

INTERCONTINENTAL HOTELS GROUP PLC /NEW/
Form 6-K
August 10, 2010

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 10 August 2010

InterContinental Hotels Group PLC
(Registrant's name)

Broadwater Park, Denham, Buckinghamshire, UB9 5HJ, United Kingdom
(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 INDEX

99.1 Half Yearly Report

Exhibit No: 99.1

InterContinental Hotels Group PLC

Half Year Results to 30 June 2010

Financial results	<u>2010</u>	<u>2009</u>	<u>% change</u>		<u>% change CER</u>	
			Total	Excluding LDs ¹	Total	Excluding LDs ¹
Revenue	\$772m	\$726m	6%	7%	6%	6%
Operating profit	\$219m	\$179m	22%	24%	23%	25%
Total adjusted EPS	47.0¢	41.5¢	13%			
Total basic EPS ²	49.1¢	(10.2)¢	<i>n/m</i>			
Interim dividend per share	12.8¢	12.2¢	5%			
Net debt	\$1,019m	\$1,328m				

All figures are before exceptional items unless otherwise noted. See appendices 2 and 3 for analysis of financial headlines.

Constant exchange rate comparatives shown in appendix 4. (% CER) = change in constant currency.

¹ – excluding \$3m of significant liquidated damages (LDs) receipts in the first half 2009.

² – total basic EPS after exceptional items. *n/m* = not meaningful

Headlines

- Total gross revenue³ from all hotels in IHG's system of \$8.9bn, up 9% at constant currency.
- Global constant currency first half RevPAR growth of 3.9% driven by occupancy.
- Global constant currency second quarter RevPAR growth of 7.4%, including a rate decline of 0.5%.
- 19,003 rooms (148 hotels) added, 9,982 (65 hotels) on a net basis. Total system of 656,661 rooms (4,503 hotels), up 4%.
- 19,126 rooms (130 hotels) signed, taking the pipeline to 197,431 rooms (1,302 hotels).
- Interim dividend up 5% to 12.8¢, equivalent to 8.0p at the closing exchange rate on 6 August 2010.
- InterContinental Buckhead, Atlanta sold on 1 July for \$105m, in line with strategy to reduce capital intensity.

³ - See appendix 5 for definition

Recent trading

- July global constant currency RevPAR of 8.1%; 6.4% Americas, 10.0% EMEA and 15.0% Asia Pacific.

Business Update

- **Powerful and distinct brands:** The \$1 billion relaunch of Holiday Inn remains on track. 2,585 hotels are now operating under the new Holiday Inn standards, 76% of the total estate. Relunched hotels are performing at the top end of our expected range. We continue to drive up the overall quality of the estate with 75,000 new rooms under construction of which c.140 hotels (21,000 rooms) are expected to open in the remainder of this year. 9,021 rooms (83 hotels) were removed from the system in the first half. Total room removals are still expected to be in the region of 40,000 in 2010.
- **Leadership position in Greater China:** with 132 hotels open and 148 in our development pipeline we continue to build our leading position in the region. Over 50% of our pipeline comprises our upscale brands, illustrating the potential speed of revenue growth from this rapidly expanding market.
- **System delivery:** this continued to improve with 68% of rooms revenue booked through IHG's channels or by Priority Club Rewards members direct to hotel (2009: 66%). Priority Club Rewards members now total almost 52m (2009: 44m).
- **Focus on efficiency:** First half regional and central costs of \$108m increased \$9m at constant exchange rates (\$12m at reported rates) due to higher performance based short term incentive costs. IHG is on track to maintain the c. \$75m of sustainable savings achieved in 2009 across regional and central costs and managed and franchised cost of sales.

Commenting on the results, Andrew Cosslett, Chief Executive of InterContinental Hotels Group PLC said:

“Trading strengthened as the first half progressed with global Revenue per Available Room (RevPAR) up 3.9% overall and 7.4% in the second quarter. Asia is leading the recovery with Greater China reporting RevPAR up 29.4% in the half. As anticipated, occupancy drove RevPAR increases, with business travellers returning in greater numbers. Rates are now stabilising across the world, with most markets seeing rate growth towards the end of the first half. The economic environment does remain uncertain, however, with short booking windows and limited visibility.

“During the downturn we worked closely with our owners to reduce costs, drive revenue and build the strength of our system and brands. In the first half we signed 130 hotels and opened 148, despite the tough financing environment. The quality of these new hotels is exceptionally high, particularly in China where both our pipeline and system of open hotels are skewed towards more upscale developments. We have now completed the relaunch of nearly 2,600 Holiday Inn hotels worldwide out of a total of 3,400, and the performance of these hotels continues to meet or beat our expectations.

“These efforts put us in great shape to increase share in what is now a rising market. Having maintained the dividend through the recession and balancing the improvement in trading with the continued economic uncertainty, the Board is announcing an increase in the dividend of 5%.”

Americas

Revenue performance

RevPAR increased 2.2% in the first half, with second quarter growth of 5.8 %. In the US, Holiday Inn and Holiday Inn Express outperformed their segments by 1.4 and 0.4 percentage points respectively, reporting RevPAR growth of 0.1% at Holiday Inn (including 3.2% for Q2) and 0.4% at Holiday Inn Express (including 3.6% for Q2). Revenues increased 5% to \$393m.

Operating profit performance

Operating profit increased 20% from \$149m to \$179m. Franchised hotels' operating profit grew 6% driven by a royalty fee revenue increase of 8%. In the managed business, operating profit of \$13m compares to a loss of \$9m in 2009 which included a \$19m charge for priority guarantee shortfalls. Owned and leased hotels' operating profit of \$4m was flat on 2009 reflecting RevPAR growth of 5.9% offset by a \$3m reinstatement of depreciation on hotels classified as held for sale in the first half of 2009.

EMEA

Revenue performance

RevPAR increased 4.0% in the first half, with second quarter growth of 7.2 %. Performance was strongest in Germany where RevPAR grew 16.5% whilst mixed trading conditions across the Middle East led to a 4.8% RevPAR decline in that region. RevPAR growth of just 1.2% in the UK was due primarily to previously contracted lower rate business. Revenues increased 3% to \$192m (4% CER). Excluding one liquidated damages receipt of \$3m in 2009, revenues increased 5% to \$192m (5% CER).

Operating profit performance

Excluding the impact of the \$3m liquidated damages receipt in 2009, operating profit grew 5% to \$58m (9% CER). On this same basis franchised hotels' operating profit grew \$1m to \$28 m driven by a 4% increase in room count offset by a \$2m reduction in initial franchising, relicensing and termination fees. Managed hotels' operating profit declined by \$1m to \$32m, with growth in Europe being offset by difficult trading in certain parts of the Middle East. Owned and leased hotels' operating profit grew \$5m to \$15m driven by 15.0% RevPAR growth at InterContinental Park Lane and 13.1% growth at InterContinental Paris Le Grand.

Asia Pacific

Revenue performance

RevPAR increased 13.0% in the first half, with second quarter growth of 16.1%. Greater China was the strongest performing region with RevPAR growth of 29.4%, boosted by the Global Expo in Shanghai where RevPAR grew 48.4%. Revenues increased 29% to \$137m (25% CER).

Operating profit performance

Operating profit increased 106% to \$35m (94% CER). Franchised hotels' operating profit increased \$1m to \$3m. Managed hotels' operating profit grew 76% to \$30m (65% CER) primarily driven by 31.2% RevPAR growth across IHG's managed operations in Greater China and 12% rooms growth across the region. Operating profit at owned and leased hotels increased 27% to \$14m reflecting RevPAR growth of 16.5% at InterContinental Hong Kong.

Interest and tax

The interest charge for the period increased \$3m to \$31m as the impact of lower levels of average net debt was offset by a higher average cost of debt.

Based on the position at the end of the half, the tax charge has been calculated using an estimated annual tax rate of 28% (Estimated annual tax rate at H1 2009: 22%).

Cash flow & net debt

IHG's balance sheet has been strengthened with net debt down to \$1.0bn (including the \$205m finance lease on the InterContinental Boston) from \$1.3bn as at 30 June 2009. Post period end, the InterContinental Buckhead, Atlanta was sold on 1 July 2010 for \$105m, \$23m above net book value. Proceeds have been used to reduce debt.

Following the 2009 actuarial review of the UK Pension Plan, the Company has agreed with the Plan Trustees to make additional contributions up to a total of £100m by 31 March 2017. The agreement includes three additional annual contributions of £10m payable over the period 2010-2012, a 7.5% share of net proceeds from the disposal of hotels and a top-up in 2017 to the £100m total if required. The scheme is formally valued every three years and any future valuations could lead to changes in the amounts payable.

During 2009 IHG extended the maturity and diversification of its debt profile issuing a seven year £250m bond in the fourth quarter using this to refinance \$415m of the \$500m term loan expiring in November 2010. In addition, IHG has a \$1.6bn revolving credit facility expiring May 2013.

Appendix 1: Rooms

	Americas	EMEA	Asia Pacific	Total
Openings	12,320	2,938	3,745	19,003
Removals	(7,060)	(2,048)	87	(9,021)
Net openings	5,260	890	3,832	9,982
<i>Signings</i>	<i>10,124</i>	<i>3,292</i>	<i>5,710</i>	<i>19,126</i>

Appendix 2: Second quarter financial headlines

Three months to 30 June \$m	Total		Americas		EMEA		Asia Pacific		Central	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Franchised operating profit	124	112	107	97	16	14	1	1	-	-
Managed operating profit	41	21	6	(5)	19	17	16	9	-	-
Owned and leased operating profit	22	18	6	5	10	9	6	4	-	-
Regional overheads	(26)	(24)	(12)	(11)	(8)	(6)	(6)	(7)	-	-
Operating profit pre central overheads	161	127	107	86	37	34	17	7	-	-
Central overheads	(25)	(20)	-	-	-	-	-	-	(25)	(20)
Operating profit	136	107	107	86	37	34	17	7	(25)	(20)

Appendix 3: First half financial headlines

Six months to 30 June \$m	Total		Americas		EMEA		Asia Pacific		Central	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Franchised operating profit	219	209	188	177	28	30	3	2	-	-
Managed operating profit	75	41	13	(9)	32	33	30	17	-	-
Owned and leased operating profit	33	25	4	4	15	10	14	11	-	-
Regional overheads	(55)	(51)	(26)	(23)	(17)	(15)	(12)	(13)	-	-
Operating profit pre central overheads	272	224	179	149	58	58	35	17	-	-
Central overheads	(53)	(45)	-	-	-	-	-	-	(53)	(45)
Operating profit	219	179	179	149	58	58	35	17	(53)	(45)

Appendix 4: Constant currency operating profit movement before exceptional items.

	Americas		EMEA		Asia Pacific		Total***	
	Actual currency*	Constant currency**	Actual currency*	Constant currency**	Actual currency*	Constant Currency**	Actual currency*	Constant currency**
Growth	20%	19%	0%	3%	106%	94%	22%	23%

Exchange rates	GBP:USD	EUR: USD	* US dollar actual currency; ** Translated at constant 2009 exchange rates *** After central overheads
2010	0.66	0.75	
2009	0.67	0.75	

Appendix 5: Definition of total gross revenue

Total gross revenue is defined as total room revenue from franchised hotels and total hotel revenue from managed, owned and leased hotels. It is not revenue attributable to IHG, as it is derived mainly from hotels owned by third parties. The metric is highlighted as an indicator of the scale and reach of IHG's brands.

Appendix 6: Investor information for 2010 interim dividend

Ex-dividend Date: 25 August 2010

Record Date: 27 August 2010

Payment Date: 1 October 2010

Dividend payment: Ordinary shares 8.0p per share: ADRs 12.8¢ per ADR

For further information, please contact:

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Media Affairs (Leslie McGibbon, Joyce Lorigan): +44 (0) 1895 512 425 +44 (0) 7808 094 471

High resolution images to accompany this announcement are available for the media to download free of charge from www.vismedia.co.uk . This includes profile shots of the key executives.

Presentation for Analysts and Shareholders

A presentation with Andrew Cosslett (Chief Executive) and Richard Solomons (Chief Financial Officer and Head of Commercial Development) will commence at 9.30am (London time) on 10 August at Merrill Lynch Financial Centre, 2 King Edward Street, London, EC1A 1HQ. There will be an opportunity to ask questions. The presentation will conclude at approximately 10.30am (London time).

There will be a live audio webcast of the results presentation on the web address www.ihg.com/interims10. The archived 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. There will also be a live dial-in facility

International dial-in +44 (0)20 7806 1957
Passcode 3043618 or "InterContinental Hotels Group"

US Q&A conference call

There will also be a conference call, primarily for US investors and analysts, at 10.00am (Eastern Standard Time) on 10 August with Andrew Cosslett (Chief Executive) and Richard Solomons (Chief Financial Officer and Head of Commercial Development). There will be an opportunity to ask questions.

International dial-in +44 (0)20 7108 6370
Standard US dial-in +1 517 345 9004
US Toll Free 866 692 5726
Conference ID: HOTEL

A recording of the conference call will also be available for 7 days. To access this please dial the relevant number below and use the access number 6826#.

International dial-in +44 (0)20 7970 8268
Standard US dial-in +1 203 369 4826
US Toll Free 877 274 0700

Website

The full release and supplementary data will be available on our website from 7.00 am (London time) on 10 August. The web address is www.ihg.com/interims10 .

To watch a video of Richard Solomons reviewing our results visit our YouTube channel at www.youtube.com/ihgplc

Notes to Editors:

InterContinental Hotels Group (IHG) [LON:IHG, NYSE:IHG (ADRs)] is the world's largest hotel group by number of rooms. IHG franchises, leases, manages or owns, through various subsidiaries, over 4,500 hotels and more than 650,000 guest rooms in 100 countries and territories around the world. The Group owns a portfolio of well recognised and respected hotel brands including InterContinental® Hotels & Resorts, Hotel Indigo®, Crowne Plaza® Hotels & Resorts, Holiday Inn® Hotels and Resorts, Holiday Inn Express®, Staybridge Suites® and Candlewood Suites® and also manages the world's largest hotel loyalty programme, Priority Club® Rewards with 52 million members worldwide.

IHG has over 1,300 hotels in its development pipeline, which will create 160,000 jobs worldwide over the next few years.

InterContinental Hotels Group PLC is the Group's holding company and is incorporated in Great Britain and registered in England and Wales.

IHG offers information and online reservations for all its hotel brands at www.ihg.com and information for the Priority Club Rewards programme at www.priorityclub.com. For the latest news from IHG, visit our online Press Office at www.ihg.com/media

Cautionary note regarding forward-looking statements

This announcement contains certain forward-looking statements as defined under US law (Section 21E of the Securities Exchange Act of 1934). These forward-looking statements can be identified by the fact that they do not relate to historical or current facts. Forward-looking statements often use words such as 'anticipate', 'target', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe' or other words of similar meaning. By their nature, forward-looking statements are inherently predictive, speculative and involve risk and uncertainty. There are a number of factors that could cause actual results and developments to differ materially from those expressed in or implied by, such forward-looking statements. Factors that could affect the business and the financial results are described in 'Risk Factors' in the InterContinental Hotels Group PLC Annual report on Form 20-F filed with the United States Securities and Exchange Commission.

INTERim Management REPORT

This Interim Management Report discusses the performance of InterContinental Hotels Group (the Group or IHG) for the six months ended 30 June 2010.

GROUP PERFORMANCE

	3 months ended			6 months ended		
	30 June 2010	30 June 2009	% change	30 June 2010	30 June 2009	% change
Group Results	\$m	\$m		\$m	\$m	
Revenue						
Americas	215	196	9.7	393	375	4.8
EMEA	102	99	3.0	192	186	3.2
Asia Pacific	68	50	36.0	137	106	29.2
Central	25	30	(16.7)	50	59	(15.3)

Total	410	375	9.3	772	726	6.3
Operating profit before exceptional items						
Americas	107	86	24.4	179	149	20.1
EMEA	37	34	8.8	58	58	-
Asia Pacific	17	7	142.9	35	17	105.9
Central	(25)	(20)	(25.0)	(53)	(45)	(17.8)
	136	107	27.1	219	179	22.3
Exceptional operating items	6	(175)	n/m	4	(201)	n/m
Net financial expenses	(16)	(68)	n/m	(31)	(22)	n/m
Profit/(loss) before tax	126	(82)	n/m	192	(50)	n/m
Earnings per ordinary share						
Basic	30.2¢	(19.6)¢	n/m	49.1¢	(10.2)¢	n/m
Adjusted	29.5¢	26.0¢	13.5	47.0¢	41.5¢	13.3

*n/m – non meaningful

Revenue increased by 6.3% to \$772m and operating profit before exceptional items increased by 22.3% to \$219m during the six months ended 30 June 2010. At constant exchange rates, revenue and operating profit before exceptional items increased 5.6% and 22.9% respectively.

The results for 2009 also included \$3m of liquidated damages received by IHG in respect of the settlement of a franchise contract in the EMEA region. Excluding these receipts, revenue and operating profit before exceptional items increased by 6.8% and 24.4% and at constant exchange rates by 6.1% and 25.0% respectively.

Group RevPAR increased by 3.9% during the six months ended 30 June 2010 and by 7.4% in the second quarter.

Central and regional overheads increased by \$12m to \$108m (\$9m on a constant currency basis). Included in this increase are higher performance based short term incentive costs where no payments were made in 2009.

Profit before tax increased by \$242m from a loss of \$50m to a profit of \$192m. Adjusted earnings per ordinary share increased by 13.3% to 47.0¢.

The IHG global system (the number of hotels which are franchised, managed, owned or leased) increased in the first half of 2010 by 65 hotels (9,982 rooms) with openings of 148 hotels (19,003 rooms) and removals of 83 hotels (9,021 rooms) continuing IHG's strategy to reinvigorate brands through the removal of lower quality, non-brand conforming hotels. The \$1bn relaunch of the Holiday Inn remains on schedule. At 30 June 2010, 2,523 hotels were open under the updated signage and brand standards.

At 30 June 2010, the IHG pipeline which represents hotels and rooms where a contract has been signed and the appropriate fees paid, totalled 1,302 hotels (197,431 rooms), a decline of 136 hotels (12,932 rooms) since the year end. The movement comprised additions to the pipeline totalling 130 hotels (19,126 rooms), offset by openings and pipeline terminations which occur for a number of reasons such as withdrawal of financing and changes in local market conditions.

THE AMERICAS

	30 June 2010	3 months ended		30 June 2010	6 months ended	
		30 June 2009	% change		30 June 2009	% change
Americas Results	\$m	\$m		\$m	\$m	
Revenue						
Franchised	123	115	7.0	221	214	3.3
Managed	30	24	25.0	59	55	7.3
Owned and leased	62	57	8.8	113	106	6.6
Total	215	196	9.7	393	375	4.8
Operating profit before exceptional items						
Franchised	107	97	10.3	188	177	6.2
Managed	6	(5)	220.0	13	(9)	244.4
Owned and leased	6	5	20.0	4	4	-
	119	97	22.7	205	172	19.2
Regional overheads	(12)	(11)	(9.1)	(26)	(23)	(13.0)
Total	107	86	24.4	179	149	20.1

Revenue and operating profit before exceptional items increased by \$18m to \$393m (4.8%) and \$30m to \$179m (20.1%) respectively during the six months ended 30 June 2010. RevPAR in the first half of the year increased by 2.2% with growth strengthening to 5.8% in the second quarter following a decline of 1.9% in the first quarter. All brands experienced growth in the second quarter, led by occupancy improvements.

During the first half of 2010, franchised revenue and operating profit increased by \$7m to \$221m (3.3%) and \$11m to \$188m (6.2%) respectively, compared to the same period in 2009. These increases were predominantly driven by an increase in royalty revenues as a consequence of RevPAR and system size growth.

Managed revenue increased by \$4m to \$59m (7.3%), driven by RevPAR growth of 4.7%. The prior year operating profit included a charge of \$19m for priority returns on a portfolio of hotels for which a provision for onerous contracts was established on 31 December 2009. Excluding this, managed operating profit increased \$3m (30.0%).

The managed results include \$36m (2009 \$36m) of revenue and \$1m (2009 \$3m) of operating profit from four properties that are structured for legal reasons as operating leases but with the same characteristics as management

contracts.

Owned and leased revenue increased by \$7m to \$113m (6.6%). RevPAR across the owned and leased estate increased by 5.9% driven by occupancy increasing by 4.6 percentage points, with rate decreasing by 0.6%. Operating profit remained flat on 2009 at \$4m. The first half of 2010 included depreciation of \$3m for the InterContinental Buckhead and InterContinental Mark Hopkins. During the same period in 2009 no depreciation was charged as they were classified as held for sale assets. Excluding the impact of this change, owned and leased operating profit increased by \$3m.

Regional Overheads increased by \$3m to \$26m (2009 \$23m).

	Hotels		Rooms	
	2010	Change over 2009	2010	Change over 2009
Americas hotel and room count	30 June	31 December	30 June	31 December
Analysed by brand				
InterContinental	54	(1)	18,349	(150)
Crowne Plaza	207	5	56,606	916
Holiday Inn	880	(4)	157,206	(995)
Holiday Inn Express	1,874	28	161,434	3,150
Staybridge Suites	180	2	19,758	438
Candlewood Suites	273	19	26,996	1,713
Hotel Indigo	34	2	4,154	188
Holiday Inn Club Vacations	6	-	2,892	-
Other brands	22	-	3,219	-
Total	3,530	51	450,614	5,260
Analysed by ownership type				
Franchised	3,300	55	403,816	5,812
Managed	220	(3)	43,388	(250)
Owned and leased	10	(1)	3,410	(302)
Total	3,530	51	450,614	5,260

	Hotels		Rooms	
	2010	Change over 2009	2010	Change over 2009
Americas pipeline	30 June	31 December	30 June	31 December
Analysed by brand				
InterContinental	8	2	2,392	352
Crowne Plaza	30	(3)	6,409	(553)
Holiday Inn	183	(33)	24,051	(3,891)
Holiday Inn Express	426	(60)	38,620	(4,818)
Staybridge Suites	102	(14)	10,771	(1,737)
Candlewood Suites	139	(30)	12,221	(2,630)
Hotel Indigo	47	-	6,104	117

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Total	935	(138)	100,568	(13,160)
Analysed by ownership type				
Franchised	924	(139)	97,677	(13,431)
Managed	11	1	2,891	271
Total	935	(138)	100,568	(13,160)

The Americas system size increased in the first half of 2010 by 51 hotels (5,260 rooms), with 120 hotels (12,320 rooms) joining the system and 69 hotels (7,060 rooms) leaving the system. The majority of removals (6,153 rooms) were planned and relate to the reinvigoration and global relaunch of the Holiday Inn brand.

The Americas pipeline at 30 June 2010 totalled 935 hotels (100,568 rooms) representing a decline of 13,160 rooms over the pipeline at 31 December 2009. This was primarily due to a decrease in signings in the first half of 2010 at 86 hotels (10,124 rooms), compared to 130 hotels (15,004 rooms) in the first half of 2009.

Europe, Middle East and Africa (EMEA)

	3 months ended			6 months ended		
	30 June 2010	30 June 2009	% change	30 June 2010	30 June 2009	% change
EMEA Results	\$m	\$m		\$m	\$m	
Revenue						
Franchised	20	19	5.3	37	40	(7.5)
Managed	32	31	3.2	61	59	3.4
Owned and leased	50	49	2.0	94	87	8.0
Total	102	99	3.0	192	186	3.2
Operating profit before exceptional items						
Franchised	16	14	14.3	28	30	(6.7)
Managed	19	17	11.8	32	33	(3.0)
Owned and leased	10	9	11.1	15	10	50.0
	45	40	12.5	75	73	2.7
Regional overheads	(8)	(6)	(33.3)	(17)	(15)	(13.3)
Total	37	34	8.8	58	58	-

Revenue increased by \$6m to \$192m (3.2%) and operating profit remained flat at \$58m during the six months ended 30 June 2010. The region received liquidated damages of \$3m in the first half of 2009. Excluding these receipts, revenue increased by 4.9% and operating profit increased by 5.5% and at constant exchange rates by 5.5% and 9.1%

respectively. RevPAR increased by 4.0% in the six months to 30 June 2010, including a 7.2% increase in the second quarter.

Franchised revenue and operating profit decreased by \$3m to \$37m (7.5%) and by \$2m to \$28m (6.7%) respectively. The decrease includes the receipt of \$3m liquidated damages in the first six months of 2009. Excluding this, revenue was flat on 2009 at \$37m and operating profit increased by \$1m (3.7%).

Royalty revenues in EMEA increased by \$3m due to growth in RevPAR of 5.6% and increased system size during the first half of 2010. RevPAR growth was strongest in Germany attributable in part to increased trade fair and corporate event activity, while system size grew most through the Holiday Inn and Holiday Inn Express brands in the Middle East. Declines in non-royalty revenues, such as fees associated with new signings, relicensing and terminations, lowered franchise revenue growth.

Managed revenue increased by \$2m to \$61m (3.4%). Overall managed RevPAR increased by 0.6%. Trading has improved in European markets in the first six months of 2010 with mixed conditions in the Middle East where year on year growth in Egypt, Lebanon and Saudi Arabia was offset by declines in the Gulf region. For the UK, RevPAR increases in London were offset by declines in the Provinces. EMEA managed operating profit decreased marginally by \$1m.

In the owned and leased estate RevPAR increased by 12.7%, resulting in a revenue increase of \$7m to \$94m (8.0%). Operating profit increased by \$5m to \$15m (50%) reflecting strong RevPAR growth of 13.1% at the InterContinental Paris Le Grand and year on year margin improvement.

Regional overheads increased by \$2m to \$17m compared to the first half of 2009. This was impacted by an unfavourable sterling to dollar exchange rate during the period. Excluding this, net overheads increased by \$1m.

EMEA hotel and room count	Hotels		Rooms	
	2010 30 June	Change over 2009 31 December	2010 30 June	Change over 2009 31 December
Analysed by brand				
InterContinental	65	-	20,327	(259)
Crowne Plaza	95	2	22,566	409
Holiday Inn	332	(1)	53,433	61
Holiday Inn Express	199	2	23,892	633
Staybridge Suites	4	-	565	-
Hotel Indigo	2	1	110	46
Other brands	2	-	293	-
Total	<u>699</u>	<u>4</u>	<u>121,186</u>	<u>890</u>
Analysed by ownership type				
Franchised	526	6	79,803	1,587
Managed	169	(2)	39,937	(697)
Owned and leased	4	-	1,446	-
Total	<u>699</u>	<u>4</u>	<u>121,186</u>	<u>890</u>

EMEA pipeline	Hotels		Rooms	
	2010 30 June	Change over 2009 31 December	2010 30 June	Change over 2009 31 December
Analysed by brand				
InterContinental	22	(1)	5,861	(239)
Crowne Plaza	23	(1)	6,647	6
Holiday Inn	43	(2)	9,661	(768)
Holiday Inn Express	45	(4)	6,296	(792)
Staybridge Suites	8	1	973	121
Hotel Indigo	6	2	588	237
Other brands	-	-	-	-
Total	147	(5)	30,026	(1,435)
Analysed by ownership type				
Franchised	87	(6)	13,112	(1,840)
Managed	60	1	16,914	405
Total	147	(5)	30,026	(1,435)

During the first half of 2010, EMEA system size increased by 4 hotels (890 rooms), including 16 additions (2,938 rooms) offset by removals of 12 hotels (2,048 rooms).

The EMEA pipeline at 30 June 2010 totalled 147 hotels (30,026 rooms) representing a decline of 1,435 rooms over the pipeline at 31 December 2009. A total of 22 hotels (3,292 rooms) were added to the region's pipeline during the first six months of 2010, compared to 16 hotels (3,781 rooms) in the same period of 2009.

Asia Pacific

Asia Pacific Results	30 June	3 months ended		30 June	6 months ended	
	2010	30 June	%	2010	30 June	%
	\$m	\$m	change	\$m	\$m	change
Revenue						
Franchised	3	3				