INTERCONTINENTAL HOTELS GROUP PLC /NEW/
Form 6-K
September 09, 2004

SECURITIES AND EXCHANGE COMMISSION

Washington DC 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 AND 15d-16 OF

THE SECURITIES EXCHANGE ACT OF 1934

For 9 September 2004

InterContinental Hotels Group PLC

(Registrant s name)

67 Alma Road, Windsor, Berkshire, SL4 3HD, England

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): Not applicable

---

Exhibit Number	**Exhibit Description**
99.1	Interim Results dated 9 September 2004

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

InterContinental Hotels Group PLC
(Registrant)

By: /s/ C. Cox

Name: C. COX
Title: COMPANY SECRETARIAL OFFICER

Date: 9 September 2004

9 September 2004

InterContinental Hotels Group PLC

Second Quarter and First Half Results to 30 June 2004

	Second Quarter			First Half		
	30 June 2004	**30 June 2003**	**%**	**30 June 2004**	**30 June 2003**	**%**
	£m	**£m pro forma**	**change**	**£m**	**£m pro forma**	**change**
Hotels						
- Turnover	387	367	5.4%	735	708	3.8%
- EBITDA	107	84	27.4%	190	152	25.0%
- Operating Profit	69	46	50.0%	113	75	50.7%
Soft Drinks						
- Turnover	178	171	4.1%	366	335	9.3%
- EBITDA	42	40	5.0%	64	61	4.9%
- Operating Profit	30	31	(3.2)%	40	39	2.6%
Group						
- Turnover	565	538	5.0%	1,101	1,043	5.6%
- EBITDA	149	124	20.2%	254	213	19.2%
- Operating Profit	99	77	28.6%	153	114	34.2%
- Profit before tax	93	67	38.8%	143	92	55.4%
Earnings per share						
- Basic	28.5p	*		36.9p	*	
- Adjusted	9.0p	5.4p	66.7%	14.2p	7.6p	86.8%
Dividend per share				4.30p	4.05p	6.2%

Note: EBITDA, operating profit, profit before tax and adjusted earnings per share are stated before exceptional items.

* Not stated as no direct comparables

Strong trading and operating performance:

Adjusted earnings per share grew by 86.8% to 14.2p in the first half and by 66.7% to 9.0p in the second quarter

Strong first half and second quarter trading with Hotels operating profit up 50.7% to £113m in the first half and 50.0% to £69m in the second quarter, as recovery continues in the US, the UK and Asia Pacific and cost reductions are delivered

Interim dividend raised by 6.2%, to 4.30p per share from 4.05p (interim 2003); the Board anticipates this will be approximately 30% of full year dividend

Focused strategy and execution, with announcement of additional asset disposals and further return of funds to shareholders:

Strategic focus remains to develop our brands and grow the managed and franchised business leading to better returns on capital employed

Further £1.3bn net book value portfolio of hotels, predominantly in the UK plus the InterContinental Paris, placed on market today; aiming to retain management or franchise contracts on majority of disposals. A total of £589m of hotels already on market and more than £330m of completed disposals to date which, with today s announcement, brings total announced or completed hotel disposals to more than £2.2bn since separation.

The next step in our ongoing programme is a further £750m of funds to be returned to shareholders, in addition to the current £250m, comprising a special dividend of £500m to be paid in December 2004 (with associated share consolidation) and a further share buyback of £250m. This second phase of share buyback will be undertaken once the existing £250m programme is finished (£213m has been completed as of today). A current total of £1bn of funds committed to be returned to shareholders since separation, subject to no significant adverse change in market conditions.

Commenting on current trading, Richard North, Chief Executive, InterContinental Hotels Group PLC said

This is a strong set of results reflecting improvements in operating performance coupled with recovery in key markets such as the US, UK and Hong Kong. Western Europe, and particularly Paris, remains a challenge.

The asset disposal programme is now well underway and we are stepping up our returns to shareholders with a further £750 million package. All in all we are making real progress executing the strategy we set out at separation in April 2003, transforming the company to one which is all about brands, managing and franchising. We remain positive about the future

Trading and Operating Overview: continued strong performance

Group operating profit for the first half up by 34.2%; adjusted earnings per share up 86.8% aided by (1) the reduced tax charge in 2004, (2) reduced interest charge due to lower net debt of £520m as at 30 June 2004 (from £942m as at 30 June 2003) and (3) the ongoing benefit of the share buyback programme

Hotels operating profit up 50.7% for the first half:

Americas operating profit up 10.7% from $131m to $145m, driven by continued strong RevPAR gains in New York and growth in franchise business; sterling operating profit down 2.4% after the impact of foreign exchange

EMEA operating profit improved from £32m to £50m, up 56.3%, driven by market share gains in the UK but also one off liquidated damages of approximately £4m from the InterContinental Barcelona contract

Asia Pacific operating profit up from $3m to $17m, driven by strong performance of InterContinental Hong Kong versus weak comparables. The region has now recovered to 2002 operating profit levels

First half regional and central overheads of $108m, versus $122m in 2003, as the planned cost savings continue to be delivered to target. Full year total overheads forecast still flat year on year at constant currency.

Room revenue delivered to hotels in our system through our reservation channels in the first half is up 26.3% from $1.6bn to $2.1bn:

33.6% of total rooms revenue now delivered through our channels

Internet channel revenue growth of 59% and an increase in share of web delivery through IHG s own sites to 79%; internet revenue now represents 11% of total system revenue for IHG

Revenue to our hotels from Priority Club Rewards members up 16.5% year on year from $1.3bn to $1.5bn:

More than 28% of system room nights now booked by Priority Club Rewards members

Now in excess of 21 million members, the largest number in any hotel loyalty programme worldwide.

Relative RevPAR outperformance across most major markets, particularly UK, US Upper Upscale and US Express

Almost 13,000 rooms (gross) added to system globally year-to-date, offset by planned, quality-driven terminations in US Holiday Inn estate and Owned and Leased disposals, to give net growth of 2,589 rooms

Global hotel pipeline growth of 8.1% from 67,849 rooms as at 30 June 2003 to 73,324 as at 30 June 2004

Following the latest actuarial review, IHG is discussing with the UK Hotels Pension Plan Trustees a one-off contribution to the plan to be made in last quarter of 2004 of approximately £50m, effectively eliminating the current estimated deficit

Significant tax credit position still expected for full year. P&L tax charge before exceptional items expected to be 18%; exceptional tax credits of £138m recognised in the first half

Capex spending remains under tight control; full-year 2004 forecast reduced from £300m to £250m for hotels. 2005 spend expected to be below or equal to 2004, including first phase of refurbishment of the InterContinental London.

Improvement in key financial metrics with Return on Capital Employed up to 5.6% from 4.3%* and strong cashflow** generation of £125m in 6 months to 30 June 2004 versus £80m for same period in 2003

---

* Based on trailing 12 months; as defined in listing particulars

** Cashflow pre-disposal proceeds and return of funds

Strategic overview: focused strategy and execution, with announcement of additional asset disposals and further return of funds to shareholders:

Key priorities are to develop brands and grow managed and franchised business; clear strategic focus to drive Return on Capital Employed as we move into the next phase of IHG s ongoing transformation:

- Strengthen the core business through focus on brand differentiation and system delivery
- Grow managed and franchised fee-income business in key depth markets
- Develop the organisation and people to drive further cost improvement
- Continue the asset disposal programme
- Return funds to shareholders

Continued asset disposals:

- A further portfolio of hotels has been placed on the market today with a net book value of approximately £1.3bn, predominantly in the UK plus the InterContinental Paris; our intention is to retain management and franchise contracts on the majority of these hotels. Estimated 2004 EBIT of these hotels would be approximately £85m (EBITDA of £130m)
- £337m of proceeds from hotels sold since separation, slightly ahead of net book value, with Holiday Inn, Preston, UK and Staybridge Suites, Eatontown, USA sold since last update on 12 July 2004
- £589m of hotels actively being marketed, including the US hotels announced in July 2004
- In total, more than £2.2bn of hotels currently on the market or disposed. This represents more than 50% of the net book value of IHG s property assets as at separation.

Next phase of IHG s ongoing return of funds programme announced further £750m of funds to shareholders, bringing total announced since separation to £1bn:

- £213m of the £250m initial return of funds complete. 26.9 million shares were purchased as of 30 June. 39.8 million purchased to date at an average price of 534p
- Special dividend of £500m, with associated share consolidation, to be paid in December 2004
- Further share buyback programme will commence with up to £250m of repurchases following completion of the remaining £37m of the current programme.

These returns are expected to be funded, in part, through disposal proceeds from the almost £1bn of assets already sold or announced as on the market. Further returns of funds are expected to be funded primarily by asset sales and will be considered in light of selective reinvestment in the business, maintaining appropriate gearing and remaining considerate of all stakeholders interests.

Britvic: revenue growth of 9.3% YTD, with profit growth of 2.6%

Britvic delivered turnover up 4.1% from £171m to £178m in the second quarter and up 9.3% from £335m to £366m for the first half, Operating profit was up from £39m to £40m for the first half but down from £31m to £30m in the second quarter. This performance is due to reinvestment in the Pepsi brand, which gained market share and investment in new Robinson brand extensions. Capital expenditure remains on track at £80m in 2004 with £39m spent to date. As already announced, an IPO of Britvic is planned to take place between 1 January 2005 and 31 December 2008 but no firm date has yet been set.

Current Trading

Trading remains strong in our key profit regions of the UK, where we are gaining significant market share, the US and Hong Kong. We continue to see strong occupancy growth across all brands led by the return of the business traveller. Room rate growth has begun in key urban locations such as London and New York, but we still do not expect broad-based rate improvement before 2005. The European market remains weak, with Paris in particular very depressed and hard to predict. Booking lead times remain short particularly in incentive and meetings business.

For further information, please contact:

Investor enquiries: Gavin Flynn, Paul Edgecliffe-Johnson	Investor mainline: +44 (0) 1753 410 176
	GF: +44 (0) 7808 098 972
	PEJ: +44 (0) 7808 098 867
Media enquiries: Dee Cayhill, Leslie McGibbon	DC: +44 (0) 1753 410 423
	LM: +44 (0) 7808 094 471

Appendix 1: Selected RevPAR performance (comparable, year on year change)

	April	May	June	Quarter 1	Quarter 2	Half 1	YTD (Jan-July)
Americas							
IC O&L	12.5%	16.4%	13.8%	5.4%	14.3%	10.0%	10.2%
CP NA (system)	8.7%	8.5%	9.2%	5.7%	8.9%	7.6%	7.4%
HI NA (system)	8.9%	4.9%	5.7%	4.3%	6.5%	5.4%	5.3%
Express NA (system)	8.5%	4.6%	7.1%	7.6%	6.7%	7.0%	6.8%
EMEA							
IC O&L	23.6%	4.8%	2.9%	(1.4)%	8.5%	4.0%	1.9%
HI UK Regions	(0.0)%	7.8%	7.6%	8.3%	5.3%	6.7%	6.4%
HI UK London	37.0%	30.7%	18.6%	16.8%	27.7%	22.3%	21.4%
Asia Pacific							
IC O&L (v 2003)	410.5%	340.5%	136.8%	12.9%	270.4%	73.6%	70.9%
IC O&L (v 2002)	8.8%	18.8%	11.0%	12.5%	12.8%	12.7%	14.1%

Appendix 2: Summary detail of disposals and properties for sale to date (since separation)

Total number of hotels disposed or for sale: 137 hotels, £2.2bn net book value plus proceeds

Sold to date: 30 hotels (4,404 rooms), sale proceeds of £337m

Hotel	Rooms
IC MayFair, UK	289
IC Central Park South, USA	208
CP Midland Manchester, UK	303
CP Vanuatu, Vanuatu	140
HI South Bend, USA	229
HI Sheffield West, UK	138
HI Middlesborough/Teeside, UK	134
HI Gatwick Crawley, UK	217

HI Preston, UK	129
HI Newcastle, Aus	72
HI Adelaide, Aus	193
HI Darwin, Aus	183
Posthouse Epping, UK	79
SBS Houston Galleria, USA	93
SBS Antonio, USA	118
SBS Myrtle Beach, USA	119
SBS Burlington, USA	141
SBS Columbia, USA	118
SBS Atlanta Perimeter, USA	143
SBS Denver, USA	115
SBS Charlotte, USA	117
SBS Austin, USA	121
SBS Auburn Hills, USA	118
SBS Carmel Mountain, USA	116
SBS Fort Lauderdale, USA	141
SBS Portland, USA	117
SBS Boston, USA	133
SBS Sorrento, USA	131
SBS Alpharetta, USA	118
SBS Eatontown, USA	131

Currently on market: 31 hotels, net book value of £589m (including US portfolio of 20 hotels, net book value £505m; £15m of EBIT and £39m of EBITDA)

Comprising: IC Edinburgh; CP United Nations, New York; IC Miami; IC Chicago; 27 others

New to market today: 76 hotels, net book value £1.3bn (estimated 2004 EBIT of approximately £85m; EBITDA of £130m)

Comprising: IC Paris, HI Mayfair; HI Kensington; major part of UK portfolio

Appendix 3: Investor information for 2004 interim dividend

Ex-dividend Date: 22 September 2004

Record Date: 24 September 2004

Payment Date: 18 October 2004

Presentation for Analysts and Shareholders

A presentation with Richard North (Chief Executive) and Richard Solomons (Finance Director) will commence at 9.30 am (London time) on 9 September at Cazenove, 20 Moorgate, London. There will be an opportunity to ask questions. The presentation will conclude at approximately 10.30 am (London time).

Presentation for Media

A presentation with Richard North (Chief Executive) and Richard Solomons (Finance Director) will commence at 11.30 am (London time) on 9 September at Cazenove, 20 Moorgate, London. There will be an opportunity to ask questions. The presentation will conclude at approximately 12.15 pm (London time).

Webcast

There will be a live video and audio webcast of the presentation of the results on the web address http://www.ihgplc.com/preliminaryresults04. The webcast of the presentation is expected to be on this website later on the day of the results and will remain on it for the foreseeable future.

Q&A CALL

There will be a call, primarily for US investors and analysts, at 2.30pm (London time) on 9 September with Richard North and Richard Solomons available to answer questions on the results.

International dial-in	Tel: +44 (0)1452 542 300
UK dial-in	Tel: 0800 953 1444
USA dial-in	Tel: 1866 220 1452

Website

The full release and supplementary data will be available on our website from 7.00 am (London time) on 9 September. The web address is http://www.ihgplc.com/investors/announcements.asp

Note to Editors:

InterContinental Hotels Group PLC of the United Kingdom [LON:IHG, NYSE:IHG (ADRs)] is the world s most global hotel company and the largest by number of rooms. InterContinental Hotels Group owns, manages, leases or franchises, through various subsidiaries, more than 3,500 hotels and 538,000 guest rooms in nearly 100 countries and territories around the world (www.ichotelsgroup.com). The Group owns a portfolio of well recognised and respected hotel brands including InterContinental® Hotels & Resorts, Crowne Plaza® Hotels & Resorts, Holiday Inn ® Hotels and Resorts, Holiday Inn Express®, Staybridge Suites®, Candlewood Suites® and Hotel Indigo™, and also has a controlling interest in Britvic, the second largest soft drinks manufacturer in the UK which it intends to IPO at some point after January 1 2005.

InterContinental Hotels Group offers information and reservations capability on the Internet - www.intercontinental.com for InterContinental Hotels & Resorts, www.crowneplaza.com for Crowne Plaza Hotels & Resorts, www.holiday-inn.com for Holiday Inn Hotels & Resorts, www.hiexpress.com for Holiday Inn Express hotels, www.staybridge.com for Staybridge Suites hotels, www.candlewoodsuites.com for Candlewood Suites hotels, www.hotelindigo.com for Hotel Indigo properties and for the Group s rewards programme, www.priorityclub.com.

For the latest news from InterContinental Hotels Group, visit our online Press Office at www.ihgplc.com/media

OPERATING REVIEW

THIS OPERATING REVIEW CONCENTRATES ON THE PERFORMANCE OF THE HOTELS AND SOFT DRINKS BUSINESSES (THE GROUP) FOR THE SIX MONTHS ENDED 30 JUNE 2004. TO ASSIST SHAREHOLDERS, UNAUDITED PROFORMA COMPARATIVES FOR THE SIX MONTHS AND THREE MONTHS ENDED 30 JUNE 2003 ARE PROVIDED.

On 15 April 2003, following shareholder and regulatory approval, Six Continents PLC separated into two new groups, InterContinental Hotels Group PLC (IHG), comprising the Hotels and Soft Drinks businesses, and Mitchells & Butlers plc (MAB), comprising the Retail and Standard Commercial Property Development businesses (the Separation).

In 2003, in order to bring its financial reporting timetable into line with other major European and US hotel companies, IHG changed its financial year end from 30 September to 31 December. The statutory financial period covered by these financial statements is therefore the six months ended 30 June 2004, with comparatives for the nine months ended 30 June 2003 and 15 months ended 31 December 2003. The comparatives include the results of MAB up until the Separation.

	Three months ended			Six months ended		
GROUP SUMMARY	**30 June 2004**	**30 June 2003**	**% change**	**30 June 2004**	**30 June 2003**	**% change**
	£m	**£m**		**£m**	**£m**	
Turnover:						
Hotels	**387**	**367**	5.4%	**735**	**708**	3.8%
Soft Drinks	**178**	**171**	4.1%	**366**	**335**	9.3%
	565	**538**	5.0%	**1,101**	**1,043**	5.6%
Operating profit before exceptional items:						
Hotels	**69**	**46**	50.0%	**113**	**75**	50.7%
Soft Drinks	**30**	**31**	(3.2)%	**40**	**39**	2.6%
	99	**77**	28.6%	**153**	**114**	34.2%

	Three months ended			Six months ended		
HOTELS	**30 June 2004**	**30 June 2003**	**% change**	**30 June 2004**	**30 June 2003**	**% change**
	£m	**£m**		**£m**	**£m**	
Turnover:						
Americas	**131**	**139**	(5.8)%	**246**	**266**	(7.5)%
EMEA	**214**	**198**	8.1%	**404**	**373**	8.3%
Asia Pacific	**31**	**19**	63.2%	**64**	**48**	33.3%
Central	**11**	**11**		**21**	**21**	
	387	**367**	5.4%	**735**	**708**	3.8%
Operating profit before exceptional items:						
Americas	**48**	**50**	(4.0)%	**80**	**82**	(2.4)%
EMEA	**34**	**19**	78.9%	**50**	**32**	56.3%

Asia Pacific	**3**	**(3)**		**9**	**1**	800.0%
Central	**(16)**	**(20)**	20.0%	**(26)**	**(40)**	35.0%
	69	**46**	50.0%	**113**	**75**	50.7%

Page 7 of 27

AMERICAS		Three months ended 30 June 2004	30 June 2003	% change	Six months ended 30 June 2004	30 June 2003	% change
		£m	£m		£m	£m	
Turnover:							
Owned & leased		**129**	**129**		**248**	**246**	0.8%
Managed		**14**	**12**	16.7%	**27**	**22**	22.7%
Franchised		**94**	**87**	8.0%	**173**	**162**	6.8%
		237	**228**	3.9%	**448**	**430**	4.2%
Operating profit before exceptional items:							
Owned & leased		**16**	**15**	6.7%	**22**	**17**	29.4%
Managed		**4**	**5**	(20.0)%	**4**	**5**	(20.0%)
Franchised		**81**	**75**	8.0%	**148**	**136**	8.8%
		101	**95**	6.3%	**174**	**158**	10.1%
Regional overheads		**(15)**	**(14)**	(7.1)%	**(29)**	**(27)**	(7.4)%
Total	$ m	**86**	**81**	6.2%	**145**	**131**	10.7%
Sterling equivalent	£ m	**48**	**50**	(4.0)%	**80**	**82**	(2.4)%

Turnover in the Americas grew by 4.2% to $448m for the six months ended 30 June 2004. Adjusting for the effect of hotels sold, turnover growth in the remaining comparable owned and leased estate was 11.2%. Occupancy-led revenue per available room (RevPAR) growth was experienced across all brands with InterContinental and Staybridge Suites recording the highest RevPAR growth at 12.0% and 10.4% respectively.

Operating profit increased by 10.7% to $145m as a result of revenue growth from the franchised estate. The relative strength of sterling to the US dollar resulted in a decline in sterling reported profits of 2.4%.

AMERICAS REVPAR MOVEMENT ON PREVIOUS YEAR	Three months ended 30 June 2004	Six months ended 30 June 2004
InterContinental owned & leased (comparable)	14.3%	**10.0%**
Holiday Inn franchise	5.3%	**5.0%**
Holiday Inn Express franchise	6.3%	**6.8%**

RevPAR in the comparable owned and leased estate grew by 10.3% in the six months ended 30 June 2004. Growth was primarily occupancy-led as commercial demand continued to strengthen in major US centres. While several hotels achieved strong average daily rate growth, the InterContinental The Barclay New York and InterContinental San Juan in particular, this was still localised and inconsistent.

Managed RevPAR growth exhibited similar patterns to the owned and leased estate, with RevPAR growth through occupancy increases being widespread, while average daily rate increases were less consistent. Turnover in the managed estate grew partly as a result of the management contracts signed with Hospitality Properties Trust (HPT), however, operating profit from managed hotels was below the prior year due to performance payments to HPT.

All brands in the franchised estate recorded RevPAR growth in the six months, with Express RevPAR up by 6.8% and Holiday Inn up by 5.0%. System size in Express grew by 30 hotels (2.3%) during the six months, while Holiday Inn declined by eight hotels (0.7%).

Two hotels, the InterContinental Central Park South (New York) and the Holiday Inn South Bend Indiana, were sold during the period, with net proceeds received being marginally below net book value.

EUROPE, MIDDLE EAST & AFRICA (EMEA)	Three months ended			Six months ended		
	30 June 2004	30 June 2003	% change	30 June 2004	30 June 2003	% change
	£m	£m		£m	£m	
Turnover:						
Owned & leased	**194**	183	6.0%	**367**	345	6.4%
Managed	**12**	9	33.3%	**24**	16	50.0%
Franchised	**8**	6	33.3%	**13**	12	8.3%
	214	198	8.1%	**404**	373	8.3%
Operating profit before exceptional items:						
Owned & leased	**27**	18	50.0%	**38**	30	26.7%
Managed	**7**	4	75.0%	**15**	8	87.5%
Franchised	**5**	4	25.0%	**9**	8	12.5%
	39	26	50.0%	**62**	46	34.8%
Regional overheads	**(5)**	(7)	28.6%	**(12)**	(14)	14.3%
Total	**34**	19	78.9%	**50**	32	56.3%

Turnover in the EMEA region grew by £31m (8.3%) to £404m for the six months ended 30 June 2004. In addition to continued growth in the comparable owned and leased estate, turnover was boosted by the re-opened Le Grand InterContinental Paris, stability in the Middle East, and liquidated damages in the managed estate.

The improvement in turnover, combined with reduced overheads, resulted in an increase in operating profit for the six months by 56.3% to £50m.

EMEA REVPAR MOVEMENT ON PREVIOUS YEAR (comparable)	Three months ended 30 June 2004	Six months ended 30 June 2004
InterContinental owned & leased	8.5%	**4.0%**
Crowne Plaza owned & leased	9.8%	**7.5%**
Holiday Inn UK London	27.7%	**22.3%**
Holiday Inn UK Regions	5.3%	**6.7%**

Trading in the EMEA owned and leased estate remained mixed over the period ended 30 June 2004. The Holiday Inn UK estate continued to gain market share, with London RevPAR up by 22.3% and the regions up by 6.7%. The rest of the European owned and leased estate did not display a clear pattern of improvement. Whilst the Le Grand InterContinental Paris, closed for refurbishment in the prior year, boosted revenue, the key Paris and Amsterdam markets remained soft, with average daily rates falling. In Germany, occupancy in the owned and leased estate improved, although average daily rates were generally flat.

Managed and franchised operations were more resilient during the period. Occupancy in the comparable estate in the Middle East grew during the six months by 14.2 percentage points and average daily rate by 3.7%. Liquidated damages of approximately £4m were received from the early termination of the InterContinental Barcelona management contract. Franchised revenues continued to grow with RevPAR in all brands finishing ahead of prior year for the six months ended 30 June 2004.

Eighteen hotels were added to the system during the six months ended 30 June 2004, two owned and leased, four managed and 12 franchised. Four hotels were sold in the period, with proceeds received being greater than net book value.

	Three months ended			**Six months ended**		
ASIA PACIFIC	**30 June 2004**	**30 June 2003**	**% change**	**30 June 2004**	**30 June 2003**	**% change**
	£m	**£m**		**£m**	**£m**	
Turnover:						
Owned & leased	**46**	**27**	70.4%	**96**	**66**	45.5%
Managed	**8**	**4**	100.0%	**17**	**10**	70.0%
Franchised	**2**	**1**	100.0%	**3**	**2**	50.0%
	56	**32**	75.0%	**116**	**78**	48.7%
Operating profit before exceptional items:						
Owned & leased	**5**					