.

Rest of Asia (Continued)

The Group's presence in China increased by three hotels: The Grand Millennium Beijing, the Millennium Harbourview Hotel Xiamen and the Copthorne Hotel Qingdao all opened their doors in the first half of the year. The former is a joint venture in which the Group currently has a 30% shareholding whilst the other two properties are franchised. None of these hotels are consolidated into the Group's RevPAR figures.

The Group's share of losses after interest, tax and minority interests from our two joint venture hotels in Beijing and Bangkok was £4.4m (2007: £0.8m). The Grand Millennium Bangkok opened in October 2007 while the Grand Millennium Beijing opened in April 2008. The political turmoil within Thailand has had a large impact on the performance of the Bangkok hotel in 2008. In China the visa restrictions imposed by the Chinese government reduced the positive impact the Olympic Games was expected to have on the Beijing property. There is currently over capacity in Beijing which is impacting both rate and occupancy.

Australasia

In New Zealand, where we operate under the Millennium, Copthorne and Kingsgate brands, RevPAR fell by 0.5% to £30.78 (2007: £30.93). Occupancy fell by 2.8% to 66.5% (2007: 69.3%) and average rate increased by 3.7% to £46.29 (2007: £44.63).

There have been a number of changes to the region's inventory over the last two years. The Kingsgate Hotel Oriental Bay underwent a major refurbishment in 2007 and was re-branded as a Copthorne and has made a positive impact on the region's performance. Operations at the Copthorne Hotel Wellington Plimmer Towers and the Kingsgate Hotel Beachcomber Nelson ceased when their leases expired in April and December 2008 respectively, and at Kingsgate Hotel Greenlane when its lease expired in April 2007. Finally a further 35 rooms were added to the Copthorne Hotel & Resort Bay of Islands at the end of 2007. If these properties are excluded, the LFL RevPAR actually fell by 5% to £30.18 (2007: £31.76).

The Group's land development operations in New Zealand have seen minimal sales in 2008 with a resultant profit of only £0.6m (2007: £8.1m).

Hotels

Hotel revenue (£m):	**Reported Currency 2008 £m**	Reported Currency 2007 £m	Reported Currency Growth %	Constant Currency 2007 £m	Constant Currency Growth %
New York	**112.3**	106.5	5.4%	114.5	(1.9%)
Regional US	**110.7**	112.0	(1.2%)	120.3	(8.0%)
London	**93.8**	92.0	2.0%	92.0	2.0%
Rest of Europe	**104.6**	98.0	6.7%	103.7	0.9%
Asia	**229.9**	196.0	17.3%	212.3	8.3%
Australasia	**44.8**	45.2	(0.9%)	47.3	(5.3%)
Total Group	**696.1**	649.7	7.1%	690.1	0.9%

Hotel operating profit (£m):	**Reported Currency 2008 £m**	Reported Currency 2007 £m	Reported Currency Growth %	Constant Currency 2007 £m	Constant Currency Growth %
New York	**26.9**	27.6	(2.5%)	29.7	(9.4%)
Regional US	**2.4**	9.4	(74.5%)	10.1	(76.2%)
London	**34.4**	33.7	2.1%	33.7	2.1%
Rest of Europe	**14.7**	15.0	(2.0%)	15.1	(2.7%)
Asia	**57.8**	46.7	23.9%	50.3	14.9%
Australasia	**9.3**	8.1	14.8%	8.5	9.4%
Total Group	**145.5**	140.5	3.6%	147.5	(1.4%)

Occupancy %:	**2008 %**	2007 %	Percentage point change
New York	**84.7**	86.6	(1.9)
Regional US	**59.9**	66.5	(6.6)
London	**84.4**	84.5	(0.1)
Rest of Europe	**70.9**	72.4	(1.5)
Asia	**75.8**	77.1	(1.3)
Australasia	**66.5**	69.3	(2.8)
Total Group	**71.2**	74.1	(2.9)

Average Room Rate (£):	**Reported Currency 2008 £m**	Reported Currency 2007 £m	Reported Currency Growth %	Constant Currency 2007 £m	Constant Currency Growth %
New York	**163.08**	150.20	8.6%	161.47	1.0%
Regional US	**55.23**	50.59	9.2%	54.38	1.2%
London	**101.36**	97.31	4.2%	97.31	4.2%
Rest of Europe	**79.60**	73.99	7.6%	78.05	2.0%
Asia	**76.72**	63.08	21.6%	67.44	13.8%
Australasia	**46.29**	42.67	8.5%	44.63	3.7%
Total Group	**80.32**	71.74	12.0%	75.78	6.0%

RevPAR (£):	**Reported Currency 2008 £m**	Reported Currency 2007 £m	Reported Currency Growth %	Constant Currency 2007 £m	Constant Currency Growth %
New York	**138.13**	130.07	6.2%	139.83	(1.2%)
Regional US	**33.08**	33.64	(1.7%)	36.16	(8.5%)
London	**85.55**	82.23	4.0%	82.23	4.0%
Rest of Europe	**56.44**	53.57	5.4%	56.51	(0.1%)
Asia	**58.15**	48.63	19.6%	52.00	11.8%
Australasia	**30.78**	29.57	4.1%	30.93	(0.5%)
Total Group	**57.19**	53.16	7.6%	56.15	1.9%

Hotel Room Count And Pipeline

Hotel and room count as at 31 December	Hotels 2008	Hotels 2007	Hotels Change	Rooms 2008	Rooms 2007	Rooms Change
Analysed by region:						
New York	**3**	3	–	**1,746**	1,746	–
Regional US	**17**	17	–	**6,025**	6,025	–
London	**7**	7	–	**2,487**	2,487	–
Rest of Europe	**17**	17	–	**3,073**	3,073	–
Middle East	**9**	5	4	**2,689**	1,528	1,161
Asia	**20**	16	4	**9,303**	7,713	1,590
Australasia	**30**	32	(2)	**3,477**	3,618	(141)
Total Group	**103**	97	6	**28,800**	26,190	2,610
Analysed by ownership type:						
Owned and leased	**68**	68	–	**21,131**	20,684	447
Managed	**17**	13	4	**4,011**	2,850	1,161
Franchised	**13**	12	1	**1,807**	1,047	760
Investment	**5**	4	1	**1,851**	1,609	242
Total Group	**103**	97	6	**28,800**	26,190	2,610
Analysed by brand:						
Grand Millennium	**4**	2	2	**1,666**	793	873
Millennium	**40**	39	1	**14,222**	13,598	624
Copthorne	**34**	32	2	**6,950**	6,140	810
Kingsgate	**14**	14	–	**1,375**	1,314	61
Third party	**11**	10	1	**4,587**	4,345	242
Total Group	**103**	97	6	**28,800**	26,190	2,610

Pipeline as at 31 December	Hotels 2008	Hotels 2007	Hotels Change	Rooms 2008	Rooms 2007	Rooms Change
Analysed by region:						
Regional US	**1**	1	–	**250**	250	–
Rest of Europe	**2**	2	–	**340**	340	–
Middle East	**10**	6	4	**3,418**	1,424	1,994
Asia	**4**	6	(2)	**1,160**	2,366	(1,206)
Total Group	**17**	15	2	**5,168**	4,380	788
Analysed by ownership type:						
Owned or leased	**2**	3	(1)	**620**	1,141	(521)
Managed	**14**	10	4	**4,428**	2,434	1,994
Franchised	**–**	2	(2)	**–**	805	(805)
Investment	**1**	–	1	**120**	–	120
Total Group	**17**	15	2	**5,168**	4,380	788
Analysed by brand:						
Grand Millennium	**–**	1	(1)	**–**	521	(521)
Millennium	**10**	7	3	**3,555**	2,113	1,442
Copthorne	**1**	4	(3)	**140**	1,018	(878)
Kingsgate	**2**	1	1	**478**	108	370
Third Party	**4**	2	2	**995**	620	375
Total Group	**17**	15	2	**5,168**	4,380	788

During 2008, the number of rooms in the pipeline (contracts signed but hotels/rooms yet to open under one of the Group's brands) increased by 788 to 5,168 (2007: 4,380 rooms).

Seven hotels were opened in 2008, three in China (including two franchised hotels) and four in the Middle East. The Group added two new Grand Millennium hotels in Beijing and Dubai bringing the total of Grand Millennium hotels to four. The first two franchised hotels in China were also opened namely, the Millennium Harbourview Hotel Xiamen and the Copthorne Hotel Qingdao.

The lease on the Copthorne Hotel Wellington Plimmer Towers in New Zealand expired in April 2008 and was not renewed, while the franchise agreement on the Kingsgate Hotel Beachcomber Nelson came to an end in December 2008.

Risk Factors

This section describes some of the risks that could have a material effect on the Group's business activities. Not all potential risks are listed. Some risks are excluded because the Board considers them not material to the Group as a whole. Additionally, there may be risks that are not reasonably foreseeable at the date of this report for the Group to assess fully their potential impact on the business. The order in which risks are presented below is not indicative of the relative impact on the Group. The potential effect of these risks may be material to the Group's business by having an impact on revenues, profits, net assets and financial resources. Such risks also have the potential to impact on the Group's reputation. It is often difficult to assess with accuracy the likely impact of an event on a Group's reputation, as any damage may often be disproportionate to the event's actual financial impact.

Political and Economic Developments

Major events affecting either economic or political stability on a global and regional level represent an exposure to the Group. Economic events could include recessionary pressures which would have an impact on the Group's revenues, operating costs and profitability. In particular, recent volatility of global fuel prices and food prices has had an impact on operating margins. Political risk could include changes in the regulatory environment in which the Group's business activities operate, including restrictions on the repatriation of funds or control over the ownership of assets. Many of these risks are beyond the control of the Group. A high degree of vigilance is maintained to identify emerging risks and implement steps to minimise exposure to the greatest extent possible.

The Hotel Industry Supply and Demand Cycle

The hotel industry operates in an inherently cyclical market place. A weakening of demand, or an increase in market room-supply, may lead to downward pressure on room rates which in turn would lead to a negative effect on operating performance. The Group has management systems in place designed to create flexibility in the operating cost base so as to optimise operating profits in volatile trading conditions.

The Ability to Borrow and Satisfy Debt Covenants

The Group utilises a variety of financial instruments to fund its operational cash requirements and to maintain balance sheet efficiency. The availability of funds is determined by conditions prevalent in the capital markets and perception of the Group. If the Group does not meet the financial performance expected by the market or fails to meet specific covenants in facility agreements, it may have existing facilities withdrawn, may not be able to secure future funding or it may not secure future funding on terms it finds favourable. The Group maintains relationships with a number of banks and other financial institutions designed to create a wide pool of potential funders. Notwithstanding the strength of the Group's relationships with its banking partners, recent economic events and the resultant impact on credit market liquidity demonstrate the extent to which the availability of future funding is influenced by factors beyond the Group's control.

Litigation

The Group may be at risk of litigation from various parties with which it interacts, either through direct contractual arrangements, the provision of services or failure to comply with regulatory requirements, such as health and safety regulations. The Group has processes in place to manage the risks associated with its various contractual relationships and appropriate compliance programmes necessary to provide assurance in respect of regulatory obligations.

Intellectual Property Rights and Brands

Future development will, in part, be dependent on the recognition of the Group's brands and perception of the values inherent in those brands. Substantial investment continues to be made in protecting the Group's brands from misuse and infringement, by way of trade mark registration and domain name protection. Consistent delivery of product quality is vitally important to influencing consumer preference and creating and maintaining value perception. Historically the Group has mainly operated properties which it owns. The trend towards managing third-party properties increases the risk that product quality may not be delivered in accordance with brand standards. This may increase the Group's exposure to litigation, increase risks to the reputation of the Group's brands, reduce revenues and become an inhibiting factor on ongoing development. Management seeks to ensure maintenance of standards by developing strong working relationships with hotel owners and undertaking regular monitoring of service delivery.

Management Agreements

An element of the Group's strategy is to increase the number of management contracts to operate hotels owned by third-parties. In this regard, the Group faces competition from established global and regional brands. Successful execution of this strategy will depend on the Group's ability to identify suitable management opportunities, secure contracts on suitable contractual terms and ensure that contractual commitments are met and retained going forward. The Group faces the risk of slower growth in the event it is unsuccessful in penetrating this market.

Key Personnel

Execution of the Group's strategy depends on its ability to attract, develop and retain employees with the appropriate skills, experience and aptitude. Development and maintenance of a Group culture, recognition systems, compensation and benefits arrangements, training and development all play leading roles in minimising this risk.

Events That Adversely Impact Domestic or International Travel

Sustained levels of occupancy and room rates can be adversely affected by events that reduce domestic or international travel. Such events may include acts of terrorism, war or perceived increased risk of armed conflict, epidemics, natural disasters, increased cost of travel and industrial action. These events may be localised to a particular country, region or could have a wider international perspective. Reduced demand will impact on revenues and operational profitability. The Group has in place contingency and recovery plans to enable it to respond to major incidents or crises.

Information Technology Systems and Infrastructure

The Group invests in systems that are tried and tested so that as much operational resilience as possible, cost considerations permitting, can be obtained. Investment is made in robust infrastructure technology to provide a reliable operating platform. In order to maintain its competitiveness within the market place, the Group may, in the future, need to make a substantial investment in new technology. Crisis management and disaster recovery plans are in place for business critical systems.

Property Ownership

The Group's strategy is to be both owner and manager of hotel properties. Growth of the Group's portfolio of owned assets is dependent on the availability of suitable development sites, acquisitions and access to funding. A limit on such opportunities may have a negative impact on future operational profitability. Property ownership requires ongoing investment in the form of preventative maintenance, refurbishment, existing and new capital expenditure and product development. There is also the possible loss of capital due to uninsured events and reductions in asset values as a result of demographic changes in the markets in which the properties are located.

Insurance

The Group maintains insurance cover appropriate to its risk profile after taking into account the level of retained risk the Board considers to be appropriate, relative to the cost of cover available in the market place. Not all risks are insured, either because the cover is not available in the market or that cover is not available on commercially viable terms. The Group is exposed to the risk of cover not being continually available. Availability may be influenced by factors outside the Group's control, which could reduce the markets' underwriting capacity, breadth of policy coverage or simply make the cost of cover too expensive. Insurance covers are arranged with a variety of insurers to ensure that arrangements are not overly concentrated on a limited number of carriers. Choice of insurance carriers is dependent on satisfaction of a number of relevant factors including a review of the insurers' security ratings. The Group could be exposed to uninsured third-party claims, loss of revenue or reduction of fixed asset values which may, in turn, have an adverse effect on Group profitability, cash flows and ability to satisfy banking covenants.

Tax and Treasury Risk

The Group's businesses operate in numerous tax jurisdictions. Changes in tax laws in any of those jurisdictions may have adverse consequences to the Group's profits. Similarly the Group's interpretation and application of various tax laws may be challenged, with the possible result that the Group is required to pay unforeseen tax liabilities. The Group trades in numerous international currencies but reports its financial results in sterling. Fluctuations in currency exchange rates may either be accretive or dilutive to the Group's reported trading results and the Group's net asset value. Interest rate derivatives are used to manage interest rate risk, to the extent that the perceived cost is considered to outweigh the benefit from the flexibility of variable rate borrowings. The Group actively monitors the need and timing of such derivatives. Unhedged interest rate exposures pose a risk to the Group when interest rates rise, resulting in increased costs of funding and an impact on overall financial performance. The Group extends lines of credit to its customers and has liquid short-term investments with various counterparties. Credit control processes exist to set appropriate credit limits for customers, assess their credit worthiness and monitor payments against agreed terms. Investments in short-term instruments are with counterparties approved by the Board taking into account the counterparty's credit rating and a maximum limit as to the amount that may be deposited.

Non-Gaap Information

Presentation of headline operating profit and headline profit before tax

In presenting the Group's profitability, headline operating profit and headline profit before tax is calculated. This excludes other operating income/expenses and impairment of the Group, and share of other operating income/expenses of joint ventures and associates. The Group believes that it is both useful and necessary to report these measures for the following reasons:

- they are measures used by the Group for internal performance analysis; and
- it is useful in connection with discussion with the investment analyst community.

Reconciliation of these measures to the closest equivalent GAAP measure, operating profit/(loss) is provided on page 20.

Like-for-like growth

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

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

Cash flow measures

In presenting and discussing the Group reported results, free cash flow is calculated and presented on the basis of methodologies other than in accordance with IFRS. The Group believes that it is both useful and necessary to communicate free cash flow to investors and other interested parties, for the following reasons:

- free cash flow allows the Company and external parties to evaluate the Group's liquidity and the cash generated by the Group's operations. Free cash flow does not include items determined independently of the ongoing business, such as the level of dividends, and items that are deemed discretionary, such as cash flows relating to acquisitions or financing activities. In addition, it does not necessarily reflect the amounts which the Group has an obligation to incur. However, it does reflect the cash available for such discretionary activities, to strengthen the balance sheet or to provide returns to shareholders in the form of dividends or share purchases;
- free cash flow facilitates comparability of results with other companies, although the Group's measure of free cash flow may not be directly comparable to similarly titled measures used by other companies; and
- it is useful in connection with discussion with the investment analyst community.

A reconciliation of net cash inflow from operating activities, the closest equivalent GAAP measure, to free cash flow is provided on page 24.

Net debt

In presenting the Group's indebtedness and liquidity position, net debt is calculated. There is no definition of net debt within IFRS. The Group believes that it is both useful and necessary to communicate net debt to investors and other interested parties, for the following reasons:

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

Gearing

Gearing is defined as net debt as a percentage of total equity attributable to equity holders of the parent (see page 24).

Other

Certain statements within the section titled "Risk Factors" on pages 26 and 27 contain forward-looking Non-GAAP financial information which at this time cannot be quantitatively reconciled and comparable GAAP financial information.

MAJOR PROPERTIES

Hotels	Tenure	Approximate Site Area (sq. metres)	Number of Rooms	Effective Group Interest (%)
Asia				
Hotel Nikko Hong Kong 72 Mody Road, Tsimshatsui East Kowloon, Hong Kong	75-year term from 28.11.1984 and may be renewable for a further 75 years	2,850	463	48
JW Marriot Hotel, Hong Kong Pacific Place, 88 Queensway, Hong Kong	75-year term from 18.04.1985 and may be renewable for a further 75 years	10,690	602	25
Millennium Hotel Sirih Jakarta Jalan Fachrudin 3, Jakarta 10250, Indonesia	The title is held under a Hak Guna Bangunan (i.e. Right to Build) and a 40 year lease wef 14.04.1984 and 22.01.1986 for approximate site area of 7,137 sq. metres and 212 sq. metres respectively	7,349	390	80
The Heritage Hotel Manila Roxas Boulevard at corner of EDSA Pasay City, Metropolitan Manila, Philippines	Fee simple	9,888	450	66
Copthorne Orchid Hotel Penang Tanjung Bungah, 11200 Penang, Malaysia	Freehold	10,329	318	100
Grand Millennium Kuala Lumpur 160 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia	Freehold	7,899	468	100
Copthorne Orchid Hotel Singapore 214 Dunearn Road, Singapore	Freehold	16,629	440	100
Hotel under development (to be named) Mohamed Sultan Road/Nanson Road, Singapore (expected year of opening is 2009)	99 year lease commencing Feb 2007	2,932	370	100
Millennium Seoul Hilton 395 Namdaemun-ro 5-Ga, Chung-gu, Seoul, South Korea	Freehold	18,760	681	100
Grand Hyatt Taipei Taipei World Trade Centre Sung Shou Road, Taipei, Taiwan	50-year term extendable to 80-year term wef 07.03.1990	14,317	856	82
Grand Millennium Sukhumvit Bangkok Sukhumvit Soi 21, Asoke Road Bangkok, Thailand	30-year term from 02.02.2005 with option to renew for a further term of 30 years	5,053	325	50
Grand Millennium Beijing Dongsanhuan North Road, Chaoyang District, Beijing, PRC	Leasehold to year 2046 (hotel) Leasehold to year 2056 (underground car park)	5,997	521	30
Owned by CDLHT				
Grand Copthorne Waterfront Hotel Singapore 392 Havelock Road, Singapore	20-year lease commencing 19.07.2006, and extendable for a further 20 years	10,860	574	39.0
M Hotel Singapore 81 Anson Road, Singapore	20-year lease commencing 19.07.2006 and extendable for a further 20 years held by CDLHT and a freehold reversionary interest held by the Group	2,134	413	39.0

Hotels	Tenure	Approximate Site Area (sq. metres)	Number of Rooms	Effective Group Interest (%)
Asia (Continued)				
Copthorne King's Hotel Singapore 403 Havelock Road, Singapore	20-year lease commencing 19.07.2006, extendable for a further 20 years	5,637	310	39.0
Orchard Hotel Singapore 442 Orchard Road, Singapore	20-year lease commencing 19.07.06 and extendable for a further 20 years held by CDLHT and a freehold reversionary interest held by the Group	8,588	653	39.0
Novotel Clarke Quay 177a River Valley Road, Singapore	97 year lease expiring May 2077	12,925	401	39.0*
Owned by First Sponsor Capital Limited Group				
West Coast Resort Hainan Yingbin Peninsula, Hainan Province, China	60-year lease expiring January 2067	22,348	226 rooms and 16 villas	39.8

*Not leased by the Group from CDLHT

MAJOR PROPERTIES

Hotels	Tenure	Approximate Site Area (sq. metres)	Number of Rooms	Effective Group Interest (%)
Europe				
Millennium Bailey's Hotel London Kensington 140 Gloucester Road, London SW7 4QH, England	Freehold	1,923	211	100
Millennium Hotel London Mayfair Grosvenor Square, Mayfair, London W1K 2HP England	Leasehold to year 2096	4,260	336	100
Millennium Hotel London Knightsbridge 17 Sloane Street, Knightsbridge, London SW1X 9NU, England	Leasehold to year 2091	809	222	100
Millennium Gloucester Hotel & Conference Centre London Kensington Harrington Gardens London SW7 4LH, England	Freehold	6,348	610	100
Millennium Hotel Glasgow George Square, Glasgow G2 1DS, Scotland	Leasehold to year 2109	9,398	117	100
Millennium Hotel Paris Opéra 12 Boulevard Haussmann, 75009 Paris, France	Freehold	1,093	163	100
Millennium Hotel Paris Charles de Gaulle Zone Hoteliere, Allée du Verger, 95700 Roissy-en-France, France	Freehold	11,657	239	100
Millennium Hotel & Resort Stuttgart Plieninger Strasse 100, 70567 Stuttgart, Germany	Short leasehold to year 2011	39,094	451	100
Copthorne Hotel Hannover Würzburger Strasse 21, 30800 Hannover- Laatzen, Germany	Short leasehold to year 2014	13,165	222	100
Copthorne Hotel Aberdeen 122 Huntly Street, Aberdeen, AB10 1SU, Scotland	Freehold	1,302	89	83
Copthorne Hotel Birmingham Paradise Circus, Birmingham B3 3HJ, England	Freehold	2,188	212	100
Copthorne Hotel Cardiff Caerdydd Copthorne Way, Culverhouse Cross, Cardiff CF5 6DH, Wales	Freehold	26,305	135	100
Copthorne Hotel & Resort Effingham Park London Gatwick West Park Road, Copthorne, West Sussex RH10 3EU, England	Freehold	161,878	122	100
Copthorne Hotel London Gatwick Copthorne Way, Copthorne, West Sussex RH10 3PG, England	Freehold	404,694	227	100
Copthorne Hotel Manchester Clippers Quay, Salford Quays Manchester M50 3SN, England	Leasehold to year 2135	9,800	166	100
Copthorne Hotel Merry Hill Dudley The Waterfront, Level Street, Brierley Hill, Dudley, West Midlands DY5 1UR, England	Freehold	13,734	138	100

MAJOR PROPERTIES

Hotels	Tenure	Approximate Site Area (sq. metres)	Number of Rooms	Effective Group Interest (%)
Europe (Continued)				
Copthorne Hotel Newcastle The Close, Quayside, Newcastle upon Tyne NE1 3RT, England	Freehold	9,200	156	94
Copthorne Hotel Plymouth Armada Way, Plymouth PL1 1AR, England	Leasehold to year 2110	1,853	135	100
Copthorne Hotel Slough Windsor Cippenham Lane, Slough, Berkshire SL1 2YE, England	Freehold	6,880	219	100
Copthorne Tara Hotel London Kensington Scarsdale Place, Kensington, London W8 5SR, England	Freehold	19,860	833	100

MAJOR PROPERTIES

Hotels	Tenure	Approximate Site Area (sq. metres)	Number of Rooms	Effective Group Interest (%)
North America				
Millennium Broadway Hotel New York 145 West 44th Street, New York, NY10036-4012, USA	Freehold	2,122	750	100
Millenium Hilton 55 Church Street, New York, NY 10007, USA	Freehold	1,680	569	100
Millennium Alaskan Hotel Anchorage 4800 Spenard Road, Anchorage, AK 99517-3236 USA	Freehold	20,639	248	100
Millennium Biltmore Hotel Los Angeles 506 South Grand Avenue, Los Angeles, CA 90071, USA	Freehold	11,331	683	100
Millennium Bostonian Hotel Boston 26 North Street At Faneuil Hall Marketplace, Boston MA 02109, USA	Freehold	2,796	201	100
Millennium Hotel Cincinnati 150 West Fifth Street, Cincinnati, OH 45202, USA	Freehold	6,839	872	97
Millennium Harvest House Boulder 1345 28th Street Boulder, CO 80302-6899, USA	Freehold	64,019	269	87
Millennium Knickerbocker Hotel Chicago 163 East Walton Place, Chicago, IL 60611 USA	Freehold	2,007	305	100
Millennium Maxwell House Nashville 2025 Metro Center Boulevard, Nashville TN 37228, USA	Leased to year 2030	36,421	287	100
Millennium Resort Scottsdale McCormick Ranch 7401 North Scottsdale Road, Scottsdale, AZ 85208, USA	Leased to year 2033	32,819	125	100
Millennium Hotel Minneapolis 1313 Nicollet Mall, Minneapolis, MN 55403, USA	Leased to year 2030 (with three 5-year options)	4,537	321	100
Millennium Hotel St. Louis 200 South 4th Street, St Louis, MO 63102-1804, USA	Freehold	17,033	780	100
Millennium UN Plaza Hotel New York 1 UN Plaza, 44th Street at 1st Avenue, New York 10017-3575, USA	Freehold/leased to year 2079	4,554	427	100
Millennium Hotel Durham 2800 Campus Walk Avenue, Durham, NC 27705-4479, USA	Freehold	42,814	313	100
Comfort Inn Beaver Creek 161 West Beaver Creek Boulevard, Avon, CO 81620-5510, USA	Freehold	11,209	146	100

Hotels	Tenure	Approximate Site Area (sq. metres)	Number of Rooms	Effective Group Interest (%)
North America (Continued)				
Eldorado Hotel & Spa 309 West San Francisco Street, Santa Fe, NM 87501-2115, USA	Indirect Interest	7,349	219	20
Pine Lake Trout Club 17021 Chillicothe Road, Chagrin Falls OH 44023-0282, USA	Freehold	331,121	6	100
Millennium Airport Hotel Buffalo 2040 Walden Avenue Buffalo, NY 14225-5186, USA	Leased to year 2012	31,726	300	100
Best Western Lakeside 7769 W Irlo Bronson Memorial Highway, Kissimmee, FL 34747-1750, USA	Freehold	93,796	651	100

MAJOR PROPERTIES

Hotels	Tenure	Approximate Site Area (sq. metres)	Number of Rooms	Effective Group Interest (%)
Australasia				
Millennium Hotel Christchurch 14 Cathedral Square, Christchurch New Zealand	Leasehold to year 2010 (with a five year option)	1,417	179	70
Millennium Hotel Queenstown Corner Frankton Road & Stanley St., Queenstown, New Zealand	Freehold	7,453	220	49
Millennium Hotel Rotorua Corner Eruera & Hinemaru Streets, Rotorua, New Zealand	Freehold/Perpetual leasehold land	10,109	227	70
Copthorne Hotel Auckland Anzac Avenue 150 Anzac Avenue Auckland, New Zealand	Perpetual/Leasehold Land	2,495	110	49
Copthorne Hotel Auckland Harbour City Quay Street Auckland, New Zealand	Freehold	2,407	187	70
Copthorne Hotel & Resort Bay of Islands Tau Henare Drive, Paihia New Zealand	Leasehold to year 2021 (with a 30 year option)	62,834	180	35
Copthorne Hotel Christchurch Central 776 Colombo Street, Christchurch, New Zealand	Freehold	2,154	142	70
Copthorne Hotel Christchurch Durham Street Corner Durham & Kilmore Streets Christchurch, New Zealand	Leasehold to year 2015	1,734	161	49
Copthorne Hotel Oriental Bay Wellington 73 Roxburgh Street, Wellington, New Zealand	Freehold	3,904	118	49
Copthorne Hotel & Resort Queenstown Lakefront Corner Adelaide Street & Frankton Road, Queenstown, New Zealand	Freehold	18,709	241	70
Kingsgate Hotel Parnell Auckland 92-102 Gladstone Road, Parnell Auckland, New Zealand	Leasehold to year 2010 (with a two year option)	7,650	114	49
Kingsgate Hotel Dunedin Upper Moray Place, Dunedin, New Zealand	Freehold	2,193	55	49
Kingsgate Hotel Greymouth 32 Mawhera Quay Greymouth, New Zealand	Freehold/Perpetual leasehold land	2,807	98	70
Kingsgate Hotel Rotorua Fenton Street, Rotorua, New Zealand	Freehold	35,935	136	49
Kingsgate Hotel Palmerston North 110 Fitzherbert Avenue Palmerston North, New Zealand	Freehold	15,514	151	49

MAJOR PROPERTIES

Hotels	Tenure	Approximate Site Area (sq. metres)	Number of Rooms	Effective Group Interest (%)
Australasia (Continued)				
Kingsgate Hotel Terraces Queenstown 88 Frankton Road, Queenstown, New Zealand	Freehold	4,713	85	49
Kingsgate Hotel Te Anau 20 Lakefront Drive, Te Anau, New Zealand	Freehold	8,819	94	70
Owned by CDLHT				
Rendezvous Hotel Auckland Corner of Vincent Street and Mayoral Drive, Auckland, New Zealand	Freehold	5,910	455	39.0*

Investment Properties	Tenure	Approximate lettable strata area (sq. metres)	Effective Group Interest (%)
Tanglin Shopping Centre A shopping-cum-office complex situated at Tanglin Road within the Orchard Road tourist district. The Group also owns 325 car park lots.	Freehold	6,285	100
The Biltmore Court & Tower Situated at 500/520 South Grand Avenue, Los Angeles, CA 90071. Comprising the Court which has 21,133 square metres Class "B" lettable office space within the Biltmore hotel structure and the Tower which has 12,116 square metres of Class "A" office space. 299 car park spaces are allocated to the two office spaces.	Freehold	25,423	100
Owned by First Sponsor Capital Limited Group			
Humen International Cloth Centre Located in Boyong Village, Guangdong, China. Comprising 145 commercial units and 11 service apartments.	Leasehold expiring 2063	3,466	39.8
Fuogang City Spring Located in Shijiao District, Guangdong, China. Comprising 367 commercial units, and 12 residential blocks under development.	Leasehold expiring 2075	21,629	39.8

* Not leased by the Group from CDLHT

Kwek Leng Beng, 68#

CHAIRMAN AND CHAIRMAN OF NOMINATIONS COMMITTEE

Kwek Leng Beng has been the Chairman of Millennium & Copthorne Hotels plc since its incorporation.

He is the Executive Chairman of the Hong Leong Group of Companies in Singapore, and City Developments Limited. He is also Chairman and Managing Director of Hong Leong Finance Limited and City e-Solutions Limited and the Chairman of Hong Leong Asia Ltd.

Mr Kwek's achievements have also captured the attention of the academic institutions. He was conferred:

Honorary Doctorate of Business Administration in Hospitality from Johnson & Wales University (Rhode Island, US), where students have an opportunity to pursue career education in business, hospitality, culinary arts or technology;

Honorary Doctorate from Oxford Brookes University (UK) whose citation traced how Mr Kwek, who joined the family business in the early 1960s, had gone on to establish an international reputation for his leadership of the Hong Leong Group, as well as being an active supporter of higher education in Singapore.

Mr Kwek also serves as a Member of the INSEAD East Asia Council. France-based INSEAD is one of the world's leading and largest graduate business schools which bring together people, cultures and ideas from around the world.

Mr Kwek is a Member of the Action Community of Entrepreneurship (ACE), which involves both the private and public sectors to create a more entrepreneurial environment in Singapore for small and medium enterprises.

Mr Kwek has distinguished himself in property investment and development, hotel ownership and management, financial services and industrial enterprises. Today, he sits on the flagship of a multi-billion empire worth over US$20 billion in diversified premium assets worldwide, with an annual turnover of US$4.55 billion and stocks traded on six of the world's stock markets. He currently heads worldwide staff strengths of over 40,000 across a range of businesses in Asia-Pacific, the Middle East, Europe and North America. Mr Kwek also played a pivotal advisory role in Las Vegas Sands Corporation's successful bid for Singapore's high profile Integrated Resort project at the Marina Bay.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1. Richard Hartman
2. Wong Hong Ren
3. Christopher Sneath
4. Kwek Leng Joo
5. Kwek Leng Peck

Richard Hartman, 63
GROUP CHIEF EXECUTIVE OFFICER
Richard Hartman joined the Board of Millennium & Copthorne Hotels plc on 7 May 2008. He has over 30 years experience in the hotel and restaurant industry. From 1999 he has held senior positions at InterContinental Hotels Group (formerly known as Six Continents Hotels Group and Bass Hotels & Resorts) where he was a main Board Director from 2003 until 2007, most recently as Managing Director of InterContinental Hotels Group, Europe, Middle East and Africa with responsibility for 620 hotels. Previously he was Managing Director of InterContinental Hotels Group Asia Pacific between 1998 and 2003, where he increased the company portfolio, making it the second largest hotel chain in Asia Pacific.

Prior to joining InterContinental Hotels Group in 1998 he was President of ITT Sheraton North America between 1992 and 1998, where he led a turnaround in performance, repositioning the Sheraton North America as the premier brand of choice, and President of ITT Sheraton Asia Pacific between 1985 and 1992.

During his tenure as President of the Asia Pacific Division, he successfully executed an aggressive development strategy, growing the Division, substantially increasing earnings and firmly establishing Sheraton as one of the three leading hotel chains in Asia and the market leader in Australia, New Zealand and South Pacific.

Wong Hong Ren, 57
EXECUTIVE DIRECTOR
Wong Hong Ren joined Millennium & Copthorne Hotels plc as a non-executive Director at the flotation of the Group. He is a non-executive Director of City e-Solutions Limited and Executive Vice President (Group Investment) of Hong Leong Management Services Limited in Singapore. Mr Wong was appointed as an Executive Director of the Company in April 2001.

Christopher Sneath, 75[±*#]
INDEPENDENT NON-EXECUTIVE DIRECTOR AND CHAIRMAN OF THE AUDIT COMMITTEE
Christopher Sneath joined Millennium & Copthorne Hotels plc in March 1999. He is a Chartered Accountant and, until his retirement in 1994, he was a senior partner of KPMG. He was a non-executive Director of Spirax-Sarco Engineering plc until 2002.

Kwek Leng Joo, 55
NON-EXECUTIVE DIRECTOR
Kwek Leng Joo joined Millennium & Copthorne Hotels plc at the flotation of the Group. He is the Managing Director of City Developments Limited. He holds directorships in most of the listed companies within the Hong Leong Group, including Hong Leong Finance Limited. He also serves as an executive director for City e-Solutions Limited. An Honorary President of the Singapore Chinese Chamber of Commerce and Industry, Mr Kwek also serves in many public and civic institutions.

Kwek Leng Peck, 52
NON-EXECUTIVE DIRECTOR
Kwek Leng Peck joined Millennium & Copthorne Hotels plc at the flotation of the Group. He holds directorships on most of the listed companies within the Hong Leong Group, including City Developments Limited, Hong Leong Finance Limited and Tasek Corporation Berhad. He also serves as an Executive Director for Hong Leong Asia Limited and City e-Solutions Limited.

The Viscount Thurso, 55±*#
NON-EXECUTIVE DEPUTY CHAIRMAN, SENIOR INDEPENDENT DIRECTOR AND CHAIRMAN OF THE REMUNERATION COMMITTEE
The Viscount Thurso was appointed to the Board in May 2002. He is a Fellow of the Institute of Hospitality. He was previously founder general manager of Cliveden and has held executive positions as chief executive of Granfel Holdings Limited and chief executive of Fitness & Leisure Holdings Limited. He was also non-executive chairman of Walker Greenbank plc until 2002. Prior to this he was non-executive Director of Savoy Group plc and Royal Olympic Cruiselines. He is currently Member of Parliament for Caithness, Sutherland and Easter Ross and sits on the Treasury Select Committee.

Christopher Keljik OBE, 60±*#
INDEPENDENT NON-EXECUTIVE DIRECTOR
Christopher Keljik was appointed to the Board in May 2006. He retired as a Director of Standard Chartered plc in 2005, after 29 years, during which time he held a number of senior positions in London, Hong Kong, New York and Singapore. He is a Chartered Accountant and is also a non-executive Director of Foreign & Colonial Investment Trust plc, Henderson TR Pacific Investment Trust plc and Jardine Lloyd Thompson Group plc.

Charles Kirkwood, 73± #
INDEPENDENT NON-EXECUTIVE DIRECTOR
Charles Kirkwood was appointed to the Board in May 2002. He was formerly Managing Director of Rosewood Hotels and Resorts, Asia and an Industrial Partner to Ripplewood (Japan). He is currently the President and Director of Shawnee Holding Inc, a private hotel owning company and a Director of Pennsylvania General Energy. He is a member of the Bar of New York, Pennsylvania and the US Supreme Court.

Connal Rankin, 67±*#
INDEPENDENT NON-EXECUTIVE DIRECTOR
Connal Rankin was appointed to the Board in December 2007. He has had an extensive career at HSBC Group ("HSBC") spanning 45 years until his retirement in December 2005. He held a number of senior positions including Group General Manager of HSBC in Hong Kong and Chief Executive of HSBC Singapore for 5 years until 2000. Between 2000 and 2005, Connal held the senior position of Group General Manager of Human Resources based in London. He is a Director of Neptune Orient Lines Ltd, a publicly quoted company listed on the Singapore Stock Exchange.

± Member of the Remuneration Committee
* Member of the Audit Committee
# Member of the Nominations Committee

6. The Viscount Thurso
7. Christopher Keljik
8. Charles Kirkwood
9. Connal Rankin

The Directors present their report for the financial year ended 31 December 2008.

Activities of The Group

The principal activity of the Group is ownership and management of hotels around the world.

Business Review

The Business Review incorporates sections covering financial, operating, risk factors and Non-GAAP information for the year ended 31 December 2008 and is set out on pages 17 to 34. These sections provide information about the Group's strategy, its businesses, their financial performance during the year, the principal risks and uncertainties facing the Group and its likely development.

Results and Dividends

The profit on ordinary activities before taxation was £102.8m (2007: £157.4m). An interim dividend of 2.08p per share was paid on 8 October 2008. The Directors are recommending a final dividend of 4.17p per share (2007: final dividend of 10.42p) which will, if approved at the annual general meeting, be paid on 20 May 2009 to shareholders on the register at close of business on 27 March 2009. Total dividends relating to the year are expected to amount to £18.9m. The Company will be offering a scrip dividend alternative in respect of the final dividend.

Employees

During the year the average number of people employed by the Group was 12,778 (2007: 12,957).

Millennium & Copthorne Hotels plc operates in various countries and values highly the rich ethnic and cultural diversity of its people. The Group strives to build on the qualities inherent in its global environment by developing and valuing people with different views, styles and approaches.

The Company's policy is to provide equality of opportunity for all employees without discrimination and continues to encourage the employment, training and advancement of disabled persons in accordance with their abilities and aptitudes, provided that they can be employed in a safe working environment. Suitable employment would, if possible, be found for any employee who becomes disabled during the course of employment.

Further details on employee involvement is included in the Corporate Social Responsibility report on pages 52 and 53.

Share Capital

The authorised and issued share capital of the Company, together with details of the movements in the Company's issued share capital during the year, are shown in note 27 to the financial statements.

Details of shares issued pursuant to the Group's share based incentive schemes are shown in the notes to the accounts on pages 107 to 110.

Substantial Shareholdings

As at 17 February 2009, the Company had received details of the following notifiable interests in its issued share capital:

	Number of shares	% of Issued share Capital
City Developments Limited	161,708,536	53.50
Prudential plc*	24,281,040	8.03
Aberdeen Asset Management plc	15,093,433	4.99
Schroders plc†	15,184,330	5.02

* the interests of Prudential plc include the notifiable interest of the following companies:–

M&G Group Limited	24,281,040	8.03%
M&G Limited	24,281,040	8.03%
M&G Investment Management Limited	24,246,956	8.02%
The Prudential Assurance Company Limited	24,156,700	7.99%

† the interests of Schroders plc include the notifiable interest of the following company:–

Schroder Investment Management Limited	15,093,616	4.99%

Directors

Biographical details of Directors are shown on pages 43 to 45. Details of the share interests of Directors are shown on page 61.

No changes to these interests occurred between the year end and the date of this report.

The Company has provided each of its Directors and Alternate Directors with a qualifying third-party indemnity, as defined in section 234 of the Companies Act 2006 and these remain in force as at the date of this report. During the year, the Company has maintained cover for its Directors and Officers and those of its subsidiary companies under a Directors' and Officers' liability insurance policy, as permitted by Section 233 of the Companies Act 2006.

Ethics and Business Conduct

The Group has adopted and operates business integrity policies in its regions, which are consistent with the standards of behaviour and ethics which the Group upholds and requires all employees to act honestly, with integrity, objectivity, professional competence and due care.

It is the Company's and the Group's policy to agree the terms of payment with suppliers at the commencement of the trading or contractual relationship and to operate within such terms subject to satisfactory completion of the suppliers' obligations. It does not follow any particular guidelines established by third parties. The effect of the Group's payment policy is that its trade creditors at the financial year-end represent 21 days purchases (2007: 22 days). At the year end, the Company had no trade creditors (2007: £nil).

Details of the charitable and political donations are set out in the Corporate Social Responsibility report on pages 52 and 53.

Corporate Social Responsibility

Details of the Group's wider approach to managing its Corporate Social Responsibility can be found on pages 52 and 53. The Board takes regular account of the significance of social, environmental and ethical matters to the business of the Company and identifies value arising from those matters as well as opportunities to enhance value that may arise from them. Significant short and long term risks have been identified and assessed and the Board believes it has received adequate information to ensure that the Company has effective systems in place for managing the Group's key risks. The Group's significant Risk Factors are included on pages 32 and 33.

To ensure the delivery of the Board's policies in respect of health, safety and the environment, Richard Hartman, in his capacity as Chief Executive Officer, has been identified as the Board member responsible for both areas. The Company has been a member of the FTSE4Good UK Index of socially responsible companies since the index's establishment in July 2001.

Financial Risk Management

An indication of the Group's financial risk management objectives in respect of the use of financial instruments and its exposures to credit risk, interest rate risk and foreign currency risk is set out in the Business Review on pages 24 and 25, and in note 19 to the financial statements.

Going Concern

Details of the Group's financial position, cash flows, liquidity and capital resources are included in the Business Review on pages 17 to 34.

Note 19 to the financial statements provides information on the financial instruments used by the Group. The Directors have reviewed the financial resources available to the Group and the possible impact of a range of trading scenarios that could face the Group's business in the current uncertain economic environment.

For the last several years the Group has had a history of profitable operations and ready access to financial resources, and in general, the Directors concluded that the going concern basis of accounting is appropriate without detailed analysis. However, given the current uncertain economic conditions which include recessionary pressures that have an impact on the Group's revenues, operating costs and profitability, the Directors have estimated a wide range of factors relating to current and expected profitability, have considered sensitivities around potential trading levels and covenant compliance, reviewed debt repayment schedules, and potential sources of replacement financing before satisfying themselves that the going concern basis is appropriate. The Directors reasonably expect that the Group has adequate resources to continue in business for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Auditor

In accordance with Section 489 of the Companies Act 2006, a resolution regarding the re-appointment of KPMG Audit Plc as auditor of the Company will be proposed at the forthcoming annual general meeting.

Statement of The Directors as to Disclosure of Information to The Auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Annual General Meeting

The annual general meeting will be held at 10:00 am on Wednesday, 6 May 2009 at the Millennium Hotel London Mayfair. The Notice of Meeting can be found at the back of this Annual Report.

In addition to the routine items of business to be dealt with at the meeting, resolutions will be proposed in respect of the following:

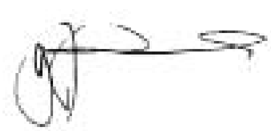
- *to renew the authority given in regard to pre-emption rights under the terms of a Co-operation Agreement dated 18 April 1996 with City Developments Limited ("CDL")* - The Co-operation Agreement between the Company and CDL dated 18 April 1996 (as amended) contains a provision that the Company shall use all reasonable endeavours to ensure that any issue of voting securities for cash (other than pursuant to an employee or executive share schemes) which takes place, is carried out in a manner that provides CDL with an opportunity to acquire additional ordinary shares at the time of such proposed issue for cash in such amounts as are necessary to enable it to maintain its voting rights in the Company at the same level as it held immediately prior to such issue. The Directors will seek renewed approval of these pre-emption rights as they have done in prior years;

- *to renew the authority to fund political donations and/or political expenditure* - Renewed authority will be sought to authorise political donations and expenditure in accordance with sections 366 and 367 Companies Act 2006 within the limits set out in the resolution in the circumstances where the Directors consider the making of such donations or the incurring of such expenditure to be in the best interests of the Company and shareholders as a whole;

- *to renew the Directors' authority to allot shares* - The Directors' will seek renewal of authorities previously granted under sections 80 and 89 Companies Act 1985. The number of shares over which the authorities are sought are set out in the notice of the meeting and are consistent with ABI guidelines. There is no current intention to exercise the authorities, which are sought to maintain flexibility should circumstances warrant their use in the future;

- *to authorise the purchase of the Company's shares in the market* - Authority will be sought to renew the Directors' ability to arrange the market purchase of the Company's shares pursuant to section 163(3) Companies Act 1985 and subject to the limits set out in the resolution. There is no current intention to exercise the authority and it will only be used where the Directors believe that it would be accretive to earnings per share and in the best interests of shareholders generally;

- *to authorise general meetings, other than an annual general meeting to be held on 14 days' notice* - Following changes introduced by the Companies Act 2006, the Company's Articles of Association were amended to permit the Directors to convene a general meeting on 14 days' notice. New legislation which is to be introduced under the EU Shareholders' Rights Directive require general meetings to be held on 21 days' notice unless shareholders otherwise agree. This resolution is being proposed to enable the Directors to continue to convene general meetings on 14 days' notice and will be put to shareholders routinely on an annual basis.



By order of the Board

Adrian Bushnell
COMPANY SECRETARY
17 February 2009

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements, in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with IFRS as adopted by the EU and applicable law and have elected to prepare the Parent Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice).

The Group financial statements are required by law and IFRS as adopted by the EU to present fairly the financial position and performance of the Group; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

The Parent Company financial statements are required by law to give a true and fair view of the state of affairs of the Parent Company.

In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- For the Group financial statements, state whether they have been prepared in accordance with IFRS as adopted by the EU;
- For the Parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Parent Company financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

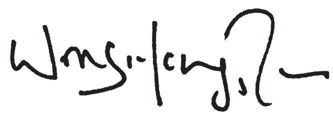
Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and Corporate Governance Report that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Directors' report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.



Wong Hong Ren
DIRECTOR
17 February 2009

The Board is committed to ensuring that good practice in corporate governance is observed throughout the Group, and remains the responsibility of the whole Board. The Board is committed to maintaining high standards of business integrity and professionalism in all its activities, and continues to support the highest standards in corporate governance.

The Board considers that, throughout the year, it was in compliance with the provisions of the Revised Combined Code ("the Code") issued by the Financial Reporting Council in June 2006.

The Board

Overall control of the Group is exercised by the Board, which has responsibility, amongst other things, for setting strategy and ensuring that adequate resources are available and leadership is provided to achieve the Group's strategy. The Board meets up to ten times a year and has a schedule of matters reserved for its attention. All Directors receive detailed papers one week prior to Board and committee meetings. Reserved matters which require Board approval include: acquisitions; significant property transactions; capital expenditure above predetermined limits; major contractual commitments; Board level and Company Secretary appointments/terminations; significant litigation issues; the Group's financial statements and communications with shareholders. Other matters which are reserved for the Board have been delegated to its standing committees, details of which are set out further in this report.

Executive management is responsible to the Board for the Group's operational performance including: implementing Group strategy as determined by the Board; maintaining adequate internal control systems and risk management processes; monitoring operational performance against plans and targets and reporting to the Board any significant variances; maintaining an effective management team and planning succession.

The Board currently comprises the Chairman and two non-executive Directors, who are Directors of the majority shareholder, City Developments Limited, a senior independent non-executive Director as Deputy Chairman, four additional independent non-executive Directors and two executive Directors. Each Director is expected to fulfil their duties for the benefit of all shareholders and it is believed that the independent non-executive Directors provide strong independent judgement to the deliberations of the Board.

Directors' biographies shown on pages 43 to 45 identify the Chairman, Senior Independent Director, the Chairman of the Board's standing committees and other Directors considered by the Board to be independent, having taken consideration of the factors set out in Code provision A.3.1. There have been no significant changes in the Chairman's external commitments since the last annual report.

A written statement defining the respective responsibilities of the Chairman and Group Chief Executive Officer has been agreed and approved by the Board.

All Directors have access to the advice of the Company Secretary, who is responsible for ensuring the Board procedures and applicable rules and regulations are observed. In addition, the Directors are able, if necessary, to take independent professional advice at the Company's expense. There is the opportunity for non-executive Directors to meet separately with the Chairman.

The Chairman, in conjunction with the Company Secretary, is also responsible for ensuring that new Directors receive appropriate training at the Company's expense where specific expertise is required in the course of the exercise of their duties. All Directors receive a Board Compendium detailing matters relating to Board procedures. The Board has established an agreed process for managing potential conflicts of interest. Where potential conflicts have been authorised in accordance with section 175(4) Companies Act 2006, as permitted by the Company's Articles of Association, any such authorisation will be reviewed at least annually.

Non-executive Directors are appointed for a specific term and re-appointment is not a matter of course as each Director's position is reviewed as they approach re-appointment. Succession planning is considered by the non-executive Directors as appropriate.

Kwek Leng Peck and Christopher Sneath will retire by rotation at the forthcoming annual general meeting and will stand for re-election. Christopher Sneath has been an independent non-executive Director since 1999 and is Chairman of the Audit Committee. It is intended that an additional non-executive director will be appointed during the year to chair the Audit Committee. As part of planned refreshing of the Board and to facilitate an orderly transition, Mr Sneath will remain on the Board until the new candidate has been appointed and an appropriate handover has taken place.

Richard Hartman was appointed to the Board on 7 May 2008. In accordance with the Company's Articles of Association, Mr Hartman will stand for election as a Director at the forthcoming annual general meeting. During the year Kwek Leng Joo appointed Kwek Eik Sheng as his alternate. John Arnett resigned from the Board with effect from 12 December 2008.

Board Committees

In relation to certain matters, committees have been established with specific delegated authority. The standing committees of the Board are Audit, Remuneration and Nominations. The terms of reference for these committees are available, on request, from the Company Secretary and on the Group's website at www.millenniumhotels.co.uk. The Company Secretary acts as secretary to all standing committees of the Board.

Audit Committee

The Audit Committee, chaired by Christopher Sneath, consists entirely of independent non-executive Directors. It is considered that Christopher Sneath has recent and relevant financial experience as required by the Code. The duties of the Audit Committee include:

- Reviewing the Group's internal control and risk management procedures;
- Consideration of the appointment of the external auditor and to make appropriate recommendations through the Board to the shareholders to consider at the annual general meeting;
- Agreement of the detailed scope of the external audit prior to the commencement of their works; reviewing the scope and results of the audit and its cost effectiveness; and recommendation of the audit fee to the Board;

- Monitoring the integrity, prior to submission to the Board, of periodic financial statements, annual accounts, reports to shareholders and any other public announcement concerning the Company's financial position, corporate governance statements and statements on the Group's system of internal controls;

- Ensuring that arrangements are in place for employees to raise concerns, in confidence, about possible fraud risk or wrongdoing in financial reporting or other matters;

- Monitoring and reviewing the effectiveness of the internal audit function; agreeing the annual work plan and being satisfied itself that the function has the proper resources to enable it to satisfactorily complete such work plans; review status reports from the internal audit; considering management's response to any major finding and providing support, if necessary, for any follow-up action required; and ensuring that the function obtains free and unrestricted access to all Group activities, records, property and personnel necessary to fulfil its agreed objectives.

The Audit Committee is also responsible for reviewing the independence and objectivity of the external auditor. Audit independence and objectivity are safeguarded by the Audit Committee monitoring and approving, where appropriate, the nature of any non-audit work and the level of fees paid. The Audit Committee has concluded that, in some cases, notably the provision of taxation services, the provision of non-audit services by the auditor is appropriate and this has been communicated to the Board. Audit independence has been communicated to the Board.

The external auditor and head of internal audit normally attend all Audit Committee meetings. Executive Directors and senior management from the Group's finance function are normally invited to attend. Separate meetings are held with the external auditor without the presence of any member of executive management and similar meetings are held with the head of internal audit.

Remuneration Committee

The Remuneration Committee is chaired by The Viscount Thurso and consists entirely of independent non-executive Directors. It is responsible for considering and making recommendations to the Board, within agreed terms of reference, on the Company's remuneration policies, determining the remuneration package of executive Directors and the operation of the Company's employee share based incentive schemes. The Group Chief Executive Officer would normally be invited to attend meetings, if appropriate, but would not be present when his own remuneration is discussed. The Committee takes independent advice as deemed necessary. The Directors' Remuneration Report is given on pages 54 to 61, where further details of remuneration strategy are given. The fees paid to non-executive Directors are considered by the full Board, having regard to any relevant advice received.

Nominations Committee

The Nominations Committee is chaired by the Group Chairman and includes five independent non-executive Directors and meets as necessary. On behalf of the Board, the Committee reviews the structure, size and composition of the Board, considers succession planning for Directors and other senior executives, taking into account the challenges and opportunities facing the Group and what skills and expertise are needed on the Board in future. The Committee is responsible for identifying and nominating for the approval of the Board candidates to fill Board vacancies as and when they arise.

Board and Committee Meetings

The number of meetings of the Board, and its committees, held during the year are shown below together with attendance details of each Director.

Figures in brackets represent the maximum number of Board or committee meetings held whilst the individual concerned is a Board member or member of the relevant committee.

	Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings	Nominations Committee Meetings
Kwek Leng Beng (Chairman)	7 (7)	na	na	1 (1)
The Viscount Thurso (Deputy Chairman)	7 (7)	4 (4)	5 (5)	1 (1)
Richard Hartman	5 (5)	na	na	na
Wong Hong Ren	7 (7)	na	na	na
John Arnett	7 (7)	na	na	na
Christopher Sneath	7 (7)	4 (4)	5 (5)	1 (1)
Kwek Leng Joo	3 (7)	na	na	na
Kwek Leng Peck	2 (7)	na	na	na
Charles Kirkwood	7 (7)	na	4 (5)	1 (1)
Christopher Keljik	7 (7)	4 (4)	5 (5)	1 (1)
Connal Rankin	5 (7)	2 (4)	3 (5)	1 (1)

Kwek Eik Sheng attended two Board meeting as alternate for Kwek Leng Joo.

Evaluation Process

The Board evaluation process has been conducted by the Directors completing on-line questionnaires which solicit views on the Board governance processes, the operation of standing committees and a self assessment of individual Directors' performances. Feedback from the evaluation process is compiled by the Company Secretary and a report is prepared for consideration by the Board. In addition, the performance of executive and non-executive Directors is assessed annually by the Chairman. During the year, the Chairman and independent non-executive Directors met without the executive Directors in attendance. Evaluation of the Chairman is conducted by the independent non-executive Directors led by the Senior independent non-executive Director.

Internal Control System

The full Board is responsible for the Group's system of internal control and for monitoring its effectiveness. In establishing this system, the Directors have considered the nature of the Group's business, with regard to the risks to which that particular business is exposed, the likelihood of such risks occurring, their potential impact and the costs of protecting against them. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement. The Group's significant Risk Factors are included in the Business Review on pages 32 and 33.

The Board confirms that, in accordance with the Turnbull guidance, there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group. This process is reviewed by the Audit Committee on behalf of the Board and has been in place for the year under review, and up to the date of the approval of the Annual Report.

Primary responsibility for the operation of the system of internal controls is delegated to executive management. The effectiveness of the operation of the internal control system is reviewed by an internal audit function and, where appropriate, by the Company's external auditor, who report to management and to the Audit Committee. In addition, responsibility is delegated to an executive committee to monitor the effectiveness of the systems of control in managing identified risks as established by the Board. The internal audit department reviews the effectiveness of key internal controls as part of its standard work programme, and individual reports are issued to appropriate senior management. These reports are summarised and distributed to all members of the Audit Committee, the Group Chief Executive Officer, the Group Company Secretary, senior management of the Group's finance function and the external auditor. They are subsequently reviewed by the Audit Committee, which ensures that, where necessary, recommendations on appropriate corrective action are drawn to the attention of the full Board.

The main features of the Group's internal control framework are:

- The Group's strategic direction is regularly reviewed by the Board, which sets business objectives for the Group. Annual plans and performance targets for each hotel are set by the executive management team and reviewed by the Board in the light of overall objectives;

- Within the financial and overall objectives for the Group, agreed by the Board, the day-to-day management is delegated to the Group Chief Executive Officer and executive management. The executive management team receives a monthly summary of the results from the business and carries out regular operational reviews with business managers to ensure appropriate pursuit of the overall objectives and management of the primary risks of the Group.

Communication with Shareholders

General presentations are made after the announcement of preliminary, quarterly and half-yearly results. A regular programme of meetings exists with major institutional shareholders to review the Group's performance and prospects. In addition, the Senior independent non-executive Director has meetings with a range of major shareholders during the year and other non-executive Directors also have the opportunity to attend such meetings. Regular feedback is provided to the Board of views expressed by shareholders at these meetings.

At general meetings there is the opportunity for all shareholders to question the Chairman and other Directors (including the Chairmen of the Audit, Remuneration and Nominations committees). The Company prepares separate resolutions on each substantially separate issue put to shareholders and does not combine resolutions together inappropriately. A schedule of the proxy votes cast is made available for inspection at the conclusion of the proceedings and the Annual Report is laid before the shareholders at the annual general meeting. Notice of the annual general meeting and related papers are sent to shareholders at least 20 working days prior to the date of the meeting, and the Company encourages all shareholders to make positive use of the Company's annual general meeting for communication with the Board.

Introduction

Responsible Hospitality

This is the Group's first Responsible Hospitality report which describes our activities regarding safety, health and environmental, our employees and the wider community. It provides information on our performance, engagement with stakeholders and addresses the environmental and social impacts that are pertinent to our business. At the moment this report primarily reflects what is happening within our European operations. We will be expanding our reporting to cover what is happening in our other operating regions.

2008 was a key year for the development of the Responsible Hospitality ethos within the Group, although we began our Corporate and Social Responsibility (CSR) journey some years ago. The Group has developed an outline corporate responsibility framework and work is underway rolling out our aims and policies for our safety, health and environmental performance. Our Group represents more than just the day to day operation of quality hotel assets. We are aware of the impact that we have environmentally, socially and economically. We believe that people are going to become increasingly conscious of the choices they make and we want those people to opt for Millennium & Copthorne; because we are becoming, and will be seen as becoming, a responsible choice.

Strategy and Values

We believe that all our stakeholders make a choice in staying with us, supplying us with food or investing in our shares; a choice that reflects our responsibility values of outstanding services, open mindedness and respect. Our Responsible Hospitality strategy is still being developed and whilst much effort has been made to collate the information in this report we recognise that there is still much work to be done. With this report we are setting targets not only to improve our social and environmental performance but also to start tracking and measuring our efforts where possible. We aim to keep our stakeholders abreast of our activities and performance so demonstrating our commitment to be a Responsible Hospitality company. We will continue to invest time and resources to sustain our responsibility activities and initiatives. We are working towards an ecologically and socially sustainable society and we are beginning to incorporate this into everything we do.

2008 CSR Developments and Plans for 2009-2010

The Group has adopted a stepped-up approach to CSR. We entered into a working relationship with the Carbon Trust to help us to understand and refine our approach to Responsible Hospitality at a corporate as well as an individual stakeholder level. Working committees have been established and the members of these committees span all aspects of the Group's business from senior management, finance, secretariat, health and safety, procurement, engineering and sales and marketing.

Over the next two years we will be adding further scope to our policies and committees and establishing targets and reporting performance criteria that will touch on every aspect of the Group. In line with our safety, health and environmental policy, employees from across the Group will be incentivised and committed to improve environmental performance. As such we have embarked upon formalising our Environmental Management System (EMS) to help set the framework for effective implementation and sustainability. The EMS is an integral part of our overall management system. We are using it as a structured and systematic approach to manage our impact on the environment. We believe that we should be regularly evaluating our performance in order to understand what is working well and what needs further work. In Europe we are working towards attainment of ISO 14001 for our EMS system which will represent 24% of the Group's hotels. As part of our wider roll-out programme we will be looking to accreditation of our health and safety management systems to OHSAS 18001. Attainment and maintenance of these accreditations will enable us to demonstrate the robustness of our management systems and provide a structured working framework. We will build on the experience gained in developing these systems and progressively extend the accreditations process to other regions.

Responsible Hospitality and the Environment

Excerpt from M&C Environmental Policy 2008.

> *"M&C is committed to reducing its impact on the environment by recognising its legal and moral obligations to help create a sustainable environment. We will strive to educate, train and motivate our employees and stakeholders to work with an environmentally friendly approach. Everyone will be encouraged to be involved in the development of new ideas and initiatives.*
>
> *M&C aims to improve its environmental performance by a number of ways, including:-*
>
> *Reducing: Energy consumption, Waste, Water consumption and Use of Paper*
>
> *Increasing: Use of recycled paper and use of products from sustainable sources*
>
> *As a basic requirement, environmental legislation in each country will be met and resources will be provided on a regional basis to ensure that the environmental policy is met and adhered to. Objectives will be set on a regional basis to ensure effective management of the policy and we will strive to continual improvement and monitor our progress."*

We have begun our Responsible Hospitality reporting efforts in earnest this year starting with the area where we felt there was most traction already within the Group, namely the environment. In collaboration with the Carbon Trust we began a thorough analysis of our hotels reviewing all current and potential environmental impacts. The main criteria impacting the environment are:

Waste Management	*Glass, computer equipment, fluorescent tubes, refrigeration, pressurised canisters, paper and card, plastic, fats and oils*
Water Management	*Use, reduction*
Air Emissions	*Gas burning emissions (boiler), cooling towers, dust from building works, kitchen extraction*
Energy Use	*Gas, oil, electricity*
Noise	*Building works, extraction and ventilation systems, deliveries and collections, functions*
Asbestos	*Disposal, accidental release*
Laundry	*Fumes, detergents etc.*

We are improving our systems for logging energy consumption, water usage, waste etc. in order to track and measure our carbon footprint. Initial estimates have determined that the carbon footprint of the Group's UK portfolio of hotels amounts to approximately 39,000 tonnes of CO_2 per annum. We are taking action to reduce consumption at our hotels. In 2009 we are targeting the Group's UK hotels to reduce gas and electricity consumption by 2.5%. Additional targets and KPIs are being developed for our other environmental impacts. Our hotels are regularly reporting their consumption of resources so that comparisons can be made with other hotels to determine where improvements can be made. Our aim is to encourage and motivate our management and all our employees to improve their own results. Ultimately we will be looking at measuring the amount of fossil carbon dioxide per guest per night and using that as our key reporting metric and adopting carbon offsetting initiatives in order to reduce our overall impact on the environment.

Responsible Hospitality and our Social impacts

Our employees represent the foundation of our business and as such, we strongly believe in cultivating and enhancing this valuable human asset. We are committed to creating a positive workplace where employees work in an inclusive environment and are rewarded fairly. M&C has a workforce of approximately 13,000 employees the bulk of which are deployed as hotel operating staff. In addition to upholding the International Labour Organisation and UN Global Compact on human rights and labour, the Group practices fair employment with a policy to provide equality of opportunity for all without discrimination.

M&C Staff Breakdown	**2008**	2007
Hotel Operating Staff	**10,186**	10,412
Management/Admin	**1,376**	1,344
Sales and Marketing	**575**	578
Repairs and Maintenance	**641**	623
Total	**12,778**	12,957
Gender		
% Male	**49.64**	49.64
% Female	**50.36**	50.36
Age in years		
% Below 30	**40.84**	36.30
% 30-50	**44.98**	45.81
% Above 50	**14.18**	17.89

We are proud of having a strong workforce with a diverse background and we value highly the rich ethnic and cultural diversity of our people. The strength and success of our Group is not attributed to any one individual but to the competent and resilient team that works together in harmony.

We also recognise the benefit of having a well trained workforce and offer a wide variety of internally managed programmes covering human resource issues and industry specific training including recognised qualifications. We support our employees that wish to further their academic studies through sponsorship of part time academic or certifiable courses and we regularly take placement students to facilitate knowledge sharing and young professional development within the hospitality industry. Dean Jones was one such Marketing Placement Student from Birmingham City University, UK, and here is what Dean had to say about this placement. We wish Dean all the success for the continuation of his studies.

"I have been in a 12 month placement since September 2007. This placement was an opportunity to get some hands on, real life experience, working in the M&C Marketing department for Europe. My role has included loyalty scheme management - managing databases, dealing with membership applications, renewals and benefits - as well as looking after the Marketing intranet site and creating promotion collateral; putting my input into artwork, liaising with hotels and designers to create point of sale posters and advertisements. I've learnt a lot about design techniques, the different formats used and all the jargon too, which is useful to know! I've also really had a chance to improve my communications skills, speaking regularly to designers on the one hand and customers on the other, two very different audiences. The best experience has to be the satisfaction of seeing my work in hotels – campaigns I've worked on and implemented, like the big Christmas campaign. It was great seeing my ideas through from start to finish. In the future, I would certainly be interested in working in the leisure industry, given my experiences at M&C."

Responsible Hospitality and our impact on the wider Community

Responsible Hospitality in the wider community is something that is taken seriously at M&C. We have extensive links with the community through partnerships established by employees and management, at hotels and at a corporate level. Across the Group, staff and management are involved with a range of charitable organisations and the Group donated £119,000 to charities during the last financial year. Our employees are actively encouraged and we provide sponsorship programmes for them to get involved with volunteering and fundraising.

Through consultations at our hotels, team members take part and get involved in active initiatives for effectively helping local communities rather than making monetary donations. We want to create the right values that we share with our team members, guests and suppliers which will help further our efforts with the aim of being a responsible company in a responsible industry.

Beyond our business operations we believe in giving back to society and that's why we are putting in place a range of plans and activities to foster environmental and community harmony in the areas we serve. We have begun our journey and now have a top level commitment to our stakeholders as a Responsible Hospitality Company. It is our goal to be transparent and accountable to our stakeholders that have an interest in our operations. For our customers and guests it is our goal to provide outstanding quality services as well as value for money. For our investors it is our aim to maintain and wherever possible improve returns. For our employees it is our aim to maximise their potential and care for their personal wellbeing and career development. For our suppliers it is our goal to ensure we team with complementary thinking and acting organisations that have the suitable approach to Responsible Hospitality. And for the wider community, it is our ultimate goal to be a leading responsibility player in a responsible industry.

Richard Hartman
CHIEF EXECUTIVE OFFICER
17 February 2009

Strategy

The Remuneration Committee has delegated authority from the Board to consider and approve the salaries, incentive and other benefit arrangements of the executive Directors and to oversee the Company's share-based incentive schemes. The Committee also monitors the level and structure of remuneration of senior executives who are not board members.

The Remuneration Committee

The current members of the Committee, all of whom are independent non-executive Directors, are The Viscount Thurso (Chairman), Charles Kirkwood, Christopher Sneath, Christopher Keljik and Connal Rankin. The Chairman and Group Chief Executive Officer are invited to attend meetings as appropriate but they are excluded when their own performance and remuneration is being discussed.

No member of the Committee has any personal financial interest, other than as a shareholder, in the matters to be decided or for the day-to-day management of the business of the Company.

Committee members receive fees as non-executive Directors but do not receive any pension entitlements or performance-related incentives.

Remuneration Policy

During the year, the Committee took material advice from their appointed advisers, Hewitt New Bridge Street, (a trading name of Hewitt Associates Limited), who advised the Committee on various matters, including the operation of the Company's share-based incentive schemes and executive remuneration arrangements. In addition to their advice to the Committee they have also advised the Company on the accounting treatment of share options required by IFRS2: Share-based payment. Other than this, they have no other relationship with the Company.

The Committee believes that the long term interests of shareholders are best provided through a competitive remuneration policy aiming to attract, retain and motivate the right calibre of executives to manage the Company in a demanding environment.

As a result, the total remuneration of executive Directors for the year ahead will continue to comprise base salaries, short-term annual bonuses placed around similar levels for comparable companies, and long-term share schemes as explained below. Overall, the policy of the Committee is to provide remuneration opportunities linked to the future performance of the Company.

Directors' Remuneration

In establishing the remuneration policy for the executive Directors of the Company, the Committee intends that a significant proportion of Directors' remuneration be related to individual and corporate performance through the use of annual bonus and share-based incentives. Levels of pay and benefits are set which reflect the performance of the Company against pre-determined budgets, the individual contribution of each Director and market conditions. The Committee remains mindful of the Best Practice Provisions on the Design of Performance Related Remuneration under Schedule A of the Combined Code. Awards under incentive schemes take into consideration both market and competitive conditions.

Base Salary

Base salaries are set at levels that reflect, for each executive Director, their performance, experience and market practice amongst similar companies. Base salary levels are reviewed annually. The Committee has determined that the base salaries for executive Directors will not be increased in 2009.

Annual Bonus

The Group operates a non-pensionable annual bonus scheme for executive Directors awarded on the basis of the achievement of agreed profit targets and personal objectives established by the Committee on an annual basis. The maximum bonus payable under the scheme is up to 80% of base salary comprising: up to 60% of base salary for achievement of agreed financial targets and up to 20% of base salary for achievement of personal objectives. This policy will remain unchanged during the 2009 financial year. In the event that bonuses were subsequently found to have been paid on the basis of any material over-statement of financial performance, the Committee will consider appropriate means of redress. The Committee may consider payment of special bonuses if, on the disposal of a business, individuals have had a direct role in obtaining a significantly enhanced disposal value. For the 2008 trading year the financial targets set were not achieved and accordingly that element of bonus was not awarded. The Committee has awarded bonuses for achievement of personal objectives.

Share-based Incentive Arrangements

Share-based incentive schemes are designed to link remuneration to the future performance of the Group. The operation of share-based incentive arrangements are regularly reviewed by the Committee to ensure that they remain appropriate in the light of market practice, best practice and the particular circumstances of the Company. The Committee considers that the grant levels, performance criteria and vesting schedules remain appropriate. Details of individual schemes for Directors and employees are given below.

The Company operates a Long-Term Incentive Plan (LTIP) for senior executives. Details of the LTIP are shown on page 59. There is no current intention to make further awards under the Company's Executive Share Option Scheme.

Service Contracts

To reflect current market practice, it is the Committee's policy that executive Directors have service contracts that provide for a notice period for termination of up to 12 months. In keeping with common market practice in the USA, the contract of Mr. Arnett contains a change of control provision entitling him to terminate his contract for good cause in the event that Millennium & Copthorne Hotels plc reduces its interest in Mr. Arnett's employing company, Millennium & Copthorne Management Services (USA) Inc, to less than 50%.

The Committee has established a mitigation policy in the event of early termination of a Director's contract where the contract does not contain a liquidated damages clause. The Committee's aim will be to avoid rewarding poor performance.

The following table provides more detail on the executive Directors' service contracts:

Name	Date of contract	Notice periods/ unexpired term	Provisions in contract for compensation on early termination
Current Director			
Wong Hong Ren	29 August 2001 (appointed 7 March 1996)	12 months' written notice to be given by the Company at any time and six months by the executive	12 months' salary and continuing benefits. His payment of Director's fee of £35,000 ceases on the date he ceases to be a Director
Richard Hartman	7 April 2008 (appointed 7 May 2008)	12 months' written notice to be given by the Company at any time and six months by the executive.	12 month's salary
Former Director			
John Arnett	14 March 2007 (appointed 3 May 2007 resigned from the Board on 12 December 2008)[2]	Either party may terminate the contract on 90 days' written notice[1]	In the event that the Company terminates contract without cause or if the Executive leaves with good reason, or the Executive terminates for good cause: (i) 12 months' salary (ii) continued coverage for six months' under company medical and dental plans (iii) earned and unpaid bonuses for the prior financial year provided he was employed for the full financial year prior to termination and (iv) potential full vesting of the LTIP award made in 2007

1 In certain circumstances, John Arnett can terminate his employment on shorter notice (e.g. 14 days) as per standard US practice in connection with senior executive employment contracts.

2 Mr Arnett resigned as a Director with effect from 12 December 2008.

Other Benefits

Other benefits comprise a motor vehicle or an appropriate allowance and insurances for life, personal accident, disability and family medical cover.

External Appointments

The Company recognises that executive Directors may be invited to become non-executive Directors of other companies and that such appointments can broaden their knowledge and experience, to the benefit of the Group. Fees payable to executive Directors in connection with such external appointments would be retained by them with the approval of the Committee.

Non-Executive Directors

The non-executive Directors are appointed for a specific term and re-appointment is not a matter of course as each Director's position is reviewed as they approach re-appointment.

Fees paid to non-executive Directors are determined by the Board as a whole taking account of time commitment and responsibilities. Fees are reviewed on an annual basis and cease immediately in the event of the non-executive ceasing to be a Director for any reason in accordance with a resolution of the Board.

Non-executive Directors do not receive any additional fees for participation in the Remuneration, Nominations and Audit Committees and are not entitled to bonuses, benefits or pension scheme contributions or to participate in any share scheme operated by the Company.

City Developments Limited nominates Kwek Leng Beng, Kwek Leng Joo and Kwek Leng Peck as Directors under the terms of the Co-operation Agreement dated 18 April 1996, as amended. In accordance with the Company's Articles of Association, Kwek Leng Joo has appointed Kwek Eik Sheng as his alternate.

The independent non-executive Directors have letters of appointment renewable annually. Their appointments are for terms of twelve months from the commencement dates shown below:

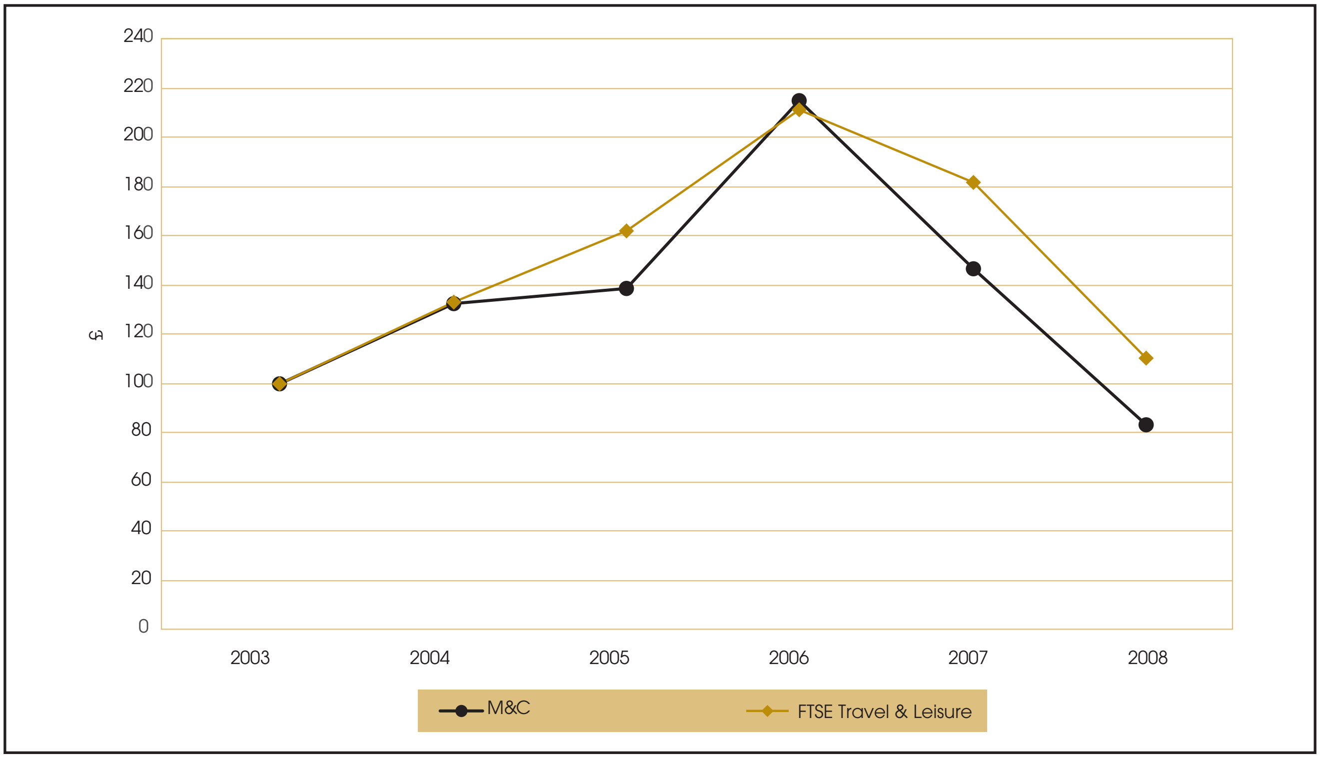
	Appointment commencement date
Viscount Thurso	4 May 2008
Charles Kirkwood	4 May 2008
Christopher Sneath	7 March 2008
Christopher Keljik	3 May 2008
Connal Rankin	7 May 2008

Performance Graph

The graph below illustrates the performance of the Company and a broad equity market index over the past five years. As the Company is a constituent of the FTSE All Share Travel and Leisure Index, the Directors consider this index to be the most appropriate broad equity market index against which the Company's performance should be compared for these purposes. Performance is measured by Total Shareholder Return (share price growth plus dividends reinvested).

Total Shareholder Return

Source: Datastream



The graph shows the value, by the end of 2008, of £100 invested in ordinary 30p shares of Millennium & Copthorne Hotels plc on 31 December 2003 compared with £100 invested in the FTSE All Share Travel and Leisure Index. The other points plotted are the values at the financial year-ends.

Audited Information

Share Options

i) Millennium & Copthorne Hotels Executive Share Option Scheme

No further options have been granted under the Millennium & Copthorne Hotels Executive Share Option Scheme (the "1996 Scheme"). Options outstanding under the 1996 Scheme may be exercised if the Company's earnings per share increase over a three year period by the Retail Price Index ("RPI") plus 6%. The EPS performance conditions in respect of all outstanding options have been met. Accordingly all share options are fully exercisable.

ii) Millennium & Copthorne Hotels plc 2003 Executive Share Option Scheme

The Millennium & Copthorne Hotels plc 2003 Executive Share Option Scheme (the "2003 Scheme") provides for the grant of both approved and unapproved options. Under the 2003 Scheme options over shares worth up to two times base salary may be granted each year (although, in exceptional circumstances, such as in a recruitment situation, this limit is four times base salary). The size of actual option awards will be determined by the Committee, which will take into account a number of factors, including the financial performance of the Group and the successful attainment of specified objectives. No further awards have been made under the terms of the 2003 Scheme since March 2005.

The exercise of options, granted under the 2003 Scheme, is subject to the achievement of stretching performance targets. Earnings per share ("EPS") targets have been chosen as the Committee believes that participants in the 2003 Scheme should be incentivised to deliver significant earnings growth which, in turn, should return substantial shareholder value. The EPS performance conditions in respect of all outstanding share options have been met. Accordingly all share options are fully exercisable.

The performance condition applying to the exercise of options granted in 2003 requires the Company's EPS to grow in real terms, from the notional base figure of 17.8p, over a period of at least three consecutive financial years after grant (measured from a fixed base). To the extent that the performance condition is not satisfied by the fifth anniversary of grant, the options will lapse. Following consultation with major shareholders in early 2004, it was agreed that for options granted in 2004 and subsequent years, the notional based EPS figure will be at least 15p and that options granted from 2004 onwards will not be subject to re-testing and to the extent that performance conditions are not satisfied by the third anniversary of grant, the options will lapse.

The EPS base figure used for options granted in 2005 was the Group's pre-exceptional EPS figure for 2004 of 15.3p.

Subject to the rules of the 2003 Scheme, options became exercisable for achievement of the following EPS growth targets:

EPS growth target	Proportion of option exercisable
EPS growth of less than an average of RPI plus 3% per annum	0%
EPS growth of an average of RPI plus 3% per annum	25%
EPS growth of an average of RPI plus 3% per annum to 10% per annum	25% – 100% (pro-rated)
EPS growth of an average of RPI plus 10% per annum or more	100%

In determining the extent to which (if at all) the EPS targets are achieved, the calculations were undertaken internally and then verified by an independent third party. The base EPS figures for grants made in 2003, 2004 and 2005 were prepared in accordance with UK GAAP. Following the introduction of International Financial Reporting Standards (IFRS), the Committee arranged for EPS figures prepared under IFRS to be recalculated to a UK GAAP basis, as necessary, so that true like-for-like growth comparisons were made.

iii) Millennium & Copthorne Hotels Long-Term Incentive Plan

The Millennium & Copthorne Hotels Long-Term Incentive Plan (the "LTIP") was approved at the Annual General Meeting in 2006. Under the terms of the LTIP, the Company is permitted to make both Performance Share Awards over shares worth up to a normal maximum of 150% of salary (200% in exceptional circumstances) and Deferred Share Bonus Awards (worth no more than the cash bonus that would otherwise have been paid for the year). The levels of awards made under the terms of the LTIP are determined by the Committee.

Vesting of Performance Share Awards is subject to the achievement of stretching performance targets. Consistent with the performance measures for the Company's executive share options schemes, EPS targets have been chosen so that participants are incentivised to deliver significant earnings growth which, in turn should return substantial shareholder value.

The performance condition applying to Performance Share Awards require the Company's EPS to grow, in real terms, over a period of three consecutive financial years after award. Performance Share Awards will vest on the third anniversary of the award being made, subject to the vesting schedule shown in the table below. Awards will not be subject to re-testing.

EPS growth target	Proportion of award vesting
EPS growth of less than an average of RPI plus 5% per annum	0%
EPS growth of an average of RPI plus 5% per annum	25%
EPS growth of an average of RPI plus 5% per annum to 13.5% per annum	25% – 100% (pro-rated)
EPS growth of an average of RPI plus 13.5% per annum or more	100%

No awards of Deferred Share Bonus Awards were made during the year.

iv) Millennium & Copthorne Hotels Sharesave Scheme

The Company also operates the Millennium & Copthorne Hotels Sharesave Scheme which is an Inland Revenue approved scheme and under which the UK-based executive Directors and Group employees are eligible to participate.

Directors' Interests In Share Options
Executive Share Option Schemes

Name of Director		Date granted	Options held at 01/01/2008	Options held at 31/12/2008	Exercise price	Dates from which options may be exercised	Expiry date
Wong Hong Ren	Unapproved[1]	15 Mar 02	83,720	83,720	£3.225	15 Mar 05	14 Mar 09
	Unapproved[2]	10 Mar 03	32,248	32,248	£1.935	10 Mar 07	09 Mar 13
	Unapproved[2]	10 Mar 03	91,783	91,783	£1.935	10 Mar 08	09 Mar 13
	Unapproved[2]	16 Mar 04	44,999	44,999	£2.9167	16 Mar 07	15 Mar 14
	Unapproved[2]	24 Mar 05	75,297	75,297	£3.9842	24 Mar 08	23 Mar 15

1 Performance conditions attaching to these options are those specified for the 1996 Scheme as detailed on page 57.

2 Performance conditions attaching to these options are those specified for the 2003 Scheme as detailed on pages 57 and 58.

Long-Term Incentive Awards[3]

Name of Director	Date awarded	Awards held at 01/01/2008	Awards made during the year	Awards held at 31/12/2008	Market price of shares on date of award	Vesting date
Wong Hong Ren	1 Sept 06	67,834	–	67,834	442.25 p	1 Sept 09
	27 Mar 07	44,736	–	44,736	678.5 p	27 Mar 10
	25 Jun 08	–	86,455	86,455	385.0 p	25 Jun 11
Richard Hartman	25 Jun 08	–	237,752	237,752	385.0 p	25 Jun 11
Former Director						
John Arnett	27 Mar 07	34,073	–	34,073	678.5 p	27 Mar 10
	25 Jun 08	–	66,043	66,043	385.0 p	25 Jun 11

3 The performance conditions for the Company's Long-Term Incentive Plan are as detailed on page 58.

All of the share options granted and LTIPs awarded are made at nil consideration.

It is the Company's current intention that awards of share-based incentives will be satisfied by the issue of new shares. All awards made under the Company's share schemes conform to institutional dilution guidelines.

The market price of ordinary shares at 31 December 2008 was 223.5p and the range during the year was 163.5p to 442.25p. Aggregate gains made by Directors on exercise of share options in 2008 were £nil (2007: £nil).

Pensions

Richard Hartman is a member of the defined contribution section of the Millennium & Copthorne Pension Plan ("the Plan"). The Company makes contributions to the Plan on Mr Hartman's behalf equal to 20% of base salary. During the year contributions amounting to £82,500 were made by the Company.

John Arnett participated in a 401k plan operated by the Group in the USA. During the year contributions amounting to £11,077 were made by the Group on Mr Arnett's behalf.

No pension is provided for Mr Wong Hong Ren.

Directors' Emoluments

	Note	Salaries and fees 2008 £000	Bonus payments 2008 £000	Benefits 2008 £000	Total emoluments 2008 £000	Total emoluments 2007 £000
Executives						
Richard Hartman (from 7 April 2008)		**404**	**81**	**24**	**509**	–
Wong Hong Ren	1, 2	**400**	**73**	**–**	**473**	990
Non-Executives						
Kwek Leng Beng (Chairman)	2, 3	**71**	**–**	**–**	**71**	70
The Viscount Thurso (Deputy Chairman)		**35**	**–**	**–**	**35**	35
Christopher Sneath		**30**	**–**	**–**	**30**	30
Kwek Leng Joo	2	**39**	**–**	**–**	**39**	39
Kwek Leng Peck	2	**35**	**–**	**–**	**35**	35
Charles Kirkwood		**30**	**–**	**–**	**30**	30
Christopher Keljik		**30**	**–**	**–**	**30**	30
Connal Rankin (from 12 December 2007)	30	**30**	**–**	**–**	**30**	2
Former Directors						
John Arnett	4	**242**	**75**	**17**	**334**	330
Peter Papadimitropoulos (from 1 March 2007 to 6 August 2007)		**–**	**–**	**–**	**–**	863
John Sclater		**–**	**–**	**–**	**–**	35
Total		**1,346**	**229**	**41**	**1,616**	2,489

The total remuneration, including gains on the exercise of share options of £nil (2007: £nil), paid to the highest paid Director, was £509,000 (2007: £990,000)

Notes

1. Salaries and fees paid to Wong Hong Ren include a fee of £35,000 (2007: £60,000) relating to his position as a Director of the Company with the balance being salary for his work undertaken for the Group outside the UK. Mr. Wong was awarded additional salary of £62,500 for the period he acted as Interim Chief Executive Officer.
2. Salaries and fees shown are inclusive of sums receivable by the Directors from the Company and any of its subsidiary undertakings.
3. The Group owns a flat in London used by the Chairman for business purposes only.
4. John Arnett's base salary throughout the period was US$450,000 per annum. All employment costs associated with Mr Arnett have been translated to sterling using the company average exchange rate for 2008 of US$1.859: £1.

Directors' Share Interests

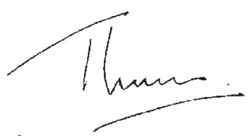
The beneficial interests of the Directors in the ordinary shares of Millennium & Copthorne Hotels plc at the start and end of the year were as follows:

	31 December 2008 Number of shares	31 December 2007 or date of appointment Number of shares
Executives		
Wong Hong Ren	**–**	–
Richard Hartman	**40,000**	–
Non-Executives		
Kwek Leng Beng (Chairman)	**–**	–
Kwek Leng Peck	**–**	–
Kwek Leng Joo	**–**	–
The Viscount Thurso (Deputy Chairman)	**–**	–
Christopher Sneath	**10,262**	10,000
Charles Kirkwood	**–**	75,814
Christopher Keljik	**30,000**	30,000
Connal Rankin	**–**	–

The interests of the City Developments Limited nominated Directors' in that company and its ultimate parent company, Hong Leong Investment Holdings Pte Ltd, are disclosed in the accounts of those companies.

There have been no changes to Directors' interests between 31 December 2008 and the date of this report.

On behalf of the Board



The Viscount Thurso
CHAIRMAN OF THE REMUNERATION COMMITTEE
17 February 2009

SHAREHOLDER INFORMATION

Analysis of shareholders as at 31 January 2009

Number Of Shares	Number of holders	Percentage of holders	Total number of shares held	Percentage of issued share capital
1 – 10,000	759	76.13	1,002,891	0.33
10,001 – 25,000	45	4.51	763,314	0.25
25,001 – 50,000	38	3.81	1,324,562	0.44
50,001 – 100,000	31	3.11	2,078,994	0.69
100,001 – 500,000	76	7.62	17,866,953	5.91
500,001 – 1,000,000	16	1.61	11,863,362	3.93
1,000,001 – Highest	32	3.21	267,359,785	88.45
Totals	**997**	**100.00**	**302,259,861**	**100.00**

We are committed to providing information to our shareholders to enable them to assess the Group's performance and financial position. Information on the daily share price can be found on BBC1 Ceefax (page 228) and Channel 4 Teletext (page 518) as well as in the financial and business pages of the national papers. Our website is www.millenniumhotels.co.uk which provides information about the Group's properties and room availability together with announcements made by the Group.

Registered Office
Victoria House, Victoria Road, Horley, Surrey, RH6 7AF, United Kingdom

Corporate Headquarters
Scarsdale Place, Kensington, London, W8 5SR, United Kingdom

Financial Calendar

Dividend record date	27 March 2009
First quarter's results announcement	6 May 2009
Annual general meeting	6 May 2009
Final dividend payment	20 May 2009
Interim results announcement	6 August 2009
Interim dividend payable	9 October 2009
Third quarter's results announcement	5 November 2009

Advisors

Stockbroker	Credit Suisse Securities Limited
Auditor	KPMG Audit Plc
Solicitor	Lovells LLP
Principal Bankers	BNP Paribas
	DBS Bank Ltd
	The Hongkong and Shanghai Banking Corporation Ltd
	Oversea-Chinese Banking Corporation Ltd
	Royal Bank of Scotland plc
	Sumitomo Mitsui Banking Corporation
	Bank of Tokyo Mitsubishi
Registrar	Equiniti Limited

REPORT OF THE AUDITOR

Independent Auditor Report to the Members of Millennium & Copthorne Hotels Plc

We have audited the Group and Parent Company financial statements (the financial statements) of Millennium & Copthorne Hotels plc for the year ended 31 December 2008 which comprise the Consolidated Income Statement, the Consolidated and Parent Company Balance Sheets, the Consolidated Statement of Cash Flows, the Consolidated Statement of Recognised Income and Expense and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report set out on pages 54 to 60 as is described as being audited.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditor

The Directors' responsibilities for preparing the Annual Report and the Group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU, and for preparing the Parent Company financial statements and the Directors' Remuneration Report in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 48.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the financial, operating and risk factors sections of the Business Review that is cross referred from the Business Review section of the Directors' Report on page 46.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risks and control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by Auditing Practices Board. An audit includes examination on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Group's affairs as at 31 December 2008 and of its profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation;
- the Parent Company financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Parent Company's affairs as at 31 December 2008;
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
8 Salisbury Square
London EC4Y 8BB

17 February 2009

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CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

	Notes	2008 £m	2007 £m
Revenue	1	**702.9**	669.6
Cost of sales		**(285.5)**	(284.8)
Gross profit		**417.4**	384.8
Administrative expenses	2	**(316.1)**	(271.7)
Other operating income	3	**31.4**	13.8
		132.7	126.9
Share of (losses)/profits of joint ventures and associates	12	**(19.9)**	44.6
Analysed between:			
Operating profit before other income/(expense) and impairment		**19.3**	20.1
Impairment		**(12.2)**	–
Other operating income		**3.6**	32.3
Other operating expense		**(20.4)**	–
Interest, tax and minority interests		**(10.2)**	(7.8)
Operating profit		**112.8**	171.5
Analysed between:			
Headline operating profit		**143.5**	140.2
Other operating income – Group		**31.4**	13.8
Other operating (expense)/income – share of joint ventures and associates		**(16.8)**	32.3
Impairment	4		
– Joint ventures investments and loans		**(19.6)**	–
– Hotels		**(8.1)**	(7.0)
– Other property		**(7.4)**	–
Share of interest, tax and minority interests of joint ventures and associates		**(10.2)**	(7.8)
Finance income		**12.0**	12.3
Finance expense		**(22.0)**	(26.4)
Net finance expense	6	**(10.0)**	(14.1)
Profit before income tax		**102.8**	157.4
Income tax (expense)/credit	7	**(31.9)**	2.1
Profit for the year		**70.9**	159.5
Attributable to:			
Equity holders of the parent		**64.0**	149.4
Minority interests		**6.9**	10.1
		70.9	159.5
Earnings per share			
Basic earnings per share (pence)	8	**21.3p**	50.7p
Diluted earnings per share (pence)	8	**21.3p**	50.6p

The financial results above derive from continuing activities.

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the year ended 31 December 2008

	Notes	**2008 £m**	2007 £m
Foreign exchange translation differences		**284.0**	17.4
Gain on acquisition of minority interests		**1.3**	–
Acquisition of minority interest		**1.5**	–
Actuarial gains arising in respect of defined benefit pension plans	20	**0.9**	0.7
Share of associate other reserve movements		**(0.1)**	–
Income tax on income and expense recognised directly in equity	7, 23	**(2.1)**	2.6
Income and expense recognised directly in equity		**285.5**	20.7
Profit for the year		**70.9**	159.5
Total recognised income and expense for the year		**356.4**	180.2
Attributable to:			
Equity holders of the parent		**327.2**	162.7
Minority interests		**29.2**	17.5
Total recognised income and expense for the year		**356.4**	180.2

CONSOLIDATED BALANCE SHEET
As at 31 December 2008

	Notes	2008 £m	2007 £m
Non-current assets			
Property, plant and equipment	9	**2,067.7**	1,709.0
Lease premium prepayment	10	**95.8**	90.0
Investment properties	11	**79.3**	58.2
Investments in joint ventures and associates	12	**338.7**	247.6
Loans due from joint ventures and associates	12	**–**	5.4
Other financial assets	13	**6.7**	4.8
		2,588.2	2,115.0
Current assets			
Inventories	14	**4.9**	4.9
Development properties	15	**63.2**	69.6
Lease premium prepayment	10	**1.3**	1.1
Trade and other receivables	16	**62.9**	58.2
Other financial assets	13	**–**	9.1
Cash and cash equivalents	17	**212.1**	156.3
		344.4	299.2
Total assets		**2,932.6**	2,414.2
Non-current liabilities			
Interest-bearing loans, bonds and borrowings	18	**(415.1)**	(304.1)
Employee benefits	20	**(12.8)**	(12.9)
Provisions	21	**(0.9)**	(1.0)
Other non-current liabilities	22	**(118.6)**	(90.9)
Deferred tax liabilities	23	**(258.1)**	(205.8)
		(805.5)	(614.7)
Current liabilities			
Interest-bearing loans, bonds and borrowings	18	**(82.1)**	(114.3)
Trade and other payables	24	**(133.3)**	(113.7)
Provisions	21	**(0.3)**	(0.4)
Income taxes payable		**(30.5)**	(17.4)
		(246.2)	(245.8)
Total liabilities		**(1,051.7)**	(860.5)
Net assets		**1,880.9**	1,553.7

CONSOLIDATED BALANCE SHEET
As at 31 December 2008

	Notes	**2008 £m**	2007 £m
Equity			
Issued share capital	25, 27	**90.7**	88.9
Share premium	25	**847.7**	848.8
Translation reserve	25	**230.8**	(27.6)
Retained earnings	25	**568.3**	513.4
Total equity attributable to equity holders of the parent		**1,737.5**	1,423.5
Minority interests	26	**143.4**	130.2
Total equity		**1,880.9**	1,553.7

These financial statements were approved by the Board of Directors on 17 February 2009 and were signed on its behalf by:

Kwek Leng Beng
CHAIRMAN

Wong Hong Ren
DIRECTOR

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2008

	2008 £m	2007 £m
Cash flows from operating activities		
Profit for the year	**70.9**	159.5
Adjustments for:		
Depreciation and amortisation	**30.0**	28.7
Share of losses/(profit) of joint ventures and associates	**19.9**	(44.6)
Impairment (excluding joint venture investments)	**22.9**	7.0
Profit on sale of property, plant and equipment	**(0.4)**	(1.4)
Profit from aborted sale of a subsidiary	**(31.4)**	–
Release of property tax provision	**–**	(1.0)
Gain on dilution of investment in associates	**–**	(2.0)
Profit on sale of stapled securities in associate	**–**	(0.7)
Change in fair value of investment properties	**–**	(8.7)
Write down of development property	**–**	9.6
Equity settled share-based payment transactions	**1.1**	0.8
Finance income	**(12.0)**	(12.3)
Finance expense	**22.0**	26.4
Income tax expense/(credit)	**31.9**	(2.1)
	154.9	159.2
Decrease/(increase) in inventories, trade and other receivables	**10.0**	(2.3)
Increase in development properties	**(6.2)**	(1.9)
(Decrease)/increase in trade and other payables	**(10.9)**	7.6
Decrease in provisions and employee benefits	**(0.7)**	(2.4)
Cash generated from operations	**147.1**	160.2
Interest paid	**(18.7)**	(22.8)
Interest received	**4.8**	8.5
Income tax paid	**(22.8)**	(17.7)
Net cash generated from operating activities	**110.4**	128.2
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	**0.8**	0.3
Investment in financial assets	**10.6**	(5.0)
Proceeds less expenses from aborted sale of a subsidiary	**27.3**	–
Proceeds from the sale of stapled securities in associate	**–**	1.6
Dividends received from associates	**12.3**	6.6
Acquisitions of minority interests	**(1.9)**	–
Increase in loan to joint venture	**(2.3)**	(0.6)
Increase in investment in joint ventures and associates	**(25.5)**	(59.6)
Acquisition of property, plant and equipment, and lease premium prepayment	**(64.6)**	(56.8)
Net cash used in investing activities	**(43.3)**	(113.5)
Balance carried forward	**67.1**	14.7

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2008

	2008 £m	2007 £m
Balance brought forward	**67.1**	14.7
Cash from financing activities		
Proceeds from issue of share capital	**0.7**	1.4
Repayment of borrowings	**(134.4)**	(241.4)
Drawdown of borrowings	**101.8**	235.8
Payment of finance lease obligations	**–**	(2.1)
Loan arrangement fees	**–**	(0.5)
Share buy back of minority interests	**(9.4)**	(10.0)
Dividends paid to minority interests	**(3.4)**	(2.2)
Capital contribution from minority interests	**–**	1.9
Dividends paid to equity holders of the parent	**(15.0)**	(10.5)
Net cash used in financing activities	**(59.7)**	(27.6)
Net increase/(decrease) in cash and cash equivalents	**7.4**	(12.9)
Cash and cash equivalents at the beginning of year	**155.9**	161.5
Effect of exchange rate fluctuations on cash held	**46.0**	7.3
Cash and cash equivalents at end of year	**209.3**	155.9
Reconciliation of cash and cash equivalents		
Cash and cash equivalents shown in the balance sheet	**212.1**	156.3
Overdraft bank accounts included in borrowings	**(2.8)**	(0.4)
Cash and cash equivalents for cash flow statement purposes	**209.3**	155.9

The following principal accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements.

A Basis of preparation

The Group financial statements have been prepared and approved by the Directors in accordance with IFRS as adopted by the EU (adopted IFRS). The Company has elected to prepare its Parent Company financial statements in accordance with UK GAAP. These are presented on pages 120 to 124.

The financial statements were approved by the Board of Directors on 17 February 2009.

The financial statements are presented in the Company's functional currency of sterling, rounded to the nearest hundred thousand.

In addition, certain comparatives have been restated to comply with the current year's presentation.

Basis of measurement

The financial statements are prepared on the historical cost basis except that investment properties and, from 1 January 2005, derivative financial instruments, financial instruments held for trading and financial instruments classified as available-for-sale, are stated at their fair value. Hotel properties are stated at cost or deemed cost. Deemed cost is calculated based on the hotel's frozen valuation as at 1 January 2004. Non-current assets held for sale are stated at the lower of carrying amount and fair value less costs to sell. The Group's income statement and segmental analysis separately indentifies headline operating profit, other operating income/expense and impairment of the Group together with the other operating income/expense, interest, tax and minority interest elements of its share of joint ventures and associates profit/loss for the year. This is in accordance with the IAS 1 'Presentation of Financial Statements' and is consistent with the way that financial performance is measured by management and assists in providing a meaningful analysis of the trading results of the Group. Headline operating profit may not be comparable to similarly fitted measures used by other companies. The Directors intend to follow such presentation on a consistent basis in the future.

Use of estimates and judgements

The preparation of the financial statement in conformity with Adopted IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 32.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2008, and have not been applied in preparing these consolidated financial statements:

IASB/IFRIC documents that have been endorsed

- IFRS 8 *Operating Segments* introduces the "management approach" to segmental reporting. IFRS 8, which becomes mandatory for the Group's 2009 consolidated financial statements, will require a change in the presentation and disclosure of segment information based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker in order to access each segment's performance and to allocate resources to them. Currently the Group presents segment information in respect of its business and geographical segments (see note 1). Under the management approach, the Group will present segment information principally in respect of geographical segments in a similar way to the current presentation with additional information disclosed on EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation).

- Revised IAS 23 *Borrowing Costs* removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised IAS 23 will become mandatory for the Group's 2009 consolidated financial statements and will constitute a change in accounting policy for the Group. In accordance with the transitional provisions, the Group will apply IAS 23 to qualifying assets for which capitalisation of borrowing costs commences on or after the effective date. Therefore there will be no impact on prior periods in the Group's 2009 consolidated financial statements, the impact on the 2009 financial year end is expected to be immaterial.

- IFRIC 13 *Customer Loyalty Programmes* addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted services. IFRIC 13, which becomes mandatory for the Group's 2009 consolidated financial statements, is not expected to have any material impact on the consolidated financial statements.

- Revised IAS 1 *Presentation of Financial Statements (A Revised Presentation)* introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owners changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income. Revised IAS 1, which becomes mandatory for the Group's 2009 consolidated financial statements, is not expected to have a significant impact on the presentation of the consolidated financial statements.

- Amendment to IFRS 2 *Share-based Payment - Vesting Conditions and Cancellations* clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The amendments to IFRS 2 will become mandatory for the Group's 2009 consolidated financial statements, with retrospective application. The Group has not yet determined the potential impact of the amendment.

- *IFRIC 14 – IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* introduces a potential limit to the asset that is recognisable on the balance sheet (if the plan were in surplus) or require an additional liability to be recognised if the agreed contributions were expected to lead to an unrecognisable surplus emerging in the future. Following endorsement by the EU in mid-December 2008, IFRIC 14 will become mandatory for the year ending 31 December 2009, and is not expected to have any impact on the balance sheet as at 31 December 2009, this is because the Group's position on defined benefit plans that are in deficit is expected to remain and the current schedule of future contributions is not expected to create a surplus.

IASB/IFRIC documents not yet endorsed as at 31 December 2008

- *Amendments to IAS 32 and IAS 1 Puttable Financial Instruments and Obligations Arising on Liquidation* requires puttable instruments, and instruments that impose on the entity an obligation to deliver pro rata share of the net assets of the entity only on liquidation, to be classified as equity if certain conditions are met. The amendments, which become mandatory for the Group's 2009 consolidated financial statements, with retrospective application required, are not expected to have any impact on the consolidated financial statements.

- Revised IFRS 3 *Business Combinations* (2008) incorporates the following changes that are likely to be relevant to the Group's operations:

  – The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations.

  – Contingent consideration will be measured at fair value, with subsequent changes therein recognised in profit or loss.

  – Transaction costs, other than share and debt issue costs, will be expensed as incurred.

  – Any pre-existing interest in the acquiree will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

  Revised IFRS 3, which will become mandatory for the Group's 2010 consolidated financial statements, will be applied prospectively and therefore there will be no impact on prior periods in the Group's 2010 consolidated financial statements.

- Amended IAS 27 *Consolidated and Separate Financial Statements* (2008) requires that accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The amendments to IAS 27, which will become mandatory for the Group's 2010 consolidated financial statements, are not expected to have a significant impact on the consolidated financial statements.

B Basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities over which the Group has the power to control, directly or indirectly, to govern the financial and operating policies so as to obtain benefits from their activities. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Joint ventures and associates

Associates are those entities in which the Group has significant influence but not control over the financial and operating policies.

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement.

The consolidated financial statements include the Group's share of the total recognised gains and losses of associates and joint ventures on an equity accounted basis, from the date that significant influence or joint control respectively commences until the date that it ceases. When the Group's share of losses exceeds its interest in an associate or joint venture, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of joint venture partners and associates.

(iii) Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

C Foreign currency

(i) Foreign currency translation

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into sterling at the foreign exchange rate at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into sterling at foreign exchange rates ruling at the dates the fair value was determined.

(ii) Financial statements of foreign operations

The assets and liabilities of foreign operations, including fair value adjustments arising on consolidation, are translated to sterling at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to sterling at rates approximating to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised directly in equity in the foreign currency translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the translation reserve is transferred to profit or loss.

(iii) Net investment in foreign operations

Exchange differences arising from the translation of the net investment in foreign operations, and of related hedges are taken to translation reserve. They are released into the income statement upon disposal of the foreign operation.

D Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

E Hedges

(i) Cash flow hedges

When a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity. When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, then the associated gains and losses that were recognised directly in equity are reclassified to the income statement in the same period or periods during which the asset acquired or liability assumed affects the income statement (i.e., when interest income or expense is recognised).

For cash flow hedges, other than those covered by the preceding two policy statements, the associated cumulative gain or loss is removed from equity and recognised in profit or loss in the same period or periods during which the hedged forecast transaction affects profit or loss. The ineffective part of any gain or loss is recognised immediately in the income statement.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, then the cumulative unrealised gain or loss recognised in equity is recognised immediately in the income statement.

(ii) Hedge of monetary assets and liabilities

When a derivative financial instrument is used as an economic hedge of the foreign exchange exposure of a recognised monetary asset or liability, hedge accounting is not applied and any gain or loss on the hedging instrument is recognised in the income statement.

(iii) Hedge of net investment in foreign operation

The portion of the gain or loss on an instrument used to hedge a net investment in a foreign operation that is determined to be an effective hedge is recognised directly in equity within translation reserve. The ineffective portion is recognised immediately in the income statement.

F Property, plant, equipment and depreciation

(i) Recognition and measurement

Land and buildings (other than investment properties) are stated at cost, except as allowed under IFRS 1 transition rules, less depreciation and any provision for impairment. All other property, plant and equipment is stated at cost less depreciation and any provision for impairment. Any impairment of such properties below depreciated historical cost is charged to the income statement.

Under the transition provisions of IFRS 1, land and buildings which were previously revalued under UK GAAP are measured on the basis of their deemed cost, being their UK GAAP carrying value, including revaluations, as at 1 January 2004.

(ii) Reclassification to investment property

Property that is being constructed for future use as investment property is accounted for as property, plant and equipment until construction or development is complete, at which time it is remeasured to fair value and reclassified as investment property. Any gain or loss arising on remeasurement is recognised in profit or loss.

(iii) Depreciation

Freehold land is not depreciated. All other assets are depreciated to their residual values on a straight-line basis over their estimated useful lives as follows:

Building core	50 years or lease term if shorter
Building surface, finishes and services	30 years or lease term if shorter
Plant and machinery	15 – 20 years
Furniture and equipment	10 years
Soft furnishings	5 – 7 years
Computer equipment	5 years
Motor vehicles	4 years

No residual values are ascribed to building surface finishes and services. Residual values ascribed to building core depend on the nature, location and tenure of each property.

(iv) Subsequent costs

Capital expenditure on major projects is recorded separately within property, plant and equipment as capital work in progress. Once the project is complete the balance is transferred to the appropriate fixed asset categories. Capital work in progress is not depreciated.

Interest attributable to funds used to finance the construction or acquisition of new hotels or major extensions to existing hotels is capitalised gross of tax relief and added to the cost of the hotel core.

Operating supplies, which include china, linen, glass and silverware, are stated at their deemed costs as at 1 January 2008 and subsumed into the costs of the hotel buildings. Subsequent renewals and replacements of such stocks and new supplies upon initial hotel opening are written off as incurred to the income statement.

G Leases

(i) Leased assets

Leases where the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. The leased asset is initially recorded at the lower of fair value and the present value of minimum lease payments.

The equivalent liability, categorised as appropriate, is included within current or non-current liabilities. Assets are depreciated over the shorter of the lease term and their useful economic lives. Finance charges are allocated to accounting periods over the period of the lease to produce constant rates of return on the outstanding balance.

Rentals payable by the Group under operating leases are charged to the income statement on a straight line basis over the lease term even if payments are not made on the same basis. In cases where rents comprise a fixed and a variable element, the fixed element only is charged to the income statement on a straight line basis with the variable amounts being charged as they become due. Lease incentives received are recognised as an integral part of the total lease expense.

Rentals receivable by the Group as lessor under operating leases, including the sub-letting of retail outlets within hotel properties, are credited to the income statement on a straight line basis over the lease term even if the receipts are not made on such a basis. Costs, including depreciation incurred in earning the lease income are recognised as an expense.

(ii) Lease premium
On occasion the Group makes and receives initial payments on entering into both long and short leases of land and buildings. As leases of land are normally classified as operating leases if title is not expected to pass, the element of the payment attributable to land is recorded on the balance sheet as lease premium prepayment and is charged to the income statement on a straight line basis over the term of the lease. Interest attributable to funds used to finance the purchase of leases of land is capitalised gross of tax relief and added to the cost of the lease prepayments.

In the case of lease premiums received, these are reflected on the balance sheet as deferred income, appropriately classified between current and non-current liabilities and are credited to the income statement on a straight line basis over the term of the lease.

H Impairment
The carrying amounts of the Group's assets, other than investment properties, inventories, employee benefit assets and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment is recognised in the income statement whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount. Where permissible under IFRS, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment had been recognised.

In the case of equity investments classified as available-for-sale, a significant or prolonged decline in fair value of the asset below its cost is considered in determining whether the asset is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement – is removed from equity and recognised in the income statement.

I Investment properties
Investment properties held by the Group are properties which are held either to earn rental income or for capital appreciation or both. Investment properties are stated at fair value. Any increase or decrease in the fair value on annual revaluation is recognised in the income statement in accordance with IAS 40: Investment Property.

An external, independent valuation company, having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued, values the portfolio annually. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The Group's associate undertaking, CDLHT, holds hotel assets which are leased to both the Group and external third parties with lease rentals and related charges varying according to the agreements involved. For the purposes of the preparation of the Group's financial statements, to the extent that these assets held by CDLHT qualify to be accounted for as investment properties in accordance with IAS 40, the Group equity accounts for its share of CDLHT's fair value change within its overall share of profits from associates. Such share of fair value change is recorded as a share of other operating income/expenses of associates in the Group's income statement. Where in the Group's view, the indicators of the lease arrangement are of an owner-occupied property, the property is accounted for in the Group's financial statements as part of CDLHT's property, plant and equipment with the Group's share of CDLHT's results for the period incorporating an appropriate depreciation charge.

J Inventories
Inventories are recorded at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

K Development properties
Development properties are stated at the lower of cost and net realisable value and are held-for-sale in the short-term and are therefore classified as current assets. The cost of development properties includes interest and other related expenditure incurred in order to get the asset ready for its intended use.

L Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

M Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost: any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

N Income tax
Income tax on profit or loss comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: (i) the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and (ii) differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the benefit will be realised.

Deferred tax assets and liabilities are offset only to the extent that: (i) the Group has a legally enforceable right to offset current tax assets against current tax liabilities; (ii) the Group intends to settle net; and (iii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

O Employee benefits
(i) Defined contribution plans
Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement.

(ii) Defined benefit plans
The Group's net obligation in respect of defined benefit post-employment plans, including pension plans, is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date on AA credit rated bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

The Group recognises actuarial gains and losses within the Consolidated Statement of Recognised Income and Expense in the period in which they occur.

(iii) Long-term service benefits
The Group's net obligation in respect of long-term service benefits, other than post-employment plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value and the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date on AA credit rated bonds that have maturity dates approximating the terms of the Group's obligations.

(iv) Share-based payment transactions
The share-based incentive schemes allow Group employees to acquire shares of Millennium & Copthorne Hotels plc. The fair value of options and awards granted are recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to exercise options granted or for share awards to vest. The fair value of the share awards or grants are measured using a stochastic model, taking into account the performance conditions applying to the share options and awards. The amount recognised as an expense is adjusted to reflect the actual number of shares that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

P Provisions
A provision is recognised on the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability. A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Q Revenue and its recognition
Revenue comprises:

- Income from the ownership and operation of hotels – recognised at the point at which the accommodation and related services are provided;

- Management fees – earned from hotels managed by the Group, usually under long-term contracts with the hotel owner. Management fees include a base fee, which is generally a percentage of hotel revenue, and/or an incentive fee, which is generally based on the hotel's profitability; recognised when earned on an accrual basis under the terms of the contract;

- Franchise fees – received in connection with licensing of the Group's brand names, usually under long-term contracts with the hotel owner. The Group charges franchise royalty fees as a percentage of room revenue; recognised when earned on an accrual basis under the terms of the agreement;

- REIT manager's management fees – earned from CDLHT and recognised on an accrual basis based on the applicable formula as described in note 30;

- Income from property rental – recognised on a straight line basis over the lease term, lease incentives granted are recognised as an integral part of the total rental income; and

- Land, development property and property sales – recognised when legal title transfers provided the related significant risk and rewards of ownership have passed by that date.

R Dividend distribution
Dividend distribution to the shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are appropriately authorised and approved for payment and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

S Segment reporting
The Group's primary reporting format is two business segments, hotel and property operations, with each segment representing a business unit that offers different products and serves different markets. The hotel operations comprise income from the ownership and management of hotels. Property operations comprise the development and the sale of land and development properties and investment property rental income.

The Group's secondary reporting format is geographic location. The hotel and property operations are managed on a worldwide basis and operate in six principal geographical areas; New York, Regional US, London, Rest of Europe, Asia and Australasia.

T Non-current assets held-for-sale
Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held-for-sale. Generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is first allocated to property, plant and equipment and lease premium prepayment, and then to remaining assets and liabilities on *pro rata* basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains or losses on remeasurement are recognised in the income statement. Gains are not recognised in excess of any cumulative impairment loss.

U Other financial assets and liabilities
Trade investments are classified as available-for-sale assets and are included under non-current assets within 'other financial assets'. They are recorded at market value with movements in value taken to equity. Any impairment to value is recorded in the income statement.

Trade and other receivables are stated at their nominal amount (discounted if material) less impairment.

Trade and other payables are stated at their nominal amount (discounted if material).

V Related parties
For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability directly or indirectly, to control the party or exercise significant influence over the party making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Contents

1. SEGMENTAL REPORTING

Segmental information is presented in respect of the Group's business and geographical segments. The primary format is business segments.

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

Business Segments

The Group comprises the following main business segments:

- Hotel operations, comprising income from the ownership and management of hotels
- Property operations, comprising the development and sale of land and development properties and investment property rental income

Geographical Segments

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

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

In presenting information on the basis of geographical segments, segment revenue and assets are based on the geographical location of the assets.

Business segments (primary)

	Hotel 2008 £m	Property operations 2008 £m	Central costs 2008 £m	Total Group 2008 £m
Revenue	**696.1**	**6.8**	**–**	**702.9**
Gross operating profit/(loss)	**266.2**	**(0.8)**	**–**	**265.4**
Depreciation	**(28.8)**	**–**	**–**	**(28.8)**
Amortisation of lease prepayments	**(1.2)**	**–**	**–**	**(1.2)**
Other hotel fixed charges	**(90.7)**	**–**	**–**	**(90.7)**
Central costs	**–**	**–**	**(20.5)**	**(20.5)**
Share of joint ventures and associates operating profit	**20.7**	**(1.4)**	**–**	**19.3**
Headline operating profit/(loss)	**166.2**	**(2.2)**	**(20.5)**	**143.5**
Other operating income – Group	**31.4**	**–**	**–**	**31.4**
Other operating income – share of joint ventures and associates	**–**	**3.6**	**–**	**3.6**
Other operating expenses – share of joint ventures and associates	**(20.4)**	**–**	**–**	**(20.4)**
Impairment – joint ventures investments and loans	**(19.6)**	**–**	**–**	**(19.6)**
– hotels	**(8.1)**	**–**	**–**	**(8.1)**
– other properties	**(1.8)**	**(5.6)**	**–**	**(7.4)**
Share of interest, tax and minority interests of joint ventures and associates	**(8.9)**	**(1.3)**	**–**	**(10.2)**
Operating profit/(loss)	**138.8**	**(5.5)**	**(20.5)**	**112.8**
Net finance expense				**(10.0)**
Profit before tax				**102.8**

1. SEGMENTAL REPORTING (CONTINUED)

Business segments (primary) (continued)

	Hotel 2007 £m	Property operations 2007 £m	Central costs 2007 £m	Total Group 2007 £m
Revenue	649.7	19.9	–	669.6
Gross operating profit/(loss)	248.7	(1.0)	–	247.7
Depreciation	(27.4)	–	–	(27.4)
Amortisation of lease prepayments	(1.3)	–	–	(1.3)
Other hotel fixed charges	(79.5)	–	–	(79.5)
Central costs	–	–	(19.4)	(19.4)
Share of joint ventures and associates operating profit	20.1	–	–	20.1
Headline operating profit/(loss)	160.6	(1.0)	(19.4)	140.2
Other operating income – Group	4.1	8.7	1.0	13.8
Other operating income – share of joint ventures and associates	32.3	–	–	32.3
Impairment – hotels	(7.0)	–	–	(7.0)
Share of interest, tax and minority interests of joint ventures and associates	(7.8)	–	–	(7.8)
Operating profit/(loss)	182.2	7.7	(18.4)	171.5
Net finance expense				(14.1)
Profit before tax				157.4

Geographical segments (secondary)

	New York 2008 £m	**Regional US 2008 £m**	**London 2008 £m**	**Rest of Europe 2008 £m**	**Asia 2008 £m**	**Australasia 2008 £m**	**Central costs 2008 £m**	**Total Group 2008 £m**
Revenue								
Hotel	**112.3**	**110.7**	**93.8**	**104.6**	**229.9**	**44.8**	**–**	**696.1**
Property operations	**–**	**1.5**	**–**	**–**	**2.4**	**2.9**	**–**	**6.8**
Total	**112.3**	**112.2**	**93.8**	**104.6**	**232.3**	**47.7**	**–**	**702.9**
Hotel gross operating profit	**43.6**	**20.9**	**46.8**	**31.8**	**105.4**	**17.7**	**–**	**266.2**
Hotel fixed charges*	**(16.7)**	**(18.5)**	**(12.4)**	**(17.1)**	**(47.6)**	**(8.4)**	**–**	**(120.7)**
Hotel operating profit	**26.9**	**2.4**	**34.4**	**14.7**	**57.8**	**9.3**	**–**	**145.5**
Property operations operating (loss)/profit	**–**	**(2.0)**	**–**	**–**	**0.6**	**0.6**	**–**	**(0.8)**
Central costs	**–**	**–**	**–**	**–**	**–**	**–**	**(20.5)**	**(20.5)**
Share of joint ventures and associates operating profit	**–**	**–**	**–**	**–**	**19.3**	**–**	**–**	**19.3**
Headline operating profit/(loss)	**26.9**	**0.4**	**34.4**	**14.7**	**77.7**	**9.9**	**(20.5)**	**143.5**
Other operating income – Group	**–**	**–**	**–**	**–**	**31.4**	**–**	**–**	**31.4**
Other operating income – share of joint ventures and associates	**–**	**–**	**–**	**–**	**3.6**	**–**	**–**	**3.6**
Other operating expense – share of joint venture and associates	**–**	**–**	**–**	**–**	**(20.4)**	**–**	**–**	**(20.4)**
Impairment								
– Joint ventures investments and loans	**–**	**–**	**–**	**–**	**(19.6)**	**–**	**–**	**(19.6)**
– Hotels	**–**	**(4.7)**	**–**	**(1.4)**	**(2.0)**	**–**	**–**	**(8.1)**
– Other properties	**–**	**(7.4)**	**–**	**–**	**–**	**–**	**–**	**(7.4)**
Share of interest, tax and minority interests of joint ventures and associates	**–**	**–**	**–**	**–**	**(10.2)**	**–**	**–**	**(10.2)**
Operating profit/(loss)	**26.9**	**(11.7)**	**34.4**	**13.3**	**60.5**	**9.9**	**(20.5)**	**112.8**
Net finance expense								**(10.0)**
Profit before tax								**102.8**

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

1. SEGMENTAL REPORTING (CONTINUED)

Geographical segments (secondary) (continued)

	New York 2007 £m	Regional US 2007 £m	London 2007 £m	Rest of Europe 2007 £m	Asia 2007 £m	Australasia 2007 £m	Central costs 2007 £m	Total Group 2007 £m
Revenue								
Hotel	106.5	112.0	92.0	98.0	196.0	45.2	–	649.7
Property operations	–	1.6	–	–	1.5	16.8	–	19.9
Total	106.5	113.6	92.0	98.0	197.5	62.0	–	669.6
Hotel gross operating profit	43.2	26.8	46.4	30.7	83.2	18.4	–	248.7
Hotel fixed charges*	(15.6)	(17.4)	(12.7)	(15.7)	(36.5)	(10.3)	–	(108.2)
Hotel operating profit	27.6	9.4	33.7	15.0	46.7	8.1	–	140.5
Property operations operating (loss)/profit	–	(9.8)	–	–	0.9	7.9	–	(1.0)
Central costs	–	–	–	–	–	–	(19.4)	(19.4)
Share of joint ventures and associates operating profit	–	–	–	–	20.1	–	–	20.1
Headline operating profit/(loss)	27.6	(0.4)	33.7	15.0	67.7	16.0	(19.4)	140.2
Other operating income – Group	–	–	–	–	12.8	–	1.0	13.8
Other operating income share of joint ventures and associates	–	–	–	–	32.3	–	–	32.3
Impairment – hotels	–	(6.1)	–	(0.9)	–	–	–	(7.0)
Share of interest, tax and minority interests of joint ventures and associates	–	–	–	–	(7.8)	–	–	(7.8)
Operating profit/(loss)	27.6	(6.5)	33.7	14.1	105.0	16.0	(18.4)	171.5
Net finance expense								(14.1)
Profit before tax								157.4

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

1. SEGMENTAL REPORTING (CONTINUED)

Segmental assets, liabilities and capital expenditure

	New York 2008 £m	Regional US 2008 £m	London 2008 £m	Rest of Europe 2008 £m	Asia 2008 £m	Australasia 2008 £m	Total Group 2008 £m
Hotel operating assets	**378.5**	**350.3**	**447.9**	**233.9**	**704.5**	**127.4**	**2,242.5**
Hotel operating liabilities	**(10.3)**	**(34.9)**	**(19.2)**	**(18.8)**	**(175.5)**	**(7.3)**	**(266.0)**
Investment in joint ventures and associates	**–**	**–**	**–**	**–**	**338.7**	**–**	**338.7**
Total hotel operating net assets	**368.2**	**315.4**	**428.7**	**215.1**	**867.7**	**120.1**	**2,315.2**
Property operations assets	**–**	**25.1**	**–**	**–**	**61.9**	**55.5**	**142.5**
Property operations liabilities	**–**	**(0.9)**	**–**	**–**	**(1.2)**	**(1.0)**	**(3.1)**
Total property operations net assets	**–**	**24.2**	**–**	**–**	**60.7**	**54.5**	**139.4**
Deferred tax liabilities							**(258.1)**
Income taxes payable							**(30.5)**
Net debt							**(285.1)**
Net assets							**1,880.9**
Capital expenditure							
Hotel operations	**4.1**	**26.5**	**5.4**	**1.6**	**13.7**	**15.1**	**66.4**
Property operations	**–**	**–**	**–**	**–**	**0.1**	**–**	**0.1**
	4.1	**26.5**	**5.4**	**1.6**	**13.8**	**15.1**	**66.5**

	New York 2007 £m	Regional US 2007 £m	London 2007 £m	Rest of Europe 2007 £m	Asia 2007 £m	Australasia 2007 £m	Total Group 2007 £m
Hotel operating assets	284.4	254.2	447.6	220.5	554.9	112.9	1,874.5
Hotel operating liabilities	(9.6)	(26.9)	(20.5)	(15.8)	(137.4)	(7.5)	(217.7)
Investment in joint ventures and associates	–	–	–	–	247.6	–	247.6
Loan to joint ventures	–	–	–	–	5.4	–	5.4
Total hotel operating net assets	274.8	227.3	427.1	204.7	670.5	105.4	1,909.8
Property operations assets	–	34.5	–	–	43.1	52.8	130.4
Property operations liabilities	–	(0.1)	–	–	(0.4)	(0.7)	(1.2)
Total property operations net assets	–	34.4	–	–	42.7	52.1	129.2
Deferred tax liabilities							(205.8)
Income taxes payable							(17.4)
Net debt							(262.1)
Net assets							1,553.7
Capital expenditure							
Hotel operations	3.8	4.5	2.9	3.2	31.2	10.6	56.2
Property operations	–	–	–	–	–	–	–
	3.8	4.5	2.9	3.2	31.2	10.6	56.2

2. ADMINISTRATIVE EXPENSES

The following items are included within administrative expenses:

	2008 £m	2007 £m
Included in administrative expenses is the auditor's remuneration, excluding expenses for audit and non-audit services as follows:		
(a) Auditor's remuneration		
Statutory audit services:		
– Annual audit of the Company and consolidated accounts	**0.3**	0.3
– Audit of subsidiary companies	**0.9**	0.9
	1.2	1.2
Non-audit related services:		
– Further assurance services relating to accounting advice	**0.2**	0.2
– Other services relating to taxation	**0.8**	0.6
	1.0	0.8
	2.2	2.0

In addition to the above, fees in respect of the annual audit of the Millennium & Copthorne UK pension plan were £0.1m (2007: £0.1m). Fees relating to the proposed disposal of CDL Hotels (Korea) Limited were £0.2m (2007: £nil).

(b) Impairment (note 4)	**22.9**	7.0
(c) Repairs and maintenance	**31.7**	30.3
(d) Depreciation	**28.8**	27.4
(e) Lease premium amortisation	**1.2**	1.3
(f) Rental paid/payable under operating leases		
– land and buildings	**41.3**	33.2
– plant and machinery	**5.1**	4.2

Rental paid/payable under operating leases with regard to land and buildings include rentals relating to the lease arrangements with CDLHT on four Singapore hotels. Details of these lease arrangements and rents payable thereon are given in note 30.

3. OTHER OPERATING INCOME

	Notes	2008 £m	2007 £m
Profit on aborted sale of CDL Hotels Korea Limited	(a)	**31.4**	–
Release of property tax provision set aside on acquisition of Regal Hotels in 1999	(b)	**–**	1.0
Profit on disposal of stapled securities in CDLHT	(c)	**–**	0.7
Gain on dilution of investment in CDLHT	(d)	**–**	2.0
Fair value adjustments of investment property	(e)	**–**	8.7
Profit on sale and leaseback of three Singapore hotels	(f)	**–**	1.4
		31.4	13.8

Notes

(a) On 24 June 2008, Millennium & Copthorne Hotels plc announced the proposed disposal of CDL Hotels (Korea) Limited, a wholly-owned subsidiary of Millennium & Copthorne Hotels plc with one principal asset, the Millennium Seoul Hilton Hotel. Completion of the proposed disposal was expected to take place on 30 September 2008 and subsequently agreed to be deferred to 28 November 2008. While the Group was ready, willing and able to complete the disposal, the buyer was unable to finalise its financing arrangements and, consequently, the agreement for the disposal was terminated. The non-refundable cash deposit paid by the buyer has resulted in the Group recording a £31.4 gain (net of £2.0m expenses). The difference between the gain of £31.4m and the £27.3m net cash proceeds received is due to the effect of foreign currency translation.

(b) In 2007, following protracted negotiations, a £1.0m property tax accrual in the US set aside on the acquisition of Regal Hotels in 1999 was released.

(c) In 2007, the Group sold a small number of stapled securities in CDLHT that gave rise to a £0.7m gain.

(d) In 2007, the £2.0m dilution gain arising on the Investment in CDLHT followed the Group's subscription to a rights issue of shares at a discount together with the non-participation in an S$32.8m (£10.6m) private placement issue, the effect of which marginally diluted the Group's investment In CDLHT.

(e) There was no revaluation surplus recorded for the Group's investment properties in 2008. In 2007, the Tanglin Shopping Centre (Singapore) recorded an uplift in value of £8.7m.

(f) In 2006 the Group sold three of its Singapore hotels on a sale and leaseback arrangement to CDLHT. The additional £1.4m profit which arose in 2007 was the result of releasing accruals that were no longer required on capital expenditure relating to those assets.

4. IMPAIRMENT

	Notes	2008 £m	2007 £m
Impairment			
– Joint venture investments and loans	(a)	**(19.6)**	–
– Hotels	(b)	**(8.1)**	(7.0)
– Other property	(c)	**(7.4)**	–
		(35.1)	(7.0)

(a) ***Joint ventures investments and loans***

The Group's 30% and 50% investments in Beijing and Bangkok respectively have been fully written down by an aggregate of £19.6m and comprise £12.2m investments and a £7.4m provision for loans. This follows a review of the difficult economic conditions and over supplied hotel situation in Beijing post the Olympics and the unstable political conditions affecting business in Thailand.

(b) ***Hotels***

The Directors undertook an annual review of the carrying value of the hotels and property assets for indications of impairment and where appropriate external valuations were also undertaken. An impairment charge of £8.1m (2007: £7.0m) has been recorded and relates to 6 hotels in US and UK as well as land in India.

(c) ***Other property***

The Group formerly operated the Four Points Sunnyvale Hotel California, USA and in 2006, a decision to redevelop into a new hotel and residential apartments led to the closure of the hotel operations. Accordingly, in that year, the Group transferred the redevelopment of Sunnyvale from property, plant and equipment to development properties. In 2007, with the uncertainties in the US property market, the Directors then made a write-down of £9.6m to the carrying value of the property, which was classified within the headline operating profit. In December 2008, in view of the continued uncertainties of the US property market, the Group changed its intent from the aforesaid to holding the hotel component of the Sunnyvale site when completed for its own operations, and to holding the residential component when completed to be leased out to earn rental income or for capital appreciation or both. Accordingly, transfers have been made from development properties into property, plant and equipment. An impairment charge of £7.4m has been made on reclassification based on an external professional valuation obtained.

5. PERSONNEL EXPENSES

	2008 £m	2007 £m
Wages and salaries	**212.1**	200.1
Compulsory social security contributions	**29.5**	27.7
Contributions to defined contribution schemes	**8.3**	7.4
Defined benefit pension costs – recorded in the statement of recognised income and expense	**(0.9)**	(0.7)
Defined benefit pension costs – recorded in the income statement	**2.1**	2.4
Equity settled share-based payment transactions	**1.1**	0.8
	252.2	237.7

The average number of employees employed by the Group (including Directors) during the year analysed by category was as follows:

	2008 Number	2007 Number
Hotel operating staff	**10,186**	10,412
Management/administration	**1,376**	1,344
Sales and marketing	**575**	578
Repairs and maintenance	**641**	623
	12,778	12,957

Directors' remuneration

Details of Directors' remuneration, share options, long-term incentive schemes and Directors' pension entitlements and interests in shares are disclosed in the Directors' Remuneration Report on pages 54 to 61.

6. NET FINANCE EXPENSE

	2008 £m	2007 £m
Interest income	**5.5**	8.2
Interest receivable from joint ventures	**0.3**	0.4
Foreign exchange gain	**6.2**	3.7
Finance income	**12.0**	12.3
Interest expense	**(18.6)**	(22.9)
Foreign exchange loss	**(3.4)**	(3.5)
Finance expense	**(22.0)**	(26.4)
Net finance expense	**(10.0)**	(14.1)

7. INCOME TAX EXPENSE/(CREDIT)

	2008 £m	2007 £m
Current tax		
Corporation tax charge for the year	**27.8**	20.2
Adjustment in respect of prior years	**5.0**	(4.0)
	32.8	16.2
Deferred tax (note 23)		
Origination and reversal of timing differences	**(0.9)**	5.3
Reduction in tax rate	**(4.2)**	(3.9)
Benefits of tax losses recognised	**2.3**	2.7
Over provision in respect of prior years	**(8.4)**	(9.5)
Change in UK tax legislation in respect hotel tax allowance (see note below)	**10.3**	(12.9)
Total deferred tax credit	**(0.9)**	(18.3)
Total income tax expense/(credit) in income statement	**31.9**	(2.1)
UK	**14.5**	(13.5)
Overseas	**17.4**	11.4
Total income tax expense/(credit) in income statement	**31.9**	(2.1)

Excluding the tax relating to joint ventures and associates, the Group has recorded a tax expense of £31.9m (2007: £2.1m tax credit). This increased tax expense is primarily attributable to the differing impact of non-recurring adjustments relating to prior years, in particular the deferred tax impact of a series of changes in legislation relating to UK hotel allowances. The removal of claw back of such allowances gave rise to an estimated deferred tax credit of £12.9m in 2007, whereas the subsequent reduction in tax base arising from legislation passed in 2008 in respect of the phased abolition of such allowances has given rise to a tax charge in 2008 of £10.3m.

A tax charge of £2.8m (2007: £1.4m) relating to joint ventures and associates is included in the reported profit before tax.

Major adjustment factors affecting the 2008 tax expense:

Effect of lower tax rates on other operating income
There is no tax expense on the £31.4m gain from the aborted sale of CDL Hotels (Korea) Limited.

Effect of changes in tax rates
The credit of £4.2m relates to reductions in tax rate in the USA, the Philippines, Indonesia and Malaysia.

Adjustments in respect of prior years
The Group's tax charge on ordinary activities is the sum of the total current and deferred tax charges. The calculation of the Group's total tax charge necessarily involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The final resolution of some of these items may give rise to material profit and loss and/or cash flow variances. The geographical complexity of the Group's structure makes the degree of estimation and judgement more challenging. The resolution of issues is not always within the control of the Group and it is often dependent on the efficacy of the legal processes in the relevant tax jurisdictions in which the Group operates.

7. INCOME TAX EXPENSE/(CREDIT) (CONTINUED)

Income tax reconciliation

	2008 £m	**2008 %**	2007 £m	2007 %
Profit before tax in income statement	**102.8**		157.4	
Add/(less) share of losses/(profits) of joint ventures and associates[1]	**19.9**		(44.6)	
Profit on ordinary activities excluding share of joint ventures and associates	**122.7**		112.8	
Income tax on ordinary activities at the standard rate of UK tax of 28.5% (2007: 30%)	**35.0**	**28.5**	33.8	30.0
Tax exempt income	**(3.2)**	**(2.6)**	(4.9)	(4.4)
Non deductible expenses	**3.0**	**2.4**	4.4	3.9
Recognition of deferred tax on share of undistributed associate's profits	**2.0**	**1.6**	–	–
Current year losses for which no deferred tax asset was recognised	**0.2**	**0.2**	0.9	0.8
Unrecognised deferred tax assets relating to impairment	**0.6**	**0.5**	0.4	0.4
Effect of lower tax rates on other operating income	**(9.0)**	**(7.3)**	(4.1)	–
Effect of higher tax rates on impairment	**(1.4)**	**(1.1)**	(0.4)	–
Other effect of tax rates in foreign jurisdictions	**2.0**	**1.6**	(1.9)	–
Effect of change in tax rates on opening deferred assets	**(4.2)**	**(3.4)**	(3.9)	(3.5)
Effect of change in UK tax legislation in respect of the removal of claw back on hotel allowances	**10.3**	**8.4**	(12.9)	(11.4)
Other adjustments to tax charge in respect of prior years[2]	**(3.4)**	**(2.8)**	(13.5)	(12.0)
	31.9	**26.0**	(2.1)	(1.9)

1 The effective rate of tax for joint ventures and associates before other operating (expense)/income is 17.7% (2007: 8.3%). This is lower than the standard rate of UK tax of 28.5% (2007: 30%), due to lower rates of corporation tax being applicable in the jurisdictions in which the entities operate and the effect of tax exempt income.

2 Comprising £5.0m charge (2007: £4.0m credit) in respect of current tax and £8.4m credit (2007: £9.5m credit) in respect of deferred tax.

Income tax recognised directly in equity

	2008 £m	2007 £m
Taxation expense arising on defined benefit pension schemes	**(0.3)**	(1.2)
Taxation credit arising in respect of previously revalued property	**–**	3.2
Taxation expense arising from unrealised foreign exchange	**(0.2)**	–
Taxation (expense)/credit arising on share-based incentive schemes	**(1.6)**	0.6
	(2.1)	2.6

8. EARNINGS PER SHARE

Earnings per share are calculated using the following information:

	2008	2007
(a) Basic		
Profit for year attributable to holders of the parent (£m)	**64.0**	149.4
Weighted average number of shares in issue (m)	**300.0**	294.4
Basic earnings per share	**21.3p**	50.7p
(b) Diluted		
Profit for year attributable to holders of the parent (£m)	**64.0**	149.4
Weighted average number of shares in issue (m)	**300.0**	294.4
Potentially dilutive share options under Group's share option schemes (m)	**0.1**	0.7
Weighted average number of shares in issue (diluted) (m)	**300.1**	295.1
Diluted earnings per share	**21.3p**	50.6p
(c) Headline earnings per share		
Profit for year attributable to holders of the parent (£m)	**64.0**	149.4
Adjustments for:		
Other operating income (net of tax) (£m)	**(31.4)**	(13.8)
Impairment (net of tax and minority interests) (£m)	**29.1**	4.5
Share of other operating expenses/income of joint ventures and associates (£m)	**19.6**	(32.3)
Change in UK tax legislation on hotel tax allowances (£m)	**10.3**	(12.9)
Change on tax rates on opening deferred tax (£m)	**(4.2)**	(3.9)
Adjusted profit for the year attributable to holders of the parent (£m)	**87.4**	91.0
Weighted average number of shares in issue (m)	**300.0**	294.4
Headline earnings per share	**29.1p**	30.9p
(d) Diluted headline earnings per share		
Adjusted profit for the year attributable to the holders of the parent (£m)	**87.4**	91.0
Weighted average number of shares in issue (diluted) (m)	**300.1**	295.1
Diluted headline earnings per share	**29.1p**	30.8p

9. PROPERTY, PLANT AND EQUIPMENT

	Notes	Land and buildings £m	Capital work in progress £m	Plant and machinery £m	Fixtures, fittings, equipment and vehicles £m	Total £m
Cost						
Balance at 1 January 2007		1,651.3	5.7	64.3	146.5	1,867.8
Additions		15.0	7.2	4.6	12.9	39.7
Transfers		6.9	(10.1)	1.1	2.1	–
Disposal		(0.6)	–	(0.9)	(8.4)	(9.9)
Foreign exchange adjustments		5.4	0.3	1.3	2.5	9.5
Balance at 31 December 2007		1,678.0	3.1	70.4	155.6	1,907.1
Balance at 1 January 2008		1,678.0	3.1	70.4	155.6	1,907.1
Additions		20.1	28.2	4.4	13.8	66.5
Transfer from development properties	(a)	–	20.9	–	–	20.9
Transfer from lease premium prepayment	(b)	0.6	–	–	–	0.6
Transfers		31.6	(24.5)	2.7	(9.8)	–
Disposals		(0.1)	–	(0.9)	(4.7)	(5.7)
Foreign exchange adjustments		292.3	2.7	27.4	44.4	366.8
Balance at 31 December 2008		**2,022.5**	**30.4**	**104.0**	**199.3**	**2,356.2**
Depreciation						
Balance at 1 January 2007		53.0	–	20.0	94.9	167.9
Charge for the year		7.0	–	3.9	16.5	27.4
Impairment	(d)	6.0	–	–	1.0	7.0
Disposal		–	–	(0.8)	(8.2)	(9.0)
Foreign exchange adjustments		1.5	–	0.7	2.6	4.8
Balance at 31 December 2007		67.5	–	23.8	106.8	198.1
Balance as at 1 January 2008		67.5	–	23.8	106.8	198.1
Charge for the year		8.2	–	4.0	16.6	28.8
Impairment	(d)	7.7	7.4	–	–	15.1
Transfer from lease premium prepayment	(b)	0.1	–	–	–	0.1
Disposals		–	–	(0.8)	(4.5)	(5.3)
Foreign exchange adjustments		15.1	–	3.3	33.3	51.7
Balance at 31 December 2008		**98.6**	**7.4**	**30.3**	**152.2**	**288.5**
Carrying amounts						
At 1 January 2007		1,598.3	5.7	44.3	51.6	1,699.9
At 31 December 2007		1,610.5	3.1	46.6	48.8	1,709.0
At 1 January 2008		1,610.5	3.1	46.6	48.8	1,709.0
At 31 December 2008		**1,923.9**	**23.0**	**73.7**	**47.1**	**2,067.7**

(a) ***Transfer from development properties***

In 2008, a transfer of £20.9m was made from development properties to property, plant and equipment relating to the Sunnyvale development (note 15). An impairment charge of £7.4m has been made on reclassification based on an external valuation obtained.

(b) ***Transfer from lease premium prepayment***

In 2008, a transfer of £0.5m was made from lease premium prepayment to property, plant and equipment relating to the net book value of the former leasehold interest of Copthorne Hotel Auckland Harbour City for which the freehold interest was acquired in 2008.

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(c) ***Land and buildings***

Land and buildings includes long leasehold building assets with a book value of £354.4m (2007: £342.3m) and assets held under finance leases with a net book value of £nil (2007: £0.1m). The net book value of land and buildings held under short leases was £21.0m (2007: £13.4m), in respect of which depreciation of £1.6m (2007: £1.4m) was charged during the year.

Interest of £0.3m (2007: £nil) has been capitalised within land and buildings during the year. The cumulative interest within land and buildings is £4.4m (2007: £4.4m). In line with local tax regimes, tax relief is obtained in the United Kingdom and France on 100% of the interest capitalised in the year, in the United States of America over the period of amortisation of the related asset and in New Zealand, no tax relief is available.

(d) ***Impairment***

The Directors undertake an annual review of the carrying value of hotel and property assets for indications of impairment, as required by IAS 36 "Impairment of Assets". Where appropriate, external property valuations are also undertaken. An impairment charge of £15.1m (2007: £7.0m) has been recorded within administrative expenses in the year as shown in note 2 and comprises a charge relating to property, plant and equipment. The impairment charge comprises £7.7m for 6 hotels in the UK and US and land in India and £7.4m relating to the Sunnyvale development (note 15). The impairment charge and the estimated recoverable amount was based on the property's value in use, determined using discount rates ranging from 10.5% to 12.5% (2007: 8.0% to 11.0%).

(e) ***Pledged assets***

At year-end, the net book value of assets pledged as collateral for secured loans was £257.9m (2007: £245.3m), the security for the loans is by way of charges on the properties of Group companies concerned.

10. LEASE PREMIUM PREPAYMENT

	Notes	**2008 £m**	2007 £m
Cost			
Balance at 1 January		**118.0**	101.2
Additions	(a)	**0.2**	16.5
Transfer to property, plant and equipment (note 9 (b))		**(0.6)**	–
Disposal	(b)	**(0.4)**	–
Foreign exchange adjustments		**7.8**	0.3
Balance at 31 December		**125.0**	118.0
Amortisation			
Balance at 1 January		**26.9**	25.3
Transfer to property, plant and equipment (note 9 (b))		**(0.1)**	–
Charge for the year		**1.2**	1.3
Disposal		**(0.4)**	–
Foreign exchange adjustments		**0.3**	0.3
Balance at 31 December		**27.9**	26.9
Carrying amount		**97.1**	91.1
Analysed between:			
Amount due after more than one year included in non-current assets		**95.8**	90.0
Amount due within one year included in current assets		**1.3**	1.1

(a) ***Additions***

The main addition in 2007 represented the acquisition of 99-year leasehold land on which a 370-room hotel in Singapore is being constructed.

(b) ***Disposal***

The disposal in the year relates to the expiry of the lease of the Copthorne Hotel Wellington Plimmer Towers in New Zealand.

11. INVESTMENT PROPERTIES

	2008 £m	2007 £m
Valuation		
Balance at 1 January	**58.2**	49.6
Fair value adjustment	**–**	8.7
Foreign exchange adjustment	**21.1**	(0.1)
Balance at 31 December	**79.3**	58.2

In general the carrying amount of investment property is the fair value of the property as determined by a registered independent appraiser having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. Fair values were determined having regard to recent market transactions for similar properties in the same location as the Group's investment property.

At the end of 2008, the Group's investment properties were subject to external professional valuation on an open market existing use basis as follows:

Property	Valuer
Tanglin Shopping Centre, Singapore	DTZ Debenham Tie Leung
Biltmore Court & Tower, Los Angeles	Sequoia Hotel Advisors, LLC

Based on these valuations, together with such considerations as the Directors considered appropriate, both the Tanglin Shopping Centre and the Biltmore Court & Tower recorded no uplift in 2008. In 2007 the Tanglin Shopping Centre recorded an uplift in value of £8.7m which was credited to the income statement in accordance with the Group's accounting policy.

Further details in respect of investment property rentals are given in note 28.

12. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

The Group has the following significant investments in joint ventures and associates:

	Effective Group interest 2008	2007
Joint Ventures		
New Unity Holdings Limited	**50.0%**	50.0%
Fena Estate Company Limited	**50.0%**	50.0%
Beijing Fortune Hotel Co. Ltd	**30.0%**	30.0%
Associates		
CDL Hospitality Trusts ("CDLHT") – see note (a) below	**39.0%**	38.5%
First Sponsor Capital Limited ("FSCL")	**39.8%**	35.0%

12. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (CONTINUED)

	Joint Ventures 2008 £m	**Associates 2008 £m**	**Total 2008 £m**	Joint Ventures 2007 £m	Associates 2007 £m	Total 2007 £m
Share of net assets/cost						
Balance at 1 January	**65.3**	**182.3**	**247.6**	29.9	85.6	115.5
Share of (losses)/profits for the year	**(10.7)**	**(9.2)**	**(19.9)**	4.6	40.0	44.6
Additions (see note (b) below)	**–**	**25.5**	**25.5**	9.9	52.7	62.6
Disposals	**–**	**–**	**–**	–	(0.9)	(0.9)
Capitalisation of loan	**2.2**	**–**	**2.2**	21.5	–	21.5
Dividends received	**–**	**(12.3)**	**(12.3)**	–	(6.6)	(6.6)
Tax provision on dividends received	**–**	**(1.2)**	**(1.2)**	–	1.2	1.2
Dilution gain	**–**	**–**	**–**	–	2.0	2.0
Foreign exchange adjustments	**26.0**	**70.9**	**96.9**	(0.6)	5.6	5.0
Other movements	**–**	**(0.1)**	**(0.1)**	–	–	–
	82.8	**255.9**	**338.7**	65.3	179.6	244.9
Add reversal of unrealised gain on transactions with associates (see note (b) below)	**–**	**–**	**–**	–	2.7	2.7
Balance at 31 December	**82.8**	**255.9**	**338.7**	65.3	182.3	247.6
Share of (loss)/profit for the year						
Operating profit before impairment and other operating income/(expense)	**8.4**	**10.9**	**19.3**	10.3	9.8	20.1
Impairment and other operating income/(expense) (see note (c))	**(12.2)**	**(16.8)**	**(29.0)**	–	32.3	32.3
Interest	**(1.8)**	**(1.7)**	**(3.5)**	(1.1)	(2.1)	(3.2)
Tax	**(1.7)**	**(1.1)**	**(2.8)**	(1.4)	–	(1.4)
Minority interests	**(3.4)**	**(0.5)**	**(3.9)**	(3.2)	–	(3.2)
	(10.7)	**(9.2)**	**(19.9)**	4.6	40.0	44.6

Notes

(a) CDLHT is quoted on the Singapore Exchange Securities Trading Limited and as at 31 December 2008 its share price was S$0.73 (2007: S$2.35). For the Group's 39.0% (2007: 38.5%) interest, this equates to a market capitalisation of £110.0m (2007: £259.0m).

(b) Additions – associates
In addition to the £16.5m invested in FSCL in 2007, the Group invested a further £23.0m in 2008, increasing its effective interest from 35.0% to 39.8%. The Group also received stapled units in CDLHT in lieu of payment of management fees amounting to £2.5m in 2008. As reported in 2007 the £2.7m for that year related to a tax credit on the disposal of three Singapore hotels to CDLHT in 2006 which was deferred as part of £7.1m unreleased profit element of the disposal of which £4.4m was recognised in 2006.

(c) Impairment and other operating income/(expense)
Represents (i) £12.2m impairment of joint venture following a review of the difficult economic conditions and over supplied hotel situation in Beijing post the Olympics (ii) the Group's £20.4m share of a revaluation deficit (2007: revaluation surplus £32.3m) of investment properties of CDLHT, which the Group deems to be non-owner occupied properties and (iii) the Group's £3.6m share of a net revaluation surplus of investment properties of FSCL which the Group deems to be non-owner occupied properties. Further details are given in note 32.

12. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (CONTINUED)

	2008 £m	2007 £m
Loans due from joint ventures and associates		
Loans due from joint ventures	–	5.4

At 31 December 2008, a £7.4m (2007: £5.4m) loan to Fena Estate Company Limited was provided for in full (note 4)

	2008 £m	2007 £m
Summary information on joint ventures – 100%		
Revenue	**88.9**	72.4
Impairment of hotel	**(40.6)**	–
Expenses	**(88.3)**	(63.5)
(Loss)/profit for the year	**(40.0)**	8.9
Assets		
Non-current assets	**435.6**	324.1
Current assets	**53.8**	34.9
Total assets	**489.4**	359.0
Liabilities		
Non-current liabilities	**(226.5)**	(118.2)
Current liabilities	**(51.3)**	(64.8)
Total liabilities	**(277.8)**	(183.0)
Total assets less total liabilities	**211.6**	176.0
Less minority share of net assets	**(52.5)**	(32.5)
Net assets – 100%	**159.1**	143.5

	2008 £m	2007 £m
Summary information on associates – 100%		
Revenue	**65.6**	30.5
Net (deficit)/surplus on revaluation of investment properties	**(45.3)**	85.0
Expenses	**(134.9)**	(12.1)
(Loss)/profit for the year	**(114.6)**	103.4
Assets		
Non-current assets	**713.8**	541.3
Current assets	**109.1**	46.8
Total assets	**822.9**	588.1
Liabilities		
Non-current liabilities	**(145.1)**	(95.9)
Current liabilities	**(47.4)**	(30.7)
Total liabilities	**(192.5)**	(126.6)
Total assets less total liabilities	**630.4**	461.5
Less minority share of net assets	**(7.5)**	(1.6)
Net assets – 100%	**622.9**	459.9

At 31 December 2008 the Group's share of the total capital commitments of joint ventures amounted to £0.6m (2007: £3.9m). At 31 December 2008, joint ventures and associates had no significant contingent liabilities (2007: £nil). Refer to note 30 for details of the undertaking provided by the Group to the lenders of its joint ventures.

13. OTHER FINANCIAL ASSETS

	2008 £m	2007 £m
Other financial assets included within non-current assets comprise:		
Unquoted equity investments available for sale	**4.7**	3.4
Deposits receivable	**2.0**	1.4
	6.7	4.8

	2008 £m	2007 £m
Other financial assets included within current assets comprise:		
Short term investment deposits	**–**	9.1

14. INVENTORIES

	2008 £m	2007 £m
Consumables	**4.9**	4.9

15. DEVELOPMENT PROPERTIES

	2008 £m	2007 £m
Development properties comprise:		
Development land for resale	**33.3**	31.1
Development property	**29.9**	38.5
	63.2	69.6

In December 2008, in view of the continued uncertainties of the US property market, the Group changed its previous intention in respect of the Sunnyvale site to holding the hotel component of the Sunnyvale site when completed for its own operations, and to holding the residential component when completed to be leased out to earn rental income or for capital appreciation or both. Accordingly, transfers have been made from development properties into property, plant and equipment of £20.9m. An impairment charge of £7.4m has been made on reclassification based on an external valuation obtained.

16. TRADE AND OTHER RECEIVABLES

	2008 £m	2007 £m
Trade receivables due from joint ventures and associates	**2.2**	0.7
Trade receivables	**36.4**	35.5
Other receivables	**7.8**	6.4
Prepayments and accrued income	**16.5**	15.6
	62.9	58.2

Trade receivables are shown net of an impairment allowance of £1.9m (2007: £1.4m) and arise from likely insolvencies of customers.

The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in note 19.

17. CASH AND CASH EQUIVALENTS

	2008 £m	2007 £m
Cash at bank and in hand	**59.6**	58.2
Short term deposits	**152.5**	98.1
Cash and cash equivalents on the balance sheet	**212.1**	156.3
Bank overdrafts (included in borrowings)	**(2.8)**	(0.4)
Cash and cash equivalents shown in the cash flow statement	**209.3**	155.9

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets are disclosed in note 19.

18. INTEREST-BEARING LOANS, BONDS AND BORROWINGS

	2008 £m	2007 £m
Included within non-current liabilities:		
Bank loans	**171.6**	80.8
Notes payable	**34.0**	36.6
Bonds payable	**209.5**	186.6
Obligations under finance leases	**–**	0.1
	415.1	304.1

	2008 £m	2007 £m
Included within current liabilities:		
Bank loans and overdrafts	**5.6**	88.3
Bonds payable	**76.5**	26.0
	82.1	114.3

Further details in respect of financial liabilities are given in note 19.

19. FINANCIAL INSTRUMENTS

OVERVIEW

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, and the Group's policies and processes for measuring and managing risk.

(a) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

Exposure to credit risk is monitored on an ongoing basis, credit checks being performed on all clients requiring credit over certain amounts. Credit is not extended beyond authorised limits, established where appropriate through consultation with a professional credit vetting organisation. Credit granted is subject to regular review, to ensure it remains consistent with the client's current credit worthiness and appropriate to the anticipated volume of business.

19. FINANCIAL INSTRUMENTS (CONTINUED)

Investments are allowed only in liquid short-term instruments within approved limits, with investment counterparties approved by the Board, such that the exposure to a single counterparty is minimised.

The maximum exposure to credit risk is represented by the carrying value of each financial asset on the balance sheet, these being spread across the various currencies and jurisdictions in which the Group operates.

The maximum exposure to credit risk at the reporting date was:

	Carrying value	
	2008	2007
	£m	£m
Cash at bank and in hand (see note 17)	**59.6**	58.2
Short-term deposits (see note 17)	**152.5**	98.1
Short-term investment deposits (see note 13)	**–**	9.1
Loans due from joint ventures (see note 12)	**–**	5.4
Unquoted equity investments available-for-sale (see note 13)	**4.7**	3.4
Deposits receivable (see note 13)	**2.0**	1.4
Trade receivables (see note 16)	**36.4**	35.5
Trade receivables due from joint ventures and associates (see note 16)	**2.2**	0.7
Other receivables (see note 16)	**7.8**	6.4
	265.2	218.2

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	Carrying value	
	2008	2007
	£m	£m
New York	**5.9**	6.6
Regional US	**4.6**	5.1
London	**0.3**	0.7
Rest of Europe	**8.6**	8.3
Asia	**12.0**	9.3
Australasia	**5.0**	5.5
Total Group	**36.4**	35.5

The ageing of trade receivables at the reporting date was:

	Gross Receivable		Impairment Allowance		Carrying value	
	2008	2007	**2008**	2007	**2008**	2007
	£m	£m	**£m**	£m	**£m**	£m
Not past due	**13.2**	17.3	**–**	–	**13.2**	17.3
Past due 0 – 30 days	**15.5**	12.2	**–**	–	**15.5**	12.2
Past due 31 – 60 days	**5.0**	3.4	**(0.5)**	(0.2)	**4.5**	3.2
Past due 61 – 90 days	**1.5**	1.1	**(0.7)**	(0.5)	**0.8**	0.6
More than 90 days	**3.1**	2.9	**(0.7)**	(0.7)	**2.4**	2.2
Total Group	**38.3**	36.9	**(1.9)**	(1.4)	**36.4**	35.5

19. FINANCIAL INSTRUMENTS (CONTINUED)

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2008 £m	2007 £m
Balance at 1 January	**1.4**	1.5
Impairment loss recognised	**0.5**	–
Write-back	**–**	(0.1)
Balance at 31 December	**1.9**	1.4

	Contractual maturities of financial assets 2008			
	Total £m	6 months or less £m	6 months – 1 year £m	More than 5 years £m
Financial Assets				
Fixed rate:				
Sterling	**0.1**	**0.1**	**–**	**–**
US dollar	**26.8**	**26.8**	**–**	**–**
Korean won	**8.6**	**8.6**	**–**	**–**
Singapore dollar	**95.7**	**95.7**	**–**	**–**
New Taiwan dollar	**26.2**	**26.2**	**–**	**–**
Australian dollar	**7.7**	**6.3**	**1.4**	**–**
New Zealand dollar	**6.4**	**6.4**	**–**	**–**
Others	**24.5**	**22.5**	**–**	**2.0**
Non-interest bearing:				
Sterling	**0.2**	**0.2**	**–**	**–**
US dollar	**7.6**	**2.9**	**–**	**4.7**
Korean won	**0.3**	**0.3**	**–**	**–**
Singapore dollar	**7.9**	**7.9**	**–**	**–**
New Taiwan dollar	**0.3**	**0.3**	**–**	**–**
Others	**6.5**	**6.5**	**–**	**–**
Total	**218.8**	**210.7**	**1.4**	**6.7**
Represented by:				
Cash and cash equivalents	**212.1**			
Other financial assets (non-current)	**6.7**			
	218.8			

19. FINANCIAL INSTRUMENTS (CONTINUED)

	Contractual maturities of financial assets 2007		
	Total £m	6 months or less £m	More than 5 years £m
Financial Assets			
Floating rate:			
Others	1.3	1.3	–
Fixed rate:			
Sterling	0.9	0.9	–
US dollar	42.6	42.6	–
Korean won	4.0	4.0	–
Singapore dollar	34.6	34.6	–
New Taiwan dollar	21.6	21.6	–
Australian dollar	30.1	30.1	–
New Zealand dollar	10.2	10.2	–
Others	14.0	8.6	5.4
Non-interest bearing:			
Sterling	0.1	0.1	–
US dollar	5.8	2.4	3.4
Korean won	0.1	0.1	–
Singapore dollar	7.1	5.7	1.4
New Taiwan dollar	0.2	0.2	–
Others	3.0	3.0	–
Total	175.6	165.4	10.2
Represented by:			
Cash and cash equivalents	156.3		
Loans due from joint ventures	5.4		
Other financial assets (current)	9.1		
Other financial assets (non-current)	4.8		
	175.6		

(b) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

19. FINANCIAL INSTRUMENTS (CONTINUED)

The following are the undiscounted contractual maturities of financial liabilities, including estimated interest payments using the interest rates prevailing as at the reporting date.

31 December 2008			**Contractual maturities of financial liabilities**				
	Carrying amount £m	**Contractual cash flows £m**	**6 months or less £m**	**6-12 months £m**	**1-2 years £m**	**2-5 years £m**	**More than 5 years £m**
Floating Rate Financial Liabilities							
Secured loans	**29.4**	**34.5**	**0.9**	**0.9**	**5.4**	**23.2**	**4.1**
Unsecured loans	**145.0**	**153.5**	**4.3**	**1.6**	**69.8**	**77.8**	**–**
Secured notes	**34.0**	**36.4**	**1.0**	**1.0**	**34.4**	**–**	**–**
Unsecured bonds	**262.5**	**279.7**	**64.7**	**18.3**	**58.9**	**137.8**	**–**
Bank overdrafts	**2.8**	**2.8**	**0.1**	**2.7**	**–**	**–**	**–**
Fixed Rate Financial Liabilities							
Unsecured bonds	**23.5**	**24.4**	**0.4**	**0.4**	**23.6**	**–**	**–**
Trade and other payables							
Trade payables	**16.4**	**16.4**	**16.4**	**–**	**–**	**–**	**–**
Amounts owed to associates	**2.7**	**2.7**	**2.7**	**–**	**–**	**–**	**–**
Other creditors including taxation and social security	**23.8**	**23.8**	**23.8**	**–**	**–**	**–**	**–**
Other non-current liabilities	**5.8**	**5.8**	**–**	**–**	**0.5**	**4.6**	**0.7**
	545.9	**580.0**	**114.3**	**24.9**	**192.6**	**243.4**	**4.8**

31 December 2007			Contractual maturities of financial liabilities				
	Carrying amount £m	Contractual cash flows £m	6months or less £m	6-12 months £m	1-2 years £m	2-5 years £m	More than 5 years £m
Floating Rate Financial Liabilities							
Secured loans	22.1	31.1	1.0	1.0	2.0	25.9	1.2
Unsecured loans	146.6	155.5	2.0	89.2	1.7	62.9	–
Secured notes	36.6	41.3	1.1	1.1	2.2	36.9	–
Unsecured bonds	195.3	216.2	4.7	30.6	62.7	118.2	–
Bank overdrafts	0.4	0.4	0.4	–	–	–	–
Fixed Rate Financial Liabilities							
Unsecured bonds	17.3	18.6	0.2	0.3	0.6	17.5	–
Finance leases	0.1	0.1	–	–	–	0.1	–
Trade and other payables							
Trade payables	17.0	17.0	16.5	0.5	–	–	–
Amounts owed to associates	2.1	2.1	2.1	–	–	–	–
Other creditors including taxation and social security	21.5	21.5	16.6	4.9	–	–	–
Other non-current liabilities	5.6	4.5	–	0.1	–	–	4.4
	464.6	508.3	44.6	127.7	69.2	261.2	5.6

19. FINANCIAL INSTRUMENTS (CONTINUED)

Undrawn committed borrowing facilities
Undrawn borrowing facilities are available to the Group with the maturities as set out in the following table.

The conditions precedents to the availability of these facilities are all satisfied at the balance sheet date.

	2008 £m	2007 £m
Expiring in one year or less	**78.7**	60.5
Expiring after more than one year but not more than two years	**32.5**	–
Expiring after more than two years but not more than five years	**71.6**	66.6
Expiring after more than five years	**5.8**	13.9
Total undrawn committed borrowing facilities	**188.6**	141.0

Security
Included within the Group's total bank loans and overdrafts of £177.2m (2007: £169.1m) are £29.9m (2007: £22.5m) of secured loans and overdrafts. Of total bonds and notes payable of £320.0m (2007: £249.2m), £34.0m (2007: £36.6m) are secured notes.

Loans, bonds and notes are secured on land and buildings with a carrying value of £257.9m (2007: £245.3m) and an assignment of insurance proceeds in respect of insurances over the mortgaged properties.

At 31 December 2008, the Group had £188.6 of undrawn and committed facilities available, comprising committed revolving credit facilities which provide the Group with the financial flexibility to draw and repay loans at its discretion, and to react swiftly to investment opportunities.

Of the Group's total facilities of £705.3m, £178.1m matures during 2009, comprising £78.1m committed facilities which are currently undrawn, £20.9m overdrafts subject to annual renewal and £79.1m unsecured bonds and amounts drawn on committed facilities.

(c) Market Risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

The primary objectives of the treasury function are to provide secure and competitively priced funding for the activities of the Group and to identify and manage financial risks, including exposure to movements in interest and foreign exchange rates arising from those activities. If appropriate, the Group uses financial instruments and derivatives to manage these risks, as set out below:

(i) Foreign currency risk
The Group is exposed to foreign currency risk on revenue, purchases, borrowings and cash deposits denominated in currencies other than the functional currencies of the respective Group entities. The currencies giving rise to this risk are primarily US dollars, Singapore dollars, New Zealand dollars, Australian dollars, New Taiwan dollars and Korean won.

The Group's principal policy, wherever possible, is to maintain a natural hedge whereby liabilities are matched with assets denominated in the same currency. Foreign currency investment exposure is also minimised by borrowing in the currency of the investment.

To mitigate foreign currency translation exposure, an appropriate proportion of net assets is designated as hedged against corresponding financial liabilities in the same currency.

An analysis of borrowings by currency and their fair values as at the balance sheet date is given below:

	31 December 2008		31 December 2007	
	Book value £m	**Fair value £m**	Book value £m	Fair value £m
Sterling	**22.0**	**22.0**	28.5	28.5
Singapore dollar	**174.8**	**174.1**	142.1	139.6
US dollar	**236.4**	**236.4**	188.4	188.4
New Zealand dollar	**24.9**	**24.9**	21.5	21.5
Korean won	**34.0**	**34.0**	36.6	36.6
Malaysian ringgit	**5.1**	**5.1**	1.2	1.2
Other	**–**	**–**	0.1	0.1
	497.2	**496.5**	418.4	415.9

19. FINANCIAL INSTRUMENTS (CONTINUED)

Exchange differences arising on foreign currency loans during each accounting period are recognised as a component of equity, to the extent that the hedge is effective. The foreign exchange exposure arising on the Group's net investment in its subsidiaries is expected to be highly effective in offsetting the exposure arising on the Group's foreign currency borrowings.

Foreign currency translation exposure is primarily managed through funding of purchases from operating income streams arising in the same currency.

Hedging of transaction exposure is undertaken with approved counterparties and within designated limits, using spot or short-term forward contracts to buy or sell the currency concerned, once the timing and the underlying amount of exposure have been determined. Foreign exchange derivatives may also be used to hedge specific transaction exposure where appropriate. As at 31 December 2008 and 31 December 2007 no such contracts were in place.

The following significant exchange rates applied during the year:

	Average rate		Closing rate	
Sterling	**2008**	2007	**2008**	2007
US dollar	**1.859**	1.998	**1.474**	1.985
Singapore dollar	**2.628**	3.010	**2.132**	2.882
New Zealand dollar	**2.592**	2.711	**2.563**	2.577
Australian dollar	**2.174**	2.394	**2.152**	2.270
New Taiwan dollar	**59.464**	66.455	**49.295**	65.351
Korean won	**1,995.67**	1,854.84	**1,878.41**	1,859.35

Sensitivity analysis

With respect to the Group's foreign currency translation exposure, and assuming that all other variables, in particular interest rates, remain constant, it is estimated that a 25 percent strengthening of sterling against the following currencies at 31 December 2008 (31 December 2007: 10 percent) would have decreased equity and profit or loss before tax by the amounts shown below:

	31 December 2008		31 December 2007	
	Equity £m	**Profit before tax £m**	Equity £m	Profit before tax £m
US dollar	**(100.8)**	**(10.9)**	(36.6)	(1.1)
Singapore dollar	**(27.8)**	**(2.2)**	(28.6)	(7.2)
New Zealand dollar	**(41.5)**	**(3.1)**	(13.2)	(1.5)
Australian dollar	**(13.5)**	**(0.2)**	(5.1)	(0.3)
New Taiwan dollar	**(48.3)**	**(2.4)**	(15.0)	(1.0)
Korean won	**(24.8)**	**(2.3)**	(9.1)	(1.0)
	(256.7)	**(21.1)**	(107.6)	(12.1)

A 25 percent weakening of sterling against the above currencies at 31 December 2008 (31 December 2007: 10 percent) would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(ii) Interest rate risk

The Group adopts a policy of ongoing review of its exposure to changes in interest rates on its borrowings, taking into account market expectations with regard to the perceived level of risk associated with each currency, the maturity profile and cash flows of the underlying debt, and the extent to which debt may potentially be either prepaid prior to its maturity or refinanced at reduced cost.

The Group's policy is to maintain a mixture of its financial liabilities on a fixed and floating-rate basis with a greater emphasis on floating rates presently as this flexibility is being considered to be appropriate in the context of the Group's overall geographical diversity, investment and business cycle and the stability of the income streams, cash balances and loan covenants.

Interest rate derivatives are used to manage interest rate risk, to the extent that the perceived cost is considered to outweigh the benefit from the flexibility of variable rate borrowings. The Group actively monitors the need and timing for such derivatives. Where used, interest rate derivatives are classified as cash flow hedges and stated at fair value within the Group's balance sheet. As at 31 December 2008 no interest rate derivatives were in place (2007: £nil).

19. FINANCIAL INSTRUMENTS (CONTINUED)

Cash flow sensitivity analysis for variable rate instruments

Assuming that all other variables, in particular foreign currency rates, remain constant, a change of one percentage point in the average interest rates applicable to variable rate instruments for the year would have increased/(decreased) the Group's profit before tax for the year as shown below:

	Year ended 31 December 2008		Year ended 31 December 2007	
	1% increase £m	**1% decrease £m**	1% increase £m	1% decrease £m
Variable rate financial assets	**1.2**	**(1.2)**	1.4	(1.4)
Variable rate financial liabilities	**(4.7)**	**4.7**	(3.5)	3.5
Cash flow sensitivity (net)	**(3.5)**	**3.5**	(2.1)	2.1

(d) Fair Value

Set out below is a comparison of the fair and book values of all the Group's financial instruments by category. Fair values are determined by reference to market values, where available, or calculated by discounting cash flows at prevailing interest rates.

	2008 Book Value £m	**2008 Fair Value £m**	2007 Book Value £m	2007 Fair Value £m
Financial Assets				
Cash and cash equivalents				
Cash at bank and in hand	**59.6**	**59.6**	58.2	58.2
Short term deposits	**152.5**	**152.5**	98.1	98.1
Held to maturity investments				
Short term investment deposits	**–**	**–**	9.1	9.1
Available for sale financial assets				
Unquoted equity investments available for sale	**4.7**	**4.7**	3.4	3.4
Loans and receivables				
Loans due from joint ventures	**–**	**–**	5.4	3.5
Deposits receivable	**2.0**	**2.8**	1.4	1.7
Trade receivables	**36.4**	**36.4**	35.5	35.5
Trade receivables due from joint ventures and associates	**2.2**	**2.2**	0.7	0.7
Other receivables	**7.8**	**7.8**	6.4	6.4
	265.2	**266.0**	218.2	216.6
Financial Liabilities				
Bank overdrafts	**(2.8)**	**(2.8)**	(0.4)	(0.4)
Short-term loans, bonds and borrowings	**(79.3)**	**(79.3)**	(113.9)	(113.9)
Long-term loans, bonds and borrowings	**(415.1)**	**(414.4)**	(304.0)	(302.5)
Finance lease liabilities	**–**	**–**	(0.1)	(0.1)
Trade payables	**(16.4)**	**(16.4)**	(17.0)	(17.0)
Amounts owed to associates	**(2.7)**	**(2.7)**	(2.1)	(2.1)
Other creditors including taxation and social security	**(23.8)**	**(23.8)**	(21.5)	(21.5)
Other non-current liabilities	**(5.8)**	**(4.8)**	(5.6)	(4.5)
	(545.9)	**(544.2)**	(464.6)	(462.0)

Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table.

Derivatives

Forward exchange contracts are either marked to market using listed market prices or by discounting the contractual forward price and deducting the current spot rate. For interest rate swaps bank valuations are used.

19. FINANCIAL INSTRUMENTS (CONTINUED)

Interest bearing loans and borrowings

Fair value is calculated based on discounted expected future principal and interest cash flows.

Finance lease liabilities

The fair value is estimated as the present value of future cash flows, discounted at market interest rates for similar lease agreements. The estimated fair values reflect changes in interest rates.

Trade and other receivables/payables

For receivables/payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables/payables are discounted to determine the fair value.

Interest rates used for determining fair value

Prevailing market interest rates are used to discount cash flows to determine the fair value of financial assets and liabilities.

20. EMPLOYEE BENEFITS

PENSION ARRANGEMENTS

The Group operates various funded pension schemes which are established in accordance with local conditions and practices within the countries concerned. The most significant funds are described below:

United Kingdom

The Group operates a pension scheme (the Millennium & Copthorne Pension Plan) for its UK employees, which was set up in 1993. The scheme is a funded defined benefit arrangement with different categories of membership. During 2008, as appointed by the Trustees of the Plan, Russell Investments Ltd (formerly known as The Frank Russell Company Limited) and Legal and General Investment Management Limited were the investment managers of the Plan. The assets of the Plan are held separately from those of the Group.

The contributions required are determined by a qualified actuary on the basis of triennial valuations using the projected unit credit method. The last full actuarial valuation of this scheme was carried out by a qualified independent actuary as at 6 April 2005 and this has been updated on an approximate basis to 31 December 2008. The contributions of the Group during the year were 20.5% of pensionable salary, plus enhanced contributions of £1.1m per annum to remove the Plan's deficit. At the date of these accounts the valuation as at 6 April 2008 was not finalised.

As the defined benefit section is closed to new entrants, the current service cost, as a percentage of pensionable payroll is likely to increase as the membership ages, although it will be applied to a decreasing pensionable payroll. The assumptions which have the most significant effect on the results of the valuation are those relating to mortality, the discount rate and the rates of increase in salaries and pensions.

Korea

The Group operates a defined benefit pension plan for its employees in Korea. The contributions required are determined by an external qualified actuary using the projected unit credit method. The most recent valuation was carried out on 31 December 2008. The contributions of the Group were 8.8% (2007: 10.9%) of the employees' earnings. The assumptions which have the most significant effect on the results of the valuations are those relating to the discount rate and rate of increase in salaries.

Taiwan

The Group operates a defined benefit pension plan for its employees in Taiwan. The contributions required are determined by an external qualified actuary using the projected unit credit method. The most recent valuation was carried out on 31 December 2008. The contributions of the Group were 6% (2007: 6%) of the employees' earnings. The assumptions which have the most significant effect on the results of the valuations are those relating to the discount rate and rate of increase in salaries.

The assets of each scheme have been taken at market value and the liabilities have been calculated using the following principal assumptions:

	2008 UK	**2008 Korea**	**2008 Taiwan**	2007 UK	2007 Korea	2007 Taiwan
Inflation rate	**3.1%**	**2.5%**	**–**	3.20%	2.50%	–
Discount rate*	**6.5%**	**7.75%**	**2.75%**	5.90%	7.00%	2.75%
Rate of salary increase	**3.6%**	**5.0%**	**3.0%**	3.70%	5.00%	3.00%
Rate of pension increases	**3.1%**	**–**	**–**	3.20%	–	–
Annual expected return on plan assets	**7.5%**	**5.0%**	**2.75%**	7.24%	5.00%	2.75%

The assumptions used by the actuaries are the best estimates chosen from a range of possible actuarial assumptions, which due to the timescale covered, may not be necessarily borne out in practice. The present values of the schemes' liabilities are derived from cash flow projections over long periods and are inherently uncertain. The expected annual return on UK plan assets for 2008 of 7.5% has been calculated using an 8.0% return on equity (representing 66.7% of plan assets) and a 6.5% return on bonds (representing 33% of plan assets).

* The discount rate used in respect of the UK pension scheme of 6.5% (2007: 5.90%) was based on the yield of the Merrill Lynch over-15 year AA rated corporate bond index.

20. EMPLOYEE BENEFITS (CONTINUED)

Amounts recognised on the balance sheet are as follows:

	2008 UK £m	**2008 Korea £m**	**2008 Taiwan £m**	**2008 Other £m**	**2008 Total £m**	2007 UK £m	2007 Korea £m	2007 Taiwan £m	2007 Other £m	2007 Total £m
Present value of funded obligations	**26.6**	**5.8**	**7.7**	**0.6**	**40.7**	31.5	5.3	6.4	0.5	43.7
Fair value of plan assets	**(19.3)**	**(6.6)**	**(2.0)**	**–**	**(27.9)**	(22.8)	(6.3)	(1.7)	–	(30.8)
Plan deficit/(surplus)	**7.3**	**(0.8)**	**5.7**	**0.6**	**12.8**	8.7	(1.0)	4.7	0.5	12.9

Changes in the present value of defined benefit obligations are as follows:

	2008 UK £m	**2008 Korea £m**	**2008 Taiwan £m**	**2008 Other £m**	**2008 Total £m**	2007 UK £m	2007 Korea £m	2007 Taiwan £m	2007 Other £m	2007 Total £m
Balance at 1 January	**31.5**	**5.3**	**6.4**	**0.5**	**43.7**	31.5	5.9	6.3	0.4	44.1
Current service cost	**0.6**	**0.9**	**0.3**	**0.1**	**1.9**	0.5	1.0	0.2	0.1	1.8
Members contributions	**–**	**–**	**–**	**–**	**–**	0.1	–	–	–	0.1
Interest cost	**1.9**	**0.3**	**0.1**	**–**	**2.3**	1.7	0.3	0.1	–	2.1
Benefits paid	**(0.7)**	**(0.7)**	**(0.7)**	**–**	**(2.1)**	(0.9)	(1.9)	(0.2)	–	(3.0)
Actuarial losses/(gains)	**(6.7)**	**–**	**(0.4)**	**–**	**(7.1)**	(1.4)	0.1	–	–	(1.3)
Foreign exchange adjustments	**–**	**–**	**2.0**	**–**	**2.0**	–	(0.1)	–	–	(0.1)
Balance at 31 December	**26.6**	**5.8**	**7.7**	**0.6**	**40.7**	31.5	5.3	6.4	0.5	43.7

Changes in the fair value of plan assets are as follows:

	2008 UK £m	**2008 Korea £m**	**2008 Taiwan £m**	**2008 Other £m**	**2008 Total £m**	2007 UK £m	2007 Korea £m	2007 Taiwan £m	2007 Other £m	2007 Total £m
Balance at 1 January	**22.8**	**6.3**	**1.7**	**–**	**30.8**	21.3	6.3	1.5	–	29.1
Expected return on plan assets	**1.7**	**0.3**	**0.1**	**–**	**2.1**	1.3	0.2	–	–	1.5
Group contributions	**1.5**	**0.7**	**0.5**	**–**	**2.7**	1.6	1.9	0.4	–	3.9
Members' contributions	**0.1**	**–**	**–**	**–**	**0.1**	0.1	–	–	–	0.1
Benefits paid	**(0.7)**	**(0.7)**	**(0.7)**	**–**	**(2.1)**	(0.9)	(1.9)	(0.2)	–	(3.0)
Experience losses	**(6.1)**	**–**	**(0.1)**	**–**	**(6.2)**	(0.6)	–	–	–	(0.6)
Foreign exchange adjustments	**–**	**–**	**0.5**	**–**	**0.5**	–	(0.2)	–	–	(0.2)
Balance at 31 December	**19.3**	**6.6**	**2.0**	**–**	**27.9**	22.8	6.3	1.7	–	30.8
Actual return of plan assets	**(4.4)**	**0.3**	**–**	**–**	**(4.1)**	0.7	0.2	–	–	0.9

The Group expects £2.8m in contributions to be paid to the defined benefit plans in 2009.

20. EMPLOYEE BENEFITS (CONTINUED)

The fair values of plan assets in each category are as follows:

	2008 UK £m	**2008 Korea £m**	**2008 Taiwan £m**	**2008 Other £m**	**2008 Total £m**	2007 UK £m	2007 Korea £m	2007 Taiwan £m	2007 Other £m	2007 Total £m
Equity	**12.5**	**–**	**–**	**–**	**12.5**	17.1	–	–	–	17.1
Bonds	**6.6**	**–**	**–**	**–**	**6.6**	5.6	–	–	–	5.6
Cash	**0.2**	**6.6**	**2.0**	**–**	**8.8**	0.1	6.3	1.7	–	8.1
	19.3	**6.6**	**2.0**	**–**	**27.9**	22.8	6.3	1.7	–	30.8

The expense recognised in the income statement is as follows:

	2008 UK £m	**2008 Korea £m**	**2008 Taiwan £m**	**2008 Other £m**	**2008 Total £m**	2007 UK £m	2007 Korea £m	2007 Taiwan £m	2007 Other £m	2007 Total £m
Current service cost	**0.6**	**0.9**	**0.3**	**0.1**	**1.9**	0.5	1.0	0.2	0.1	1.8
Interest cost on obligation	**1.9**	**0.3**	**0.1**	**–**	**2.3**	1.7	0.3	0.1	–	2.1
Expected return on plan assets	**(1.7)**	**(0.3)**	**(0.1)**	**–**	**(2.1)**	(1.3)	(0.2)	–	–	(1.5)
	0.8	**0.9**	**0.3**	**0.1**	**2.1**	0.9	1.1	0.3	0.1	2.4

The total cost is recognised in the following items in the income statement:	**2008 £m**	2007 £m
Cost of sales	**0.9**	1.2
Administrative expenses	**1.2**	1.2
	2.1	2.4

The income/(expense) recognised in the statement of recognised income and expense is as follows:

	2008 UK £m	**2008 Korea £m**	**2008 Taiwan £m**	**2008 Other £m**	**2008 Total £m**	2007 UK £m	2007 Korea £m	2007 Taiwan £m	2007 Other £m	2007 Total £m
Actual return less expected return on plan assets	**(6.1)**	**–**	**(0.1)**	**–**	**(6.2)**	(0.6)	–	–	–	(0.6)
Experience gains/(losses) on plan liabilities	**1.3**	**–**	**–**	**–**	**1.3**	0.2	(0.8)	–	–	(0.6)
Changes in demographic and financial assumptions underlying the present value of plan liabilities	**5.4**	**–**	**0.4**	**–**	**5.8**	1.2	0.7	–	–	1.9
	0.6	**–**	**0.3**	**–**	**0.9**	0.8	(0.1)	–	–	0.7

20. EMPLOYEE BENEFITS (CONTINUED)

Actuarial gains recognised directly in equity are as follows:	**2008 £m**	2007 £m
Cumulative as at 1 January	**6.4**	7.1
Actuarial gains recognised during the year	**(0.9)**	(0.7)
Cumulative as at 31 December	**5.5**	6.4

The principal cause for the UK Plan actuarial gains in 2008 and 2007 is an increase in mortality rates used net of the higher discount rate applied. Mortality rates used reflect an industry wide recognition that life expectancy has increased. The life expectancies underlying the value of the accrued liabilities for the UK Plan, based on retirement age of 65, are as follows:

	2008 Years	2007 Years
Males	**25**	25
Females	**28**	28

Trend analysis

	2008 UK £m	**2008 Korea £m**	**2008 Taiwan £m**	**2008 Other £m**	**2008 Total £m**
Present value of funded obligations	**26.6**	**5.8**	**7.7**	**0.6**	**40.7**
Fair value of plan assets	**(19.3)**	**(6.6)**	**(2.0)**	**–**	**(27.9)**
Plan deficit/(surplus)	**7.3**	**(0.8)**	**5.7**	**0.6**	**12.8**
Experience gains on plan liabilities	**6.7**	**–**	**0.4**	**–**	**7.1**
Experience losses on plan assets	**(6.1)**	**–**	**(0.1)**	**–**	**(6.2)**
	2007 UK £m	2007 Korea £m	2007 Taiwan £m	2007 Other £m	2007 Total £m
Present value of funded obligations	31.5	5.3	6.4	0.5	43.7
Fair value of plan assets	(22.8)	(6.3)	(1.7)	–	(30.8)
Plan deficit/(surplus)	8.7	(1.0)	4.7	0.5	12.9
Experience gains/(losses) on plan liabilities	1.4	(0.1)	–	–	1.3
Experience losses on plan assets	(0.6)	–	–	–	(0.6)
	2006 UK £m	2006 Korea £m	2006 Taiwan £m	2006 Other £m	2006 Total £m
Present value of funded obligations	31.5	5.9	6.3	0.4	44.1
Fair value of plan assets	(21.3)	(6.3)	(1.5)	–	(29.1)
Plan deficit/(surplus)	10.2	(0.4)	4.8	0.4	15.0
Experience losses on plan liabilities	(0.5)	(1.1)	(0.2)	–	(1.8)
Experience gains on plan assets	0.4	–	–	–	0.4

20. EMPLOYEE BENEFITS (CONTINUED)

Trend analysis (continued)

	2005 UK £m	2005 Korea £m	2005 Taiwan £m	2005 Other £m	2005 Total £m
Present value of funded obligations	29.5	6.2	6.5	0.4	42.6
Fair value of plan assets	(18.9)	(6.3)	(1.4)	–	(26.6
Plan deficit/(surplus)	10.6	(0.1)	5.1	0.4	16.0
Experience gains/(losses) on plan liabilities	(6.3)	2.5	(0.7)	–	(4.5)
Experience gains/(losses) on plan assets	2.3	(0.2)	–	–	2.1

Share-based payments

The Group operates a number of share option schemes which are designed to link remuneration to the future performance of the Group. Details of these schemes are given in the Directors' Remuneration Report.

In accordance with the Group's accounting policy O (iv), on share-based payment transactions, the fair value of share options and long-term incentive awards are recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the share options and long-term incentive awards.

The charge to the income statement in the year was £1.1m (2007: £0.8m).

The Group applied IFRS 2 to its active employee share-based payment arrangements at 1 January 2005 except for equity-settled employee share-based payment arrangements granted before 7 November 2002. The Group has granted employee equity-settled share-based payments in 2006, 2007 and 2008. The adoption of IFRS 2 is equity neutral for equity-settled transactions.

(i) Millennium & Copthorne Hotels plc Long-Term Incentive Plan

Performance Share Awards under this scheme are awarded to executive Directors and senior management of the Group.

Date of Award	Awards outstanding as at 1 Jan 2008	Awards awarded during the year	Awards vested during the year	Awards forfeited during the year	Awards expired during the year	Awards outstanding as at 31 Dec 2008	Credited to share capital £'000	Credited to share premium £'000	Vesting date
01.09.2006	200,855	–	(24,809)	(13,324)	–	162,722	7	102	01.09.2009
27.03.2007	184,008	–	(13,654)	(27,467)	–	142,887	4	87	27.03.2010
18.09.2007	75,012	–	–	(20,790)	–	54,222	–	–	18.09.2010
25.06.2008	–	734,587	–	(16,815)	–	717,772	–	–	25.06.2011
	459,875	734,587	(38,463)	(78,396)	–	1,077,603	11	189	

20. EMPLOYEE BENEFITS (CONTINUED)

Share-based payments (continued)

(ii) Millennium & Copthorne Hotels plc 2003 Executive Share Option Scheme

Share options under this scheme are granted to executive Directors and senior management of the Group.

							Proceeds on exercise of options during the year		
Date of grant of options	Exercise price per share £	Options outstanding as at 1 Jan 2008	Options exercised during the year	Options expired during the year	Options forfeited during the year	Options outstanding as at 31 Dec 2008	Credited to share capital £'000	Credited to share premium £'000	Exercise Period
Part I									
10.03.2003	1.9350	14,637	(2,637)	–	–	12,000	1	4	10.03.2006 – 09.03.2013
16.03.2004	2.9167	10,285	–	–	–	10,285	–	–	16.03.2007 – 15.03.2014
24.03.2005	3.9842	30,116	–	(7,529)	(7,529)	15,058	–	–	24.03.2008 – 23.03.2015
Part II									
10.03.2003	1.9350	429,315	(205,448)	–	–	223,867	62	336	10.03.2006 – 09.03.2013
16.03.2004	2.9167	59,558	–	–	–	59,558	–	–	16.03.2007 – 15.03.2014
24.03.2005	3.9842	235,183	–	(38,879)	(6,314)	189,990	–	–	24.03.2008 – 23.03.2015
		779,094	(208,085)	(46,408)	(13,843)	510,758	63	340	

(iii) Millennium & Copthorne Hotels Executive Share Option Scheme

No further share options are granted under this scheme.

								Proceeds on exercise of options during the year		
Date of grant of options	Exercise price per share £	Options outstanding as at 1 Jan 2008	Options granted during the year	Options exercised during the year	Options forfeited during the year	Options expired during the year	Options outstanding as at 31 Dec 2008	Credited to share capital £'000	Credited to share premium £'000	Exercise Period
Part A										
05.03.1998	4.6087	6,509	–	–	–	(6,509)	–	–	–	05.03.2001 – 04.03.2008
Part B										
14.03.2001	4.3250	69,364	–	–	–	(69,364)	–	–	–	14.03.2004 – 13.03.2008
15.03.2002	3.2250	88,941	–	–	–	–	88,941	–	–	15.03.2005 – 14.03.2009
		164,814	–	–	–	(75,873)	88,941	–	–	

20. EMPLOYEE BENEFITS (CONTINUED)

Share-based payments (continued)

(iv) Millennium & Copthorne Hotels Sharesave Scheme and 2006 Sharesave Scheme

Share options under this scheme are granted to UK based executive Directors and employees.

Date of grant of options	Exercise price per share £	Options outstanding as at 1 Jan 2008	Options granted during the year	Options exercised during the year	Options forfeited during the year	Options expired during the year	Options outstanding as at 31 Dec 2008	Proceeds on exercise of options during the year: Credited to share capital £'000	Proceeds on exercise of options during the year: Credited to share premium £'000	Exercise Period
Period										
21.05.2002	2.9200	2,267	–	–	–	(2,267)	–	–	–	01.07.2007 – 31.12.2007
28.04.2003	1.5040	55,909	–	(53,725)	(2,184)	–	–	16	65	01.07.2008 – 31.12.2008
20.04.2004	2.3400	3,704	–	–	–	(3,704)	–	–	–	01.07.2007 – 31.12.2007
20.04.2004	2.3400	25,427	–	–	–	–	25,427	–	–	01.07.2009 – 31.12.2009
23.03.2005	3.0800	32,165	–	(12,792)	(4,182)	(4,306)	10,885	4	36	01.07.2008 – 31.12.2008
23.03.2005	3.0800	28,965	–	–	(5,365)	–	23,600	–	–	01.07.2010 – 31.12.2010
19.06.2006	3.2500	47,503	–	(886)	(14,261)	(840)	31,516	–	2	01.08.2009 – 31.01.2010
19.06.2006	3.2500	33,771	–	–	(6.934)	–	26,837	–	–	01.08.2011 – 31.01.2012
26.03.2007	5.2000	29,741	–	–	(13,875)	–	15,866	–	–	01.07.2010 – 31.12.2010
26.03.2007	5.2000	18,945	–	–	(6,926)	(1,259)	10,760	–	–	01.07.2012 – 31.12.2012
20.03.2008	3.2800	–	81,856	–	(18,316)	–	63,540	–	–	01.07.2011 – 31.12.2011
20.03.2008	3.2800	–	36,560	–	(2,048)	–	34,512	–	–	01.07.2013 – 31.12.2013
		278,397	118,416	(67,403)	(74,091)	(12,376)	242,943	20	103	

The weighted average share price at the date of exercise of share options in the year was £3.79 (2007: £6.66).

The options outstanding at the year end have an exercise price in the range £1.935 to £5.20 and a weighted average contractual life of 3.39 years.

Measurement of fair value

The fair value of services received in return for share options and performance share awards granted are measured by reference to the fair value of share options and performance share awards granted. The estimate of the fair value of services received is measured on a stochastic model.

The option pricing model involves six variables:

- Exercise price
- Share price at grant
- Expected life (note (a) below)
- Expected volatility of share price (note (b) below)
- Risk free interest rate
- Expected dividend yield (note (c) below)

20. EMPLOYEE BENEFITS (CONTINUED)

Measurement of fair value (continued)

The following awards were granted in the current year and comparative year:

2008 Award	**Date of grant**	**Awards/ options granted**	**Share price prevailing on date of grant £**	**Exercise price £**	**Fair value £**	**Expected term (years)**	**Expected volatility**	**Expected dividend yield**	**Risk free interest rates**
LTIP (Directors)	25.06.2008	390,250	3.57	–	3.21	3	–	3.5%	–
LTIP (non-Directors)	25.06.2008	344,337	3.57	–	3.21	3	–	3.5%	–
Sharesave Scheme (3 year)	20.03.2008	81,856	3.88	3.28	0.97	3.25	27.5%	3.22%	3.83%
Sharesave Scheme (5 year)	20.03.2008	36,560	3.88	3.28	1.09	5.25	28.1%	3.22%	3.92%

2007 Award	Date of grant	Awards/ options granted	Share price prevailing on date of grant £	Exercise price £	Fair value £	Expected term (years)	Expected volatility	Expected dividend yield	Risk free interest rates
LTIP (Directors)	27.03.2007	360,015	6.79	–	6.53	3	–	1.25%	–
LTIP (non-Directors)	18.09.2007	75,012	4.90	–	4.66	3	–	1.73%	–
Sharesave Scheme (3 year)	26.03.2007	31,919	6.73	5.20	2.24	3.25	20.5%	1.26%	5.31%
Sharesave Scheme (5 year)	26.03.2007	22,094	6.73	5.20	2.79	5.25	28.1%	1.26%	5.21%

Note (a)

Directors: 30% exercise after 3 years if gain; 25% of the remainder in following years using reducing balance method; 1% exercise in years 4 to 10 (on reducing balance method); and the balance of options exercised at maturity (year 10) if "in the money".

Non-Directors: 45% after 3 years if gain; 25% of the remainder in following years using reducing balance method; 10% exercise in years 1 to 3 (straight line); 5% exercise on third anniversary; 5% exercise in years 4 to 10 (on reducing balance method); and the balance of options exercised at maturity (year 10) if "in the money".

Note (b)

The expected volatility is based upon the movement in the share price over a certain period until the grant date. The length of the period reviewed is commensurate with the expected term of the option granted.

Note (c)

The expected dividend yield is based upon dividends announced in the 12 months prior to grant calculated as a percentage of the share price on the date of grant.

21. PROVISIONS

	2008 £m	2007 £m
Balance at 1 January	**1.4**	1.7
Utilised during the year	**(0.2)**	(0.3)
Balance at 31 December	**1.2**	1.4
Analysed as:		
Non-current	**0.9**	1.0
Current	**0.3**	0.4
	1.2	1.4

The provision relates to an onerous lease and it will be released over the life of the lease until 2014.

22. OTHER NON-CURRENT LIABILITIES

	2008 £m	2007 £m
Deferred income	**112.8**	84.7
Deferred property taxes	**–**	0.6
Other liabilities	**5.8**	5.6
	118.6	90.9

Note 32 (section entitled 'Lease backs from CDLHT') explains how prepaid operating land lease income is recognised on the balance sheet as deferred income. At 31 December 2008 an amount of £114.4m is recognised on the balance sheet as deferred income, £112.8m in non-current liabilities and £1.6m in trade and other payables (see note 24).

23. DEFERRED TAXATION

Movements in deferred tax liabilities and assets (prior to offsetting balances) during the year are as follows:

		Charged/(credited) to income statement						
	At 1 January 2008 £m	Change in tax rate £m	Change in UK legislation £m	Other adjustment to opening provision[2] £m	Current year movement £m	Charged/ (credited) to reserves £m	Exchange on translation £m	**At 31 December 2008 £m**
Deferred tax liabilities								
Property assets[1]	222.1	(4.4)	10.3	(7.1)	0.9	–	54.2	**276.0**
Share of profits of associate	0.7	–	–	–	(0.2)	–	0.2	**0.7**
	222.8	(4.4)	10.3	(7.1)	0.7	–	54.4	**276.7**
Deferred tax assets								
Tax losses	(6.4)	0.1	–	(2.4)	2.1	–	(1.9)	**(8.5)**
Employee benefits[3]	(4.8)	–	–	0.4	(0.7)	1.9	(0.4)	**(3.6)**
Others	(5.8)	0.1	–	0.7	(0.7)	0.2	(1.0)	**(6.5)**
	(17.0)	0.2	–	(1.3)	0.7	2.1	(3.3)	**(18.6)**
Deferred tax liabilities	205.8	(4.2)	10.3	(8.4)	1.4	2.1	51.1	**258.1**

1 Property assets comprise plant, property and equipment, lease premium prepayment and investment properties.

2 £8.4m of deferred tax has been released due to over provisions in respect of prior years, the conclusion of reviews by tax authorities and other timing differences.

3 Employee benefits comprise defined benefit pension schemes and share-based payment arrangements. In relation to £1.9m charged to reserves in 2008, there is a £0.3m charge relating to defined benefit pension schemes and a £1.6m charge relating to share-based payment arrangements.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when deferred taxes relate to the same taxation authority.

Deferred tax assets have not been recognised in respect of the following items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

23. DEFERRED TAXATION (CONTINUED)

	2008 £m	2007 £m
Deductible temporary differences	**0.6**	0.4
Tax losses	**0.2**	0.9
	0.8	1.3
Adjustments due to:		
– Deductible temporary differences in respect of prior year	**3.4**	3.1
– Tax losses in respect of prior year	**9.6**	5.9
	13.8	10.3

The deductible temporary differences do not expire under current tax legislation. The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in respective countries in which certain subsidiaries operate.

The gross tax losses with expiry dates are as follows:

	2008 £m	2007 £m
Expiry dates:		
– within 1 to 5 years	**5.9**	2.5
– after 5 years	**–**	–
– no expiry date	**47.3**	30.3
	53.2	32.8

At 31 December 2008, a deferred tax liability of £83.7m (2007: £51.7m) relating to undistributed reserves of overseas subsidiaries and joint ventures of £674.2m (2007: £323.6m) has not been recognised because the Group controls whether the liability will be incurred and it is satisfied that it will not be incurred in the foreseeable future.

24. TRADE AND OTHER PAYABLES

	2008 £m	2007 £m
Trade payables	**16.4**	17.0
Amounts owed to associates	**2.7**	2.1
Other creditors including taxation and social security		
– Social security and other taxes	**5.5**	4.9
– Value added tax and similar sales taxes	**9.7**	8.8
– Other creditors	**8.6**	7.8
Accruals	**76.1**	61.2
Deferred income	**11.4**	9.6
Rental and other deposits	**2.9**	2.3
	133.3	113.7

As explained in note 22, included in deferred income is an amount of £1.6m (2007: £1.2m) relating to prepaid operating land lease income by CDLHT.

The Group's exposure to currency and liquidity risks related to trade and other payables are disclosed in note 19.

25. RECONCILIATION OF EQUITY

	Share Capital £m	Share Premium £m	Translation Reserve £m	Retained Earnings £m	Total £m
Balance at 1 January 2007	87.6	848.7	(37.6)	370.4	1,269.1
Total recognised income and expense	–	–	10.0	152.7	162.7
Dividends (see below)	–	–	–	(36.6)	(36.6)
Issue of shares in lieu of dividends	1.2	(1.2)	–	26.1	26.1
Share options exercised	0.1	1.3	–	–	1.4
Equity settled transactions	–	–	–	0.8	0.8
Balance at 31 December 2007	88.9	848.8	(27.6)	513.4	1,423.5
Balance at 1 January 2008	88.9	848.8	(27.6)	513.4	1,423.5
Total recognised income and expense	–	–	258.4	68.8	327.2
Dividends (see below)	–	–	–	(37.2)	(37.2)
Issue of shares in lieu of dividends	1.7	(1.7)	–	22.2	22.2
Share options exercised	0.1	0.6	–	–	0.7
Equity settled transactions	–	–	–	1.1	1.1
Balance at 31 December 2008	**90.7**	**847.7**	**230.8**	**568.3**	**1,737.5**

	2008 pence	2007 pence	**2008 £m**	2007 £m
Final ordinary dividend paid	**10.42**	6.42	**30.9**	18.7
Final special dividend paid	**–**	4.00	**–**	11.7
Interim dividend paid	**2.08**	2.08	**6.3**	6.2
	12.50	12.50	**37.2**	36.6

After the balance sheet date, the Directors proposed the following final ordinary dividend, which has not been provided for:

	2008 pence	2007 pence	**2008 £m**	2007 £m
Final ordinary dividend proposed	**4.17**	10.42	**12.6**	30.9

In respect of dividends paid in 2008 totalling £37.2m (2007: £36.6m), the Group offered shareholders the option of a scrip dividend. This resulted in dividend cash payments in 2008 of £15.0m (2007: £10.5m). The balance of £22.2m (2007: £26.1m) has been credited to reserves upon issue of the related share capital. The Group will again be offering shareholders the option of a scrip dividend for the final ordinary proposed dividend of 4.17p per share.

26. MINORITY INTERESTS

	2008 £m	2007 £m
Balance at 1 January	**130.2**	123.0
Total recognised income and expense	**29.2**	17.5
Dividends paid	**(3.4)**	(2.2)
Capital contribution from minority interests	**–**	1.9
Share buy-back of minority interests	**(12.6)**	(10.0)
Balance at 31 December	**143.4**	130.2

27. SHARE CAPITAL

	Number of 30p shares authorised	Number of 30p shares allotted, called up and fully paid
Balance at 1 January 2008	1,000,000,000	296,376,450
Issue of ordinary shares on exercise of share options		308,783
Issue of ordinary shares in lieu of dividends		5,574,628
Balance at 31 December 2008	1,000,000,000	302,259,861

The authorised share capital stood at £300,000,000 throughout the year. All of the share capital is equity share capital. Ordinary shares issued in lieu of dividends have been accounted for as a bonus issue of shares.

At the year end options over 842,642 ordinary shares remain outstanding and are exercisable between now and 23 March 2015 at between £1.935 and £5.20. In addition, awards made under the Long-Term Incentive Plan over 1,077,603 ordinary shares remain unvested and may potentially vest between 31 December 2008 and 25 June 2011.

During the year Millennium & Copthorne Hotels plc issued invitations to UK employees under the Sharesave Scheme to enter into a five-year savings contract or a three-year savings contract with an option to purchase shares at an option price of 328p on expiry of the savings contract.

28. FINANCIAL COMMITMENTS

	2008 £m	2007 £m
(a) Capital commitments at the end of the financial year which are contracted but not provided for	**34.7**	30.8

The Group's share of the capital commitments of joint ventures are shown in note 12 on page 92.

(b) Total commitments under non-cancellable operating lease rentals are payable by the Group as follows:

	2008 £m	2007 £m
– less than one year	**31.6**	26.2
– between one and five years	**102.3**	89.9
– more than five years	**312.8**	254.8
	446.7	370.9

Included in the above are the following commitments of the Group to CDLHT under non-cancellable operating lease rentals that relate to the fixed portion due to CDLHT over the remaining tenure of the initial 20-year lease term in respect of the four REIT properties. The amounts due are as follows:

	2008 £m	2007 £m
– less than one year	**12.5**	9.2
– between one and five years	**49.5**	36.7
– more than five years	**155.4**	124.0
	217.4	169.9

(c) The Group leases out its property under operating leases. The future minimum lease rentals receivable by the Group under non-cancellable leases are as follows:

	2008 £m	2007 £m
– less than one year	**6.9**	6.6
– between one and five years	**13.1**	12.5
– more than five years	**12.3**	11.8
	32.3	30.9

During the year ended 31 December 2008 £3.8m was recognised as rental income in the income statement (2007: £3.1m) and £0.4m in respect of repairs and maintenance was recognised as an expense in the income statement relating to investment property (2007: £0.3m).

29. CONTINGENCIES AND SUBSEQUENT EVENTS

(a) In the course of operations the Group is routinely exposed to potential liabilities for claims made by employees and contractual or tortious claims made by third parties. No material losses are anticipated from such exposures. There were no contingent liabilities or guarantees other than those arising in the ordinary course of business and on these no material losses are anticipated. The Group has insurance cover up to certain limits for major risks on property and major claims in connection with legal liabilities arising in the course of its operations. Otherwise the Group generally carries its own risk. The Group believes that the provisions carried on the balance sheet are sufficient to cover these risks.

(b) There are no events subsequent to the balance sheet date which either require adjustment to or disclosure within these consolidated financial statements.

30. RELATED PARTIES

Identity of related parties

The Group has a related party relationship with its subsidiaries, joint ventures, associates and with its Directors and executive officers.

Transactions with ultimate holding company, and other related companies

The Group has a related party relationship with certain subsidiaries of Hong Leong Investment Holding Pte. Ltd ("Hong Leong"), which is the ultimate holding and controlling company of Millennium & Copthorne Hotels plc and holds 53% (2007: 53%) of the Company's shares via City Developments Limited (CDL) the intermediate holding company of the Group. During the year ended 31 December 2008 the Group had the following transactions with those subsidiaries as noted below:

The Group deposited certain surplus cash with Hong Leong Finance Limited, a subsidiary undertaking of the Group, on normal commercial terms. Interest income of £0.1m (2007: £0.2m) was received during the year. As at 31 December 2008 £13.6m (2007: £12.3m) of cash was deposited with Hong Leong Finance Limited.

Rents of £0.2m (2007: £0.2m) were paid to CDL in respect of office space used by Millennium and Copthorne International Limited in the King's Centre in Singapore. In the same property, rentals were also paid to CDL in respect of the Grand Shanghai restaurant amounting to £0.1m (2007: £0.1m).

Property management fees of £0.06m (2007: £0.1m) were paid to CDL in respect of property management and accounting services provided in relation to the Tanglin Shopping Centre in Singapore.

Property development management services of RM1.0m (£0.2m) (2007: £nil) for the Millennium Residence development project in Malaysia were incurred by Palmerston Holdings Sdn. Bhd., a 51% owned subsidiary of CDL on the Group's behalf. At 31 December 2008 £0.2m (2007: £nil) was outstanding.

Richfield Hospitality Inc ("RHI"), formerly Swan Inc, a company owned 85% by City e-Solutions Limited (a subsidiary of Hong Leong) and 15% by the Group, provided reservations, accounting and information technology services to the Group. A total of £0.2m (2007: £0.2m) was charged by RHI during the period and as at 31 December 2008, £0.03m (2007: £nil) was due to RHI.

For the year ended 31 December 2008, fees paid/payable by the Group to Hong Leong Management Services Pte. Ltd ("HLMS"), a subsidiary of Hong Leong amounted to £1.2m (2007: £0.4m), of which £0.6m (2007: £nil) was for consulting services in relation to the aborted sale of CDL Hotels (Korea) Limited, details of which are given in note 3. At 31 December 2008 £0.5m (2007: £0.4m) of fees payable was outstanding.

Management fees totalling £0.06m (2007: £nil) were received from City Developments Limited in respect of maintenance; fees of £0.5m (2007: £nil) relating to the purchase of utensils, car parking, leasing commission and professional services were paid to City Developments Limited.

The Group provided hotel management services to a joint venture company of HL Global Enterprises Limited, a subsidiary of Hong Leong. A total of £0.02m (2007: £nil) was charged during the year and as at 31 December 2008 £0.003m (2007: £nil) was due to the Group.

Transactions between the Group and its associates and joint ventures are disclosed below:

In July 2006 the Group completed the sale of long leasehold interests in three of its Singapore hotels to CDLHT, an associate. Refer to note 31 for a further description of the principal activities of CDLHT. These hotels were the Orchard Hotel (including the connected shopping centre), and M Hotel which were both sold on 75-year leases and Copthorne King's Hotel for the remaining 61 years of a 99-year lease. CDLHT also acquired the Grand Copthorne Waterfront Hotel, a Group managed hotel from City Developments Limited under a 75 year lease. All four hotels excluding the shopping centre were leased back to the Group for an initial term of 20 years, each renewable at the Group's option for an additional term of 20 years.

30. RELATED PARTIES (CONTINUED)

Under the terms of the master lease agreements for the four hotels, the Group is obliged to pay CDLHT an annual rental for the duration of the term (initial and extended term) of each lease agreement comprising the following:

- A fixed rent and a service charge for each hotel. The aggregate of the fixed rent and service charge for the hotels is £10.0m (S$26.4m) (2007: £8.8m (S$26.4m)) comprising £3.9m (S$10.3m) (2007: £3.5m, (S$10.3m)), £2.7m (S$7.2m) (2007: £2.4m (S$7.2m)), £2.3m (S$6.1m) (2007: £2.0m (S$6.1m)) and £1.1m (S$2.8m) (2007: £0.9m (S$2.8m)) for Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel and Copthorne King's Hotel, respectively;

- A variable rent computed based on the sum of 20% of each hotel's revenue for the prevailing financial year and 20% of each hotel's gross operating profit for the prevailing financial year, less the sum of the fixed rent and the service charge. Should the calculation of the variable rent yield a negative figure, the variable rent is deemed to be zero.The rents paid/payable under the leases referred to above for the year are as follows:

The rents paid/payable under the leases referred to above for the year are as follows:

	2008 **£m**	2007 £m
Copthorne King's Hotel	**3.9**	3.0
Orchard Hotel	**11.0**	8.1
M Hotel	**6.1**	4.6
Grand Copthorne Waterfront	**9.1**	6.7
	30.1	22.4

Variable rents recognised by the Group and included in the above amounted to £19.9m (2007: £13.6m).

The Group acts as H-REIT manager and HBT Trustee manager with their fees having a performance-based element. The H-REIT manager is entitled to receive a base fee of 0.25% per annum of the value of the H-REIT Deposited Property as well as additional performance fee of 5% per annum of H-REIT's Net Property Income in the relevant financial year. 80% of the H-REIT Manager's fees will be paid in stapled securities for the first five years. In addition acquisition fees are payable, 100% in stapled securities at a rate of 0.5% of the value of new properties deposited with H-REIT. For the year to 31 December 2008 the fees paid in stapled securities totalled S$7.3m (£2.8m) (2007: S$8.2m (£2.7m)). The balance payable in cash was S$1.8m (£0.7m) (2007: S$1.5m (£0.5m)) of which £0.1m (2007: £0.1m) is outstanding at 31 December 2008. £0.08m (2007: £0.04m) interest receivable accrued in the year on the rent deposit paid to the REIT.

City Hotels Pte. Ltd, a 100% subsidiary of the Group, provided a shareholder loan facility of 450m Thai Baht (£8.8m) (2007: 450m Thai Baht (£6.7m)) to Fena Estate Company Limited ("Fena"), its 50% owned joint venture. At 31 December 2008, 450m Thai Baht (£8.8m) (2007: 341.1m Thai Baht (£5.1m)) had been drawn on this facility. The loan attracts interest at 4.5% (2007: 4.5%) per annum and interest of £0.3m (2007: £0.3m) was accrued for in the financial year. This interest is rolled up into the carrying value of the loan. Management fees were charged to Fena in respect of maintenance and other services at the Grand Millennium Sukhumvit Bangkok totalling £0.4m (2007: £nil).

The Group has provided a letter of undertaking to the United Overseas Bank (Thailand) Public Company Limited (UOB) that it will provide funding to Fena to enable it to fund any shortfall in interest payments on a THB 1,500m external facility agreement with UOB. Under the terms of the agreement the Group will fund the first THB100m of such a shortfall but thereafter will only fund 50% of any additional interest shortfall. The letter of undertaking is considered to be a contingent liability.

In addition, during 2008, the Group has provided a further US$2.0m operator loan facility to Fena which was not drawn down as at 31 December 2008.

The Group has provided hotel management services to Beijing Fortune Hotel Co. Ltd ("BFHC"), the Group's 30% owned joint venture. A total of £0.2m (2007: £nil) was charged to BFHC during the year, all of which was outstanding at the year end. In addition, as at 31 December 2008 BFHC owed £0.8m (2007: £nil) to the Group on account of certain hotel operating and other related expenses that had been paid by the Group to third parties.

During 2008 Millennium & Copthorne Hotel Holdings (Hong Kong) Limited a 100% subsidiary of the Group, has provided a guarantee to the Bank of East Asia (China) Limited that it will pay on demand, 30% of principal, interest and costs on loan facilities totalling RMB 500m (£49.5m) given to BFHC. At 31 December 2008 RMB 400m (£39.6m) of the facility has been drawn down.

The Group's hotels purchased £0.04m (2007: £nil) of hotel supplies and operating equipment during the year from Thakral Corporation Limited, an associate of Hong Leong. As at 31 December 2008 £nil (2007: £nil) was due from the Group to Thakral Corporation Limited.

The Group has a related party relationship with Mr Ali Al Zaabi, a minority shareholder of its operations in the Middle East. Fees of £0.2m (2007: £nil) were charged to the Group in respect of Mr Al Zaabi's remuneration and other expenses of which £0.2m (2007: £nil) was outstanding at 31 December 2008. In addition £0.2m (2007: £nil) of incentive management fees were charged to the Kingsgate Abu Dhabi Hotel which is owned by Mr Al Zaabi of which £0.1m (2007: £nil) was outstanding at 31 December 2008.

30. RELATED PARTIES (CONTINUED)

Transactions with key management personnel

The beneficial interest of the Directors in the ordinary shares of the Company was 0.027 per cent (2007: 0.038 per cent).

In addition to their salaries, the Group also provides non-cash benefits to Directors and executive officers, and contributes to a post-employment defined benefit plan on their behalf or a defined contribution plan depending on the date of commencement of employment. In accordance with the terms of the defined benefit plan, Directors and executive officers retire at the age of 65 and are entitled to receive annual payments equivalent to 1/60th of their pensionable salary, subject to the earnings cap, for each year of pensionable service until the date of retirement. The defined contribution plan does not have a specified pension payable on retirement and benefits are determined by the extent to which the individual's fund can buy an annuity in the market at retirement.

Executive officers also participate in the Group's share option programme, Long-Term Incentive Plan and the Group's sharesave schemes.

The key management personnel compensations are as follows:

	2008 £m	2007 £m
Short-term employee benefits	**2.8**	3.8
Other long-term benefits	**0.1**	–
Termination payments	**–**	0.6
Share-based payment	**1.0**	0.8
	3.9	5.2

	2008 £m	2007 £m
Directors*	**1.6**	2.5
Executives	**2.3**	2.7
	3.9	5.2

* The Directors' remuneration reported in the "Directors' Remuneration Report" on pages 54 to 61 focuses, so far as concerns pension benefits, on changes in accrued benefits rather than the income statement charge for individuals. In the context of this analysis, the amount above reflects benefits paid.

31. SIGNIFICANT INVESTMENTS

The companies listed below are those which were part of the Group at 31 December 2008 and which, in the opinion of the Directors, significantly affected the Group's results and net assets during the year. The Directors consider that those companies not listed are not significant in relation to the Group as a whole.

These companies operate principally in the country in which they are incorporated and are held indirectly unless stated otherwise.

	Effective Group interest	Country of incorporation	Principal Activity
Anchorage-Lakefront Limited Partnership	100%	USA	Hotel owner
Bostonian Hotel Limited Partnership	100%	USA	Hotel owner
CDL (New York) LLC	100%	USA	Hotel owner
CDL Hotels (Chelsea) Limited	100%	England and Wales	Hotel owner and operator
CDL Hotels (Korea) Limited	100%	Republic of Korea	Hotel owner and operator
CDL Hotels (Malaysia) Sdn. Bhd	100%	Malaysia	Hotel owner and operator
CDL Hotels (UK) Limited	100%	England and Wales	Hotel owner and operator
CDL Hotels USA Inc	100%	USA	Hotel investment holding company
CDL Investments New Zealand Limited	45%	New Zealand	Investment and property management company
CDL West 45th Street LLC	100%	USA	Hotel owner
Chicago Hotel Holdings, Inc	100%	USA	Hotel owner and operator
City Hotels Pte. Ltd.	100%	Singapore	Hotel operator and investment holding company
Copthorne Hotel (Birmingham) Limited	100%	England and Wales	Hotel owner and operator
Copthorne Hotel (Gatwick) Limited	100%	England and Wales	Hotel owner and operator
Copthorne Hotel (Manchester) Limited	100%	England and Wales	Hotel owner and operator
Copthorne Hotel (Newcastle) Limited	94%	England and Wales	Hotel owner and operator
Copthorne Hotel (Slough) Limited	100%	England and Wales	Hotel owner and operator
Copthorne Hotels Limited	100%	England and Wales	Hotels investment holding company
Copthorne Hotel Holdings Limited	100%	England and Wales	Hotels investment holding company
Copthorne Orchid Hotel Singapore Pte Ltd	100%	Singapore	Hotel owner and operator
Gateway Regal Holdings LLC	100%	USA	Hotel owner and operator
Grand Plaza Hotel Corporation	66%	Philippines	Hotel owner and operator and investment holding company
Harbour View Hotel Pte. Ltd.	100%	Singapore	Hotel operator
Hong Leong Hotel Development Limited	82%	Taiwan	Hotel owner and operator
Hong Leong Hotels Pte Ltd	100%	Cayman Islands	Investment holding company
Hospitality Group Limited	49%	New Zealand	Holding company
Hospitality Holdings Pte Ltd	100%	Singapore	Investment holding company
Kings Tanglin Shopping Pte. Ltd	100%	Singapore	Property owner
London Britannia Hotel Limited	100%	England and Wales	Hotel owner and operator
London Tara Hotel Limited	100%	England and Wales	Hotel owner and operator
M&C Crescent Interests, LLC	100%	USA	Property owner
M&C Hotel Interest, Inc	100%	USA	Hotel management services company
M&C Hotels France SAS	100%	France	Hotel owner
M&C REIT Management Limited	100%	Singapore	REIT investment management services
Millennium & Copthorne Hotels New Zealand Limited	70%	New Zealand	Hotel investment holding company
Millennium & Copthorne International Limited	100%	Singapore	Hotels and resorts management
Quantum Limited	49%	New Zealand	Holding company
Republic Hotels & Resorts Limited	100%	Singapore	Hotel operator and investment holding company
RHM-88, LLC	100%	USA	Hotel owner and operator
WHB Biltmore LLC	100%	USA	Hotel owner and operator
Joint ventures			
New Unity Holdings Limited	50%	British Virgin Islands	Investment holding company
Fena Estate Company Limited	50%	Thailand	Investment holding company
Beijing Fortune Hotel Co. Ltd	30%	China	Hotel owner

31. SIGNIFICANT INVESTMENTS (CONTINUED)

Associates

	Effective Group interest	Country of incorporation	Principal Activity
CDL Hospitality Trusts	39.0%	Singapore	See note below
First Sponsor Capital Limited	39.8%	British Virgin Islands	Investment holding company

Due to minority interest shareholdings held within intermediary parent undertakings, the Group's effective shareholding in certain subsidiary undertakings in which it has control is less than 50%.

A full listing of subsidiaries will be included in the Millennium & Copthorne Hotels plc Annual Return.

Note

CDL Hospitality Trusts is a stapled group comprising CDL Hospitality Real Estate Investment Trust ("H-REIT"), a real estate investment trust, and CDL Hospitality Business Trust ("HBT"), a business trust. H-REIT has an investment strategy of investing directly or indirectly, in a diversified portfolio of income-producing real estate which is primarily used for hospitality and/or hospitality-related purposes, whether wholly or partially, and real-estate related assets in relation to the foregoing.

HBT is a business trust which is dormant. It exists primarily as a "master lessee of last resort" and will become active if H-REIT is unable to appoint a master lessee for any of the hotels in its portfolio at the expiry of the relevant master lease agreement or for a newly acquired hotel. HBT may also become active if it undertakes certain hospitality and hospitality-related development projects, acquisitions and investments which may not be suitable for H-REIT.

32. ACCOUNTING ESTIMATES AND JUDGEMENTS

Management discussed, with the Audit Committee Board, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates.

The preparation of financial statements under IFRS requires the Group to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingencies and the reported amount of revenue and expenses during the year. The Group evaluates its estimates and assumptions on an ongoing basis. Such estimates and judgements are based upon historical experience and other factors it believes to be reasonable under the circumstances, which form the basis for making judgements about the carrying value of assets and liabilities that are not readily apparent from other sources.

Certain critical accounting policies, among others, affect the Group's more significant estimates and assumptions used in preparing the consolidated financial statements. Actual results could differ from the Group's estimates and assumptions. Key estimates and judgements have been made in the following areas:

Going concern

For the last several years the Group has had a history of profitable operations and ready access to financial resources, and in general, management concluded that the going concern basis of accounting is appropriate without detailed analysis. However, given the current uncertain economic conditions which include recessionary pressures that have an impact on the Group's revenues, operating costs and profitability, management have estimated a wide range of factors relating to current and expected profitability, have considered sensitivities around potential trading levels and covenant compliance, reviewed debt repayment schedules, and potential sources of replacement financing before they can satisfy themselves that the going concern basis is appropriate.

Asset carrying values

Management perform an assessment at each balance sheet date of all material assets across the Group for signs of impairment. Key judgement areas include the carrying values of land and buildings, investments in and loans to associates and joint ventures, development properties and trade receivables. The recovery of these assets is dependent on future cash flows receivable and the provision of future services or goods by third parties.

A full impairment review has been performed of all property, plant and equipment, lease premium prepayments and investments in and loans to joint ventures and associates held across the Group on a cash generating basis. Where appropriate, external evaluations are also undertaken. The impairment review is performed on a 'value in use' basis which requires estimation of future net operating cash flows, the time period over which they will occur, an appropriate discount rate and appropriate growth rates. The discount rates used reflect appropriate sensitivities involved in the assessment. Discount rates used for impaired properties are disclosed in note 9.

Defined benefit pension plans

The Group operates a number of defined benefit pension plans. As set out in note 20, the calculation of the present value of the Group's defined benefit obligations at each period end is subject to significant estimation. An appropriately qualified, independent actuary is used to undertake this calculation. The assumptions made by the actuary are the best estimates chosen from a range of possible actuarial assumptions, which due to the timescale covered, may not necessarily be borne out in practice. The valuation of scheme assets is based on their fair value at the balance sheet date. As these assets are not intended to be sold in the short-term, their values may be subject to significant change before they are realised. In reviewing the work of the independent actuary, management were required to exercise judgement to satisfy themselves that appropriate weight had been afforded to macroeconomic factors. Details of the assumptions used are set out in note 20.

32. ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Taxation

The Group has, from time-to-time, contingent tax liabilities arising from trading and corporate transactions. After taking appropriate external professional advice, the Group makes provision for these liabilities based on the probable level of economic loss that may be incurred and which is reliably measureable.

Investment in CDLHT

In 2006 the Group acquired a 39.1% interest in CDLHT, a stapled security listed on the Singapore Exchange Securities Trading Limited, comprising a hotel real estate investment trust (REIT) and a business trust. The business trust is dormant. The Group's interest in CDLHT at 31 December 2008 was 39.0%. CDLHT is not considered to be a special purpose entity under Standing Interpretations Committee 12: Consolidation – Special Purpose Entities and the Group does not have, by virtue of its unit holdings, the power to control a majority of the voting rights of the units of CDLHT. However, as further noted in note 30, the Group acts as REIT Manager (through a wholly owned company), under the terms of the trust deed constituting the REIT. The Directors have therefore given careful consideration to the Group's interest in and relationship with CDLHT for the purposes of assessing whether it should be consolidated in accordance with IAS 27: Consolidation and Separate Financial Statements.

A subsidiary of the Group, M&C REIT Management Limited, in its capacity as REIT Manager, has the power to govern the financial and operating policies of the REIT. However, there are certain substantive kick-out rights that prevent the Group from exercising the power to control the majority of the Board of the REIT Manager so as to be able to govern the financial and operating policies of the REIT.

Management have judged that the Group does not therefore control CDLHT and it is not a subsidiary of the Group. Because of the significant influence that the Group has by way of its holding of 39.0% of CDLHT units and representation on the Board of the REIT Manager, the Group equity accounts for its interest in CDLHT as an associate.

Lease backs from CDLHT

As part of the transactions with CDLHT in 2006, the Group entered into sale and lease back arrangements in respect of three hotels in Singapore. As further explained in note 30 the Group entered into 20 year leases with CDLHT for each of the hotel buildings with variable rent based on the hotels' performance (but subject to a fixed minimum rental), and with an option granted to the Group to renew for a further 20 years on the same rental terms.

Although the Group has the option to lease the building assets for a total of 40 years, there remains a substantial proportion of the assets' economic lives for which the Group will not benefit from the assets. In addition, the present value of the minimum lease payments for the 40-year potential term of the three leases do not constitute substantially all of the fair value of the leased assets, and the variable rent structure is such that the Group does not retain significant risks and rewards of ownership of the assets.

Accordingly, the Group has classified the lease back arrangements as operating leases in accordance with IAS 17: Leases.

In addition, the Group's lease of the Grand Copthorne Waterfront Hotel from CDLHT as part of the 2006 transactions entered with CDLHT has also been similarly accounted for by the Group as an operating lease for the same reasons noted above.

Investment property

The Group holds a number of investment properties and accounts for such properties in accordance with the accounting policy set out on page 75. CDLHT owns hotel assets which are leased to both the Group and external third parties with lease rentals and related charges varying according to the agreement involved. The Group accounts for such hotel assets in its financial statements in accordance with the accounting policy set out on page 74.

Judgement is required in assessing whether the relevant hotel assets held by CDLHT are owner-occupied or not, for the purposes of assessing whether IAS 40, Investment Property is applicable and whether therefore, accounting for the relevant hotels as investment properties is appropriate for the purposes of the Group's financial statements. The question of whether or not a property is owner-occupied is a matter of judgement, involving consideration of various factors such as, the length of the agreement involved, the powers of intervention and level of influence on financial and operating decisions held by the Group or CDLHT, and the extent of the Group or CDLHT's interest in the profits and cash flows generated by the relevant properties.

Where the indicators are such that on balance, CDLHT is, in the Group's opinion, shown to be a passive investor, the relevant hotel property is accounted for in accordance with IAS 40 and the Group accounts for its share of the fair value change through the income statement as a share of other operating income/expense of the associate. Where indicators are of an owner-occupied property, the hotel is classified as part of CDLHT's property, plant and equipment with the Group's share of CDLHT's results for the period incorporating an appropriate depreciation charge.

COMPANY BALANCE SHEET
As at 31 December 2008

	Notes	2008 £m	2007 £m
Fixed assets			
Investments	(D)	**1,714.6**	1,558.9
Current assets			
Amounts owed by subsidiary undertakings falling due within one year		**19.0**	26.3
Other debtors		**0.1**	–
Cash at bank and in hand		**–**	0.6
		19.1	26.9
Creditors: amounts falling due within one year	(E)	**(93.7)**	(95.6)
Net current liabilities		**(74.6)**	(68.7)
Creditors: amounts falling due after more than one year	(F)	**(611.9)**	(488.4)
Net assets		**1,028.1**	1,001.8
Capital and reserves			
Called up share capital	(G), (H)	**90.7**	88.9
Share premium account	(H)	**847.7**	848.8
Profit and loss account	(H)	**89.7**	64.1
Equity shareholders' funds	(H)	**1,028.1**	1,001.8

These financial statements were approved by the Board of Directors on 17 February 2009 and were signed on its behalf by:

Kwek Leng Beng
CHAIRMAN

Wong Hong Ren
DIRECTOR

(A) ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of accounting

The financial statements have been prepared on the going concern basis which assumes that the Company will continue in operational existence for the foreseeable future. The Company has taken advantage of the exemption contained in FRS 8 'Related Parties' and has, therefore, not disclosed transactions with Group entities.

Accounting convention and basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom (UK GAAP).

The Company has taken advantage of the exemption under Section 230(4) of the Companies Act 1985 from presenting its own profit and loss account. The profit after tax dealt with in the accounts of Millennium & Copthorne Hotels plc, determined in accordance with the Act was £20.4m (2007: £6.8m).

Under Financial Reporting Standard No 1 (revised), the Company is exempt from the requirement to prepare a cash flow statement as its cash flows are included within the published consolidated cash flow statement of Millennium & Copthorne Hotels plc.

Investments

In the Company's accounts, investments in subsidiary and associated undertakings are stated at cost less provision for impairment. Dividends received and receivable are credited to the Company's profit and loss account.

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand less overdrafts payable on demand.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Except as otherwise required by accounting standards, full provision without discounting is made for all timing differences, which have arisen but not reversed at the balance sheet date. Timing differences arise when items on income and expenditure are included in tax computations in periods different from their inclusion in the financial statements.

Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

The Company uses a fair value hedging model to designate bank loans and bonds held in overseas currencies as hedging instruments against designated overseas investments held in the same currency. Under such fair value hedges, both the hedged item and the hedging instrument are retranslated with the exchange differences in both cases being recorded in the profit and loss account as they arise at each period end.

Share-based payment

FRS 20 requires that the fair value of share options granted to employees be recognised as an expense with a corresponding increase in equity. However, during the current and prior year, the Company had no employees and only issued share options to employees of its operating subsidiaries. Consequently, no profit and loss change has been recorded in the current or prior year.

Dividend distribution

Dividend distribution to the shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are appropriately authorised and approved for payment and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the financial statements.

(B) DIRECTORS' REMUNERATION AND EMPLOYEES

Details of Directors' remuneration in the current and prior year is given on pages 54 to 61 of the Directors' Remuneration Report.

The Company had no employees.

Details of share options issued by the Company are given in note 20 to the consolidated financial statements and note (G).

The Company is the principal employer of the UK Group pension scheme, the Millennium & Copthorne Pension Plan, which provides benefits based on final pensionable pay. As the Company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, the scheme has been accounted for, in these financial statements as if it were a defined contribution scheme (as permitted by FRS 17 'Retirement benefits'). Details of the plan are given in note 20 to the consolidated financial statements.

(C) DIVIDENDS

Details of dividends paid and proposed in the current and prior year are given in note 25 to the Group financial statements.

(D) INVESTMENTS

	Shares in subsidiary undertakings £m	Loans to subsidiary undertakings £m	Total £m
Cost and net book value at 1 January 2008	1,172.3	386.6	1,558.9
Additions/(repayment)	52.2	(8.2)	44.0
Foreign exchange adjustments	111.7	–	111.7
At 31 December 2008	**1,336.2**	**378.4**	**1,714.6**

There were no provisions made against investments in subsidiary undertakings.

The Company's subsidiary undertakings at 31 December 2008 are listed below. All of the subsidiary undertakings have coterminous year ends.

Subsidiary Name	Effective Interest	Country of Incorporation	Principal Activity
Millennium & Copthorne (Austrian Holdings) Limited	100%	England and Wales	Investment holding
Millennium Hotel Holdings EMEA Limited	100%	England and Wales	Investment holding
Copthorne Hotel Holdings Limited	100%	England and Wales	Hotel investment holding company
Millennium & Copthorne Share Trustees Limited	100%	England and Wales	Trustee holding
M&C Copthorne Pension Trustee Limited	100%	England and Wales	Trustee holding
Millennium Hotels London Limited	100%	England and Wales	Hotel investment
M&C Hotels Holdings Limited	100%	England and Wales	Investment holding
M&C Hotels Holdings USA Limited	100%	Cayman Islands	Investment holding

(E) CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £m	2007 £m
Bank loans	**2.8**	58.4
Bonds payable	**76.5**	26.0
Amounts owed to subsidiary undertakings	**8.9**	8.6
Amount owed to fellow subsidiary undertaking	**0.5**	0.4
Corporation tax	**1.5**	0.2
Accruals and deferred income	**3.5**	2.0
	93.7	95.6

(F) CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2008 £m	2007 £m
Bank loans	**105.4**	–
Bonds payable	**209.5**	186.6
Amounts owed to subsidiary undertakings	**297.0**	301.8
	611.9	488.4

Bank loans and bonds are repayable as follows:	**2008 £m**	2007 £m
Between one and two years	**127.7**	56.3
Between two and five years	**187.2**	130.3
	314.9	186.6

(G) SHARE CAPITAL

	Number of 30p shares authorised	Number of 30p shares, allotted, called up and fully paid
Balance at 1 January 2008	1,000,000,000	296,376,450
Issue of ordinary shares on exercise of share options	–	308,783
Issue of ordinary shares in lieu of dividends	–	5,574,628
Balance at 31 December 2008	1,000,000,000	302,259,861

The authorised share capital stood at £300,000,000 throughout the year. All of the share capital is equity share capital.

At the year end options over 842,642 ordinary shares remain outstanding and are exercisable at varying dates between now and 23 March 2015 at exercise prices between £1.935 and £5.20. In addition, awards made under the Long-Term Incentive Plan over 1,077,603 ordinary shares remained unvested and may potentially vest between now and 25 June 2011.

During the year Millennium & Copthorne Hotels plc issued invitations to UK employees under the Sharesave Scheme to enter into a five-year savings contract or a three-year savings contract with an option to purchase shares at an option price of 328p on expiry of the savings contract.

(H) RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share capital £m	Share premium £m	Profit and loss account £m	**Total 2008 £m**	Total 2007 £m
Balance at 1 January	88.9	848.8	64.1	**1,001.8**	1,004.3
Profit for the financial year	–	–	20.4	**20.4**	6.8
Dividends	–	–	(37.2)	**(37.2)**	(36.6)
Issue of shares in lieu of dividends	1.7	(1.7)	22.2	**22.2**	26.1
Share options exercised	0.1	0.6	–	**0.7**	1.4
Foreign exchange adjustments	–	–	20.2	**20.2**	(0.2)
Balance at 31 December	90.7	847.7	89.7	**1,028.1**	1,001.8

(I) CONTINGENT LIABILITIES, COMMITMENTS AND SUBSEQUENT EVENTS

In the course of managing its investments the Company is routinely exposed to potential liabilities for contractual or tortious claims by third parties. The Company has insurance cover up to certain limits for major claims in connection with legal liabilities in the course of its operations. Otherwise the Company carries its own risk. The Company believes that the provisions carried on the balance sheet are sufficient to cover these risks.

The Company had no capital commitments at the end of the financial year for which no provision has been made.

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

(J) ULTIMATE HOLDING AND CONTROLLING COMPANY

The Directors consider the ultimate holding and controlling company to be Hong Leong Investment Holdings Pte. Ltd. which is incorporated in the Republic of Singapore. The accounts of the ultimate holding company, which heads the largest group in which the results of the Company are consolidated, are available to the public at the Accounting and Corporate Regulatory Authority, 10 Anson Road #05-10/15, International Plaza, Singapore 079903.

The intermediate holding company is City Developments Limited, a company incorporated in Singapore, which also heads the smallest group in which the results of the Company are consolidated. The consolidated accounts are available to the public and may be obtained from 36 Robinson Road, #04-01 City House, Singapore 068877.

KEY OPERATING STATISTICS

For the year ended 31 December 2008

	2008 Reported currency	2007 Constant currency*	2007 Reported currency
Occupancy %			
New York	**84.7**		86.6
Regional US	**59.9**		66.5
TOTAL US	**65.6**		71.2
London	**84.4**		84.5
Rest of Europe	**70.9**		72.4
TOTAL EUROPE	**76.9**		77.8
Asia	**75.8**		77.1
Australasia	**66.5**		69.3
TOTAL GROUP	**71.2**		74.1
Average Room Rate (£)			
New York	**163.08**	161.47	150.20
Regional US	**55.23**	54.38	50.59
TOTAL US	**87.41**	84.52	78.62
London	**101.36**	97.31	97.31
Rest of Europe	**79.60**	78.05	73.99
TOTAL EUROPE	**90.16**	87.33	85.22
Asia	**76.72**	67.44	63.08
Australasia	**46.29**	44.63	42.67
TOTAL GROUP	**80.32**	75.78	71.74
Rev PAR (£)			
New York	**138.13**	139.83	130.07
Regional US	**33.08**	36.16	33.64
TOTAL US	**57.34**	60.18	55.98
London	**85.55**	82.23	82.23
Rest of Europe	**56.44**	56.51	53.57
TOTAL EUROPE	**69.33**	67.94	66.30
Asia	**58.15**	52.00	48.63
Australasia	**30.78**	30.93	29.57
TOTAL GROUP	**57.19**	56.15	53.16
Gross Operating Profit Margin (%)			
New York	**38.8**		40.6
Regional US	**18.9**		23.9
TOTAL US	**28.9**		32.0
London	**49.9**		50.4
Rest of Europe	**30.4**		31.3
TOTAL EUROPE	**39.6**		40.6
Asia	**45.8**		42.4
Australasia	**39.5**		40.7
TOTAL GROUP	**38.2**		38.3

* For comparability the 31 December 2007 Average Room Rate and RevPAR have been translated at 2008 average exchange rates.

GROUP FINANCIAL RECORD

	2008 £m	2007 £m	2006 £m	2005 £m	2004 £m
INCOME STATEMENT					
Revenue	**702.9**	669.6	646.3	595.2	551.0
Group operating profit	**132.7**	126.9	129.0	121.4	125.0
Share of (losses)/profits of joint ventures and associates	**(19.9)**	44.6	25.2	3.5	1.7
Net financing costs	**(10.0)**	(14.1)	(24.0)	(29.1)	(35.7)
Income tax (expense)/credit	**(31.9)**	2.1	(22.1)	(26.0)	(31.4)
Profit for the year	**70.9**	159.5	108.1	69.8	59.6
CASH FLOW					
Cash generated from operations	**147.1**	160.2	144.5	116.1	122.8

BALANCE SHEET

	2008 £m	2007 £m	2006 £m	2005 £m	2004 £m
Property, plant, equipment and lease premium payments	**2,163.5**	1,799.0	1,774.5	2,024.2	1,898.7
Investment properties	**79.3**	58.2	49.6	48.0	43.7
Investments and loans in joint ventures and associates	**338.7**	253.0	142.0	55.3	45.3
Other financial assets	**6.7**	4.8	4.5	2.2	2.8
Non-current assets	**2,588.2**	2,115.0	1,970.6	2,129.7	1,990.5
Current assets excluding cash	**132.3**	142.9	138.2	113.0	105.6
Borrowings net of cash	**(285.1)**	(262.1)	(260.4)	(480.4)	(483.0)
Deferred tax liabilities	**(258.1)**	(205.8)	(224.6)	(239.9)	(208.1)
Provisions and other liabilities	**(296.4)**	(236.3)	(231.7)	(144.6)	(144.0)
NET ASSETS	**1,880.9**	1,553.7	1,392.1	1,377.8	1,261.0
Share capital and share premium	**938.4**	937.7	936.3	934.1	932.0
Reserves	**799.1**	485.8	332.8	316.2	214.2
Total equity attributable to equity holders	**1,737.5**	1,423.5	1,269.1	1,250.3	1,146.2
Minority interests	**143.4**	130.2	123.0	127.5	114.8
TOTAL EQUITY	**1,880.9**	1,553.7	1,392.1	1,377.8	1,261.0

KEY OPERATING STATISTICS

	2008 £m	2007 £m	2006 £m	2005 £m	2004 £m
Gearing %	**16%**	18%	21%	38%	42%
Earnings per share (pence)	**21.3p**	50.7p	34.5p	21.3p	17.9p
Dividends per share (pence)[1]	**6.25p**	12.50p	12.50p	7.70p	12.50p
Hotel gross operating profit margin (%)	**38.2%**	38.3%	36.0%	34.4%	33.6%
Occupancy (%)	**71.2%**	74.1%	74.4%	73.0%	71.8%
Average room rate (£)	**£80.32**	£71.74	£67.92	£64.01	£60.59
RevPAR (£)	**£57.19**	£53.16	£50.53	£46.73	£43.50

1 Dividends per share includes ordinary dividends and special dividends

NOTICE OF ANNUAL GENERAL MEETING

The 2009 annual general meeting of Millennium & Copthorne Hotels plc (the "**Company**") will be held at the Millennium Hotel London Mayfair, Grosvenor Square, London W1K 2HP on Wednesday 6 May 2009 at 10.00 am to consider, and if thought fit, to pass the resolutions set out below.

Ordinary Resolutions

Resolution 1
That the Company's accounts, Directors' report and auditor's report for the year ended 31 December 2008 are received.

Resolution 2
That the Directors' Remuneration Report set out in the report and accounts for the year ended 31 December 2008 is approved.

Resolution 3
That the final dividend of 4.17p per ordinary share recommended by the Directors in respect of the year ended 31 December 2008 payable on 20 May 2009 to holders of ordinary shares registered at the close of business on 27 March 2009 is declared.

Resolution 4
That Kwek Leng Peck is re-elected as a Director.

Resolution 5
That Christopher Sneath is re-elected as a Director.

Resolution 6
That Richard Hartman is elected as a Director.

Resolution 7
That KPMG Audit plc is re-appointed as the Company's auditor from the end of this meeting until the end of the next general meeting at which accounts are laid before the Company in accordance with the Companies Act.

Resolution 8
That the Directors are authorised to determine the remuneration of the auditor.

Resolution 9
That the provisions of the Co-operation Agreement dated 18 April 1996 (as amended) be renewed for the period expiring at the conclusion of the Company's annual general meeting in 2010.

Resolution 10
That, in accordance with sections 366 and 367 of the Companies Act 2006 (the "2006 Act"), the Company and all companies that are subsidiaries of the Company at the time at which this resolution is passed or at any time during the period for which this resolution has effect are authorised to:

(a) make political donations to political parties or independent election candidates, as defined in sections 363 and 364 of the 2006 Act, not exceeding £100,000 in total;

(b) make political donations to political organisations other than political parties, as defined in sections 363 and 364 of the 2006 Act, not exceeding £100,000 in total; and

(c) incur political expenditure, as defined in section 365 of the 2006 Act, not exceeding £100,000 in total;

during the period beginning with the date of the passing of this resolution and ending on 30 June 2010 or, if sooner, the conclusion of the annual general meeting of the Company to be held in 2010. In any event, the aggregate amount of political donations and political expenditure made or incurred by the Company and its subsidiaries pursuant to this resolution shall not exceed £150,000.

Resolution 11
That, in substitution for all existing unexercised authorities, the authority conferred on the Directors by article 9.2 of the Company's Articles of Association be renewed (unless previously renewed, varied or revoked) for a period ending on the earlier of 30 June 2010 or the date of the Company's next annual general meeting and for that period, the Section 80 Amount is £30,225,986.

Resolution 12
That, in addition and without prejudice to the authority renewed in resolution 11 above, the Directors be and are hereby generally and unconditionally authorised to exercise all powers of the Company to allot equity securities (within the meaning of Section 94 of the Companies Act 1985) in connection with a rights issue (as defined in the Listing Rules of United Kingdom Listing Authority) by the Company of ordinary shares up to an aggregate nominal amount of £30,225,986 provided that this authority shall expire on the earlier of 30 June 2010 or the date of the Company's next annual general meeting save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Board may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

Special Resolutions
Resolution 13
That, in substitution for all existing authorities, the authority conferred on the Directors by article 9.3 of the Company's Articles of Association be renewed (unless previously renewed, varied or revoked) for a period ending on the earlier of 30 June 2010 or the date of the Company's next annual general meeting and for that period, the Section 89 Amount is £4,533,897.

Resolution 14
That, subject to the passing of resolution 12 above, the Directors be and are hereby empowered pursuant to Section 95 of the Companies Act 1985 to allot equity securities (within the meaning of Section 94 of the said Act) for cash pursuant to the authority conferred by resolution 12 above as if sub-section (1) of Section 89 of the said Act did not apply to any such allotment provided that this power shall expire on the earlier of 30 June 2010 or the date of the Company's next annual general meeting save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Board may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

Resolution 15
That the Company is generally and unconditionally authorised to make market purchases (as defined in section 163(3) of the Companies Act 1985) of ordinary shares of 30p each in the capital of the Company on the following terms:

(a) the maximum number of ordinary shares which may be purchased is 30,225,986 (representing 10 per cent of the Company's issued share capital as at 17 February 2009);

(b) the minimum price, exclusive of costs, which may be paid for each ordinary share is 30p;

(c) the maximum price, exclusive of costs, which may be paid for each ordinary share is an amount equal to not more than 105 per cent of the average of the market value for the share as derived from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which the share is contracted to be purchased;

(d) this authority expires (unless previously renewed, varied or revoked) on the earlier of 30 June 2010 or the date of the Company's next annual general meeting; and

(e) before this authority expires, the Company may make a contract to purchase its own shares under this authority which would or might involve the Company purchasing its own shares after this authority expires.

Resolution 16
That a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice until the earlier of 30 June 2010 or the date of the Company's next annual general meeting.

By order of the Board

Adrian Bushnell
COMPANY SECRETARY
17 February 2009

Registered Office
Victoria House
Victoria Road
Horley
Surrey RH6 7AF
United Kingdom

NOTES

1. A member of the Company entitled to attend, speak and vote at the meeting convened by the notice set out above may appoint a proxy to exercise all or any of his/her rights to attend, speak and vote at the meeting on his/her behalf. A proxy need not be a member of the Company. Appointment of a proxy will not subsequently preclude a member from attending and voting at the meeting in person if he or she so wishes. A member may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to different shares held by the member. To appoint more than one proxy you should contact the Company's Registrar at the following address: Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6ZL.

2. A form of proxy for use at the meeting is enclosed. To be valid, the form of proxy must be received by post or (during normal business hours only) by hand at the office of the Company's Registrar, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6ZL not later than 48 hours before the time appointed for holding the annual general meeting.

3. Information regarding electronic and CREST voting is shown below.

4. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with section 146 of the Companies Act 2006 ("nominated persons"). Nominated persons may have a right under an agreement with the registered shareholder who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.

5. To be entitled to attend and vote at the meeting, and for the purposes of determining how many votes the member may cast, members must be entered in the Company's register of members at 6 pm on 4 May 2009 (or in the event of any adjournment 6 pm on the date which is two days before the time of the adjourned meeting). Changes to entries in the register of members after that time are disregarded in determining the rights of any person to attend and vote at the meeting.

6. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in (i) above.

7. As at 17 February 2009 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 302,259,861 ordinary shares carrying one vote each. Therefore the total voting rights in the Company as at 17 February 2009 are 302,259,861.

8. Copies of all service contracts between the Directors and the Company and the terms and conditions of appointment of non executive Directors may be inspected during business hours at the Corporate Office, Scarsdale Place, Kensington, London W8 5SR and at the Company's registered office on a weekday (public holidays excluded) until the time of the meeting and at the place of the annual general meeting from 15 minutes before the meeting until the end of the meeting.

9. Members who wish to communicate with the Company in relation to the meeting should do so using the following means: (i) by writing to the Company Secretary at the registered office address; (ii) by writing to the Registrar at Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6ZL; or (iii) by using the Shareholder Helpline; 0871 3842343. No other methods of communication will be accepted. In particular you may not use any electronic address provided either in this notice of meeting or in any related documents to communicate with the Company for any purposes other than those expressly stated.

INFORMATION FOR SHAREHOLDERS

Electronic Proxy Voting

You may, if you wish, register the appointment of a proxy or voting instructions for the meeting electronically by logging on to www.sharevote.co.uk. You will need your Reference Number (this is the 25-digit number printed on the face of the accompanying Form of Proxy). Full details of the procedure are given on the website. The proxy appointment and/or voting instructions must be received by Equiniti not later than 10.00am on 4 May 2009. Please note that any electronic communication sent to the Company or the Registrar that is found to contain a computer virus will not be accepted. The use of the internet service in connection with the annual general meeting is governed by the Registrar's conditions of use set out on the website, www.sharevote.co.uk, and may be read by logging on to that site.

If you are not planning to come to the meeting and wish to vote on any of the resolutions the Form of Proxy/Voting Instruction Form must be returned to Equiniti, Aspect house, Spencer Road, Lancing, West Sussex, BN99 6ZL to arrive no later than 10.00am on 4 May 2009. If the card is posted in the UK, IOM or Channel Islands there is no postage to pay.

CREST Voting

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the annual general meeting to be held on 6 May 2009 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST Personal Member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

MILLENNIUM & COPTHORNE HOTELS WORLDWIDE

ASIA

China
Copthorne Hotel Qingdao
Grand Millennium Beijing
Millennium Harbourview Hotel Xiamen
Millennium Hongqiao Hotel Shanghai
West Coast Resort Hainan

Hong Kong
Hotel Nikko Hong Kong
JW Marriott Hotel Hong Kong

Indonesia
Millennium Hotel Sirih Jakarta

Korea
Millennium Seoul Hilton

Malaysia
Copthorne Orchid Hotel Penang
Grand Millennium Kuala Lumpur

Philippines
The Heritage Hotel Manila

Singapore
Copthorne King's Hotel Singapore
Copthorne Orchid Hotel Singapore
Grand Copthorne Waterfront Hotel Singapore
M Hotel Singapore
Orchard Hotel Singapore

Taiwan
Grand Hyatt Taipei

Thailand
Grand Millennium Sukhumvit Bangkok
Millennium Resort Patong, Phuket

AUSTRALASIA

New Zealand
Copthorne Hotel Christchurch Durham Street
Copthorne Hotel Christchurch Central
Copthorne Hotel & Resort Queenstown Lakefront
Copthorne Hotel & Resort Solway Park Wairarapa
Copthorne Hotel & Resort Bay of Islands
Copthorne Hotel Auckland Anzac Avenue
Copthorne Hotel Auckland Harbour City
Copthorne Hotel Commodore Christchurch Airport
Copthorne Hotel Grand Central New Plymouth
Copthorne Hotel and Resort Hokianga
Copthorne Hotel Marlborough
Copthorne Hotel Taupo
Copthorne Hotel Wellington Oriental Bay
Kingsgate Hotel Greymouth
Kingsgate Hotel Autolodge Paihia
Kingsgate Hotel Brydone Oamaru
Kingsgate Hotel Dunedin
Kingsgate Hotel Hamilton
Kingsgate Hotel Palmerston North
Kingsgate Hotel Parnell Auckland
Kingsgate Hotel Portland Wellington
Kingsgate Hotel Rotorua
Kingsgate Hotel Te Anau
Kingsgate Hotel Terraces Queenstown
Kingsgate Hotel The Avenue Wanganui
Kingsgate Hotel Whangarei
Millennium Hotel Christchurch
Millennium Hotel Queenstown
Millennium Hotel Rotorua
Millennium Hotel & Resort Manuels Taupo

MIDDLE EAST

Egypt
Millennium Oyoun Hotel, Sharm el Sheikh

Kuwait
Al-Jahra Copthorne Hotel & Resort

Qatar
Millennium Hotel Doha

United Arab Emirates
Copthorne Hotel Dubai
Grand Millennium Dubai
Kingsgate Abu Dhabi
Millennium Airport Hotel Dubai
Millennium Hotel Abu Dhabi
Millennium Hotel Sharjah

MILLENNIUM & COPTHORNE HOTELS WORLDWIDE

EUROPE

France
Millennium Hotel Paris Charles de Gaulle
Millennium Hotel Paris Opéra

Germany
Copthorne Hotel Hannover
Millennium Hotel & Resort Stuttgart

UK
Copthorne Hotel & Resort, Effingham Park, London Gatwick
Copthorne Hotel Aberdeen
Copthorne Hotel Birmingham
Copthorne Hotel Cardiff-Caerdydd
Copthorne Hotel London Gatwick
Copthorne Hotel Manchester
Copthorne Hotel Merry Hill-Dudley
Copthorne Hotel Newcastle
Copthorne Hotel Plymouth
Copthorne Hotel Slough-Windsor
Copthorne Hotel Reading
Copthorne Hotel at Chelsea Football Club
Copthorne Tara Hotel London Kensington
Millennium Bailey's Hotel London Kensington
Millennium Gloucester Hotel & Conference Centre London Kensington
Millennium Hotel Glasgow
Millennium Hotel London Knightsbridge
Millennium Hotel London Mayfair
Millennium Hotel at Chelsea Football Club
Millennium Madejski Hotel Reading

USA

Best Western Lakeside
Comfort Inn Beaver Creek
Eldorado Hotel & Spa
Millenium Hilton
Millennium Airport Hotel Buffalo
Millennium Biltmore Hotel Los Angeles
Millennium Bostonian Hotel Boston
Millennium Alaskan Hotel Anchorage
Millennium Harvest House Boulder
Millennium Hotel Cincinnati
Millennium Hotel Durham
Millennium Hotel Minneapolis
Millennium Broadway Hotel New York
Millennium UN Plaza Hotel New York
Millennium Hotel St. Louis
Millennium Knickerbocker Hotel Chicago
Millennium Maxwell House Nashville
Millennium Resort Scottsdale McCormick Ranch
Pine Lake Trout Club
Wynfield Inn Orlando Convention Center*

* Closed in February 2009

CORPORATE OFFICES

EUROPE

Millennium & Copthorne Hotels plc
Corporate Headquarters
Scarsdale Place
Kensington
London, W8 5SR

UK	Tel (00) [44] (0) 20 7872 2444
	Fax (00) [44] (0) 20 7872 2460
Email	marketing@millenniumhotels.co.uk

USA

Millennium Hotels & Resorts
6560 Greenwood Plaza Blvd, Suite 300
Greenwood Village, CO 80111
USA

Tel	(00) [1] 303 7779 2000
Fax	(00) [1] 309 7779 2001
Email	mhrmarketing@mill-usa.com

ASIA

Millennium & Copthorne International Ltd
390 Havelock Road
#02-01 King's Centre
Singapore 169662

Tel	(00) [65] 6737 1928
Fax	(00) [65] 6235 4138
Email	sales@millenniumhotels.com

AUSTRALASIA

Millennium & Copthorne Hotels New Zealand Limited
Level 13
280 Centre
280 Queen Street
Auckland
New Zealand

	Tel (00) [64] (9) 309 4411
	Fax (00) [64] (9) 968 8970
Email	sales.marketing@millenniumhotels.co.nz

GLOBAL SALES OFFICES

EUROPE

France	(00) [33] (1) 4949 1617
Germany	(00) [49] (0) 6151 905 710
London	(00) [44] (0) 20 7872 2444

USA

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