

Condensed Interim Income Statement

FOR THE SIX MONTHS ENDED 30 JUNE 2015		Unaudited	Unaudited
		6 months	6 months
DOLLARS IN THOUSANDS	NOTE	to 30/06/15	to 30/06/14
Revenue		69,951	66,918
Cost of sales		(30,689)	(30,544)
Gross profit		39,262	36,374
Other income		-	487
Administrative expenses		(10,500)	(10,047)
Other operating expenses		(8,598)	(9,439)
Operating profit before finance income		20,164	17,375
Finance income		1,984	1,935
Finance costs		(1,771)	(1,237)
Net finance income		213	698
Share of loss of associate		-	(3,134)
Profit before income tax		20,377	14,939
Income tax expense		(4,917)	(5,304)
Profit for the period		15,460	9,635
Profit for the period attributable to:			
Equity holders of the parent		12,011	6,215
Non-controlling interests		3,449	3,420
Profit for the period		15,460	9,635
Basic earnings per share (cents)	4	7.59c	1.40c
Diluted earnings per share (cents)	4	7.59c	1.40c

Condensed Interim Statement of Comprehensive Income

FOR THE SIX MONTHS ENDED 30 JUNE 2015	NOTE	Unaudited	Unaudited
		6 months	6 months
DOLLARS IN THOUSANDS		to 30/6/15	to 30/6/14
Profit for the period		15,460	9,635
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Share of post acquisition reserves in associate		-	(934)
Fair value movement of assets held for sale		23	-
Movement in exchange translation reserve			
- Recognised in equity		5,851	(20,934)
- Tax (expense)/credit on foreign exchange		(795)	185
Total comprehensive income/(loss) for the period		20,539	(12,048)
Total comprehensive income/(loss) for the period attributable to:			
Equity holders of the parent		17,283	(14,534)
Non-controlling interests		3,256	2,486
Total comprehensive income/(loss) for the period		20,539	(12,048)
DETAILS OF SPECIFIC RECEIPTS/OUTLAYS, REVENUES/EXPENSES :			
Other income (Business interruption income)		-	487
Audit fees		(129)	(155)
Depreciation		(3,566)	(3,421)
Interest income		1,984	1,851
Net foreign exchange gain/(loss)		(143)	83
Interest expense		(1,628)	(1,236)
Leasing and rental expenses		(1,011)	(1,082)
Net gain on disposal of property, plant and equipment		-	2

Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries
Condensed Interim Statement of Changes in Equity

	FOR THE SIX MONTHS ENDED 30 JUNE 2015		Attributable to Equity Holders of the Group						
			Unaudited	Unaudited	Unaudited	Unaudited	Unaudited		Unaudited
		Share	Revaluation	Exchange	Accumulated	Treasury	Unaudited	Non-controlling	Total
DOLLARS IN THOUSANDS	NOTE	Capital	Reserves	Reserves	Losses	Stock	Total	Interests	Equity
Balance at 1 January 2014		430,330	78,308	1,177	(43,303)	(85)	466,427	100,755	567,182
Share of post acquisition reserves in associate		-	-	-	(935)	-	(935)	1	(934)
Movement in exchange translation reserve		-	-	(19,814)	-	-	(19,814)	(935)	(20,749)
Income and expense recognised directly in equity		-	-	(19,814)	(935)	-	(20,749)	(934)	(21,683)
Profit for the period		-	-	-	6,215	-	6,215	3,420	9,635
Total comprehensive income/(loss) for the period		-	-	(19,814)	5,280	-	(14,534)	2,486	(12,048)
Transactions with owners, recorded directly in equity :									
Redeemable preference shares issued	3	111,230	-	-	-	-	111,230	-	111,230
Capital reduction in subsidiary		-	-	-	-	-	-	(2,470)	(2,470)
Provision for distribution in specie	6	-	-	-	(248,168)	-	(248,168)	-	(248,168)
Dividends paid to:									
Equity holders of the parent	5	-	-	-	(6,287)	-	(6,287)	-	(6,287)
Non-controlling interests		-	-	-	-	-	-	(2,054)	(2,054)
Acquisition of non-controlling interests without a change in control		-	-	-	54	-	54	354	408
Supplementary dividends	5	-	-	-	(198)	-	(198)	-	(198)
Foreign investment tax credits		-	-	-	198	-	198	-	198
Balance at 30 June 2014		541,560	78,308	(18,637)	(292,424)	(85)	308,722	99,071	407,793
Balance at 1 January 2015		383,266	94,110	(4,116)	(101,874)	(26)	371,360	78,347	449,707
Fair value movement of assets held for sale		-	-	-	23	-	23	-	23
Movement in exchange translation reserve		-	-	5,249	-	-	5,249	(193)	5,056
Income and expense recognised directly in equity		-	-	5,249	23	-	5,272	(193)	5,079
Profit for the period		-	-	-	12,011	-	12,011	3,449	15,460
Total comprehensive income for the period		-	-	5,249	12,034	-	17,283	3,256	20,539
Transactions with owners, recorded directly in equity :									
Dividends paid to:									
Equity holders of the parent	5	-	-	-	(3,797)	-	(3,797)	-	(3,797)
Non-controlling interests		-	-	-	-	-	-	(2,282)	(2,282)
Movement in of non-controlling interests without a change in control		-	-	-	(4,128)	-	(4,128)	(26,484)	(30,612)
Supplementary dividends	5	-	-	-	(109)	-	(109)	-	(109)
Foreign investment tax credits		-	-	-	109	-	109	-	109
Balance at 30 June 2015		383,266	94,110	1,133	(97,765)	(26)	380,718	52,837	433,555

Condensed Interim Statement of Financial Position

AS AT 30 JUNE 2015		Unaudited	Audited	Unaudited
		as at	as at	as at
DOLLARS IN THOUSANDS	NOTE	30/06/15	31/12/14	30/06/14
SHAREHOLDERS' EQUITY				
Issued capital	3	383,266	383,266	541,560
Reserves		(2,522)	(11,880)	(232,753)
Treasury stock	3	(26)	(26)	(85)
Non-controlling interests		52,837	78,347	99,071
Total equity		433,555	449,707	407,793
Represented by:				
NON CURRENT ASSETS				
Property, plant and equipment		308,434	309,148	294,997
Development properties		143,439	122,738	127,128
Intangible assets		2,823	2,823	2,823
Investment in associates	8	2	2	213,772
Total non-current assets		454,698	434,711	638,720
CURRENT ASSETS				
Cash and cash equivalents		47,498	24,022	98,878
Short term bank deposits		38,206	83,572	-
Trade and other receivables		13,213	16,849	11,955
Inventories		1,159	1,256	1,162
Income tax receivable		331	-	1,863
Development properties		19,959	24,652	15,558
Assets held for sale		341	298	-
Total current assets		120,707	150,649	129,416
Total assets		575,405	585,360	768,136
NON CURRENT LIABILITIES				
Interest-bearing loans and borrowings		77,472	61,500	52,000
Provisions	7	-	-	757
Provision for deferred taxation		41,127	41,865	43,335
Total non-current liabilities		118,599	103,365	96,092
CURRENT LIABILITIES				
Interest-bearing loans and borrowings		59	6,921	-
Trade and other payables		19,051	20,967	12,973
Trade payables due to related parties	6	1,141	504	867
Provisions	7	3,000	3,000	250,411
Income tax payable		-	896	-
Total current liabilities		23,251	32,288	264,251
Total liabilities		141,850	135,653	360,343
Net assets		433,555	449,707	407,793

Condensed Interim Statement of Cash Flows

FOR THE SIX MONTHS ENDED 30 JUNE 2015		Unaudited	Unaudited
		6 months	6 months
DOLLARS IN THOUSANDS	NOTE	to 30/06/15	to 30/06/14
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from customers		74,105	69,041
Interest received		1,466	1,861
		<u>75,571</u>	<u>70,902</u>
Cash was applied to:			
Payments to suppliers and employees		(58,360)	(47,279)
Purchase of development land		-	(4,522)
Interest paid		(1,774)	(1,312)
Income tax paid		(6,795)	(6,169)
		<u>(66,929)</u>	<u>(59,282)</u>
Net cash inflow from operating activities		<u>8,642</u>	<u>11,620</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from/(applied to):			
Purchase of property, plant and equipment		(2,850)	(4,700)
Purchase of development property		(1,409)	-
Return of surplus capital from associate		-	4,266
Purchase of investment in subsidiaries	6	(31,000)	-
Purchase of investment in associate	8	-	(57,867)
Reduction in short term bank deposits		45,366	-
Net cash inflow/(outflow) from investing activities		<u>10,107</u>	<u>(58,301)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from/(applied to):			
Drawdown of borrowings		16,000	77,000
Repayment of borrowings		(6,890)	(105,878)
Repayment of loan from Parent company	6	-	(9,500)
Proceeds from issuance of new shares	3	-	111,230
Dividends paid to shareholders of Millennium & Copthorne Hotels New Zealand Ltd	5	(3,797)	(6,287)
Dividends paid to non-controlling interests		(2,282)	(2,054)
Net cash inflow from financing activities		<u>3,031</u>	<u>64,511</u>
Net increase in cash and cash equivalents		21,780	17,830
Add opening cash and cash equivalents		24,022	82,085
Exchange rate adjustment		1,696	(1,037)
Closing cash and cash equivalents		<u>47,498</u>	<u>98,878</u>

Condensed Interim Statement of Cash Flows

FOR THE SIX MONTHS ENDED 30 JUNE 2015		Unaudited	Unaudited
		6 months	6 months
DOLLARS IN THOUSANDS	NOTE	to 30/6/15	to 30/6/14
RECONCILIATION OF NET PROFIT FOR THE PERIOD TO CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		15,460	9,635
Depreciation		3,566	3,421
Income tax expense		4,917	5,304
Net gain on disposal of property, plant and equipment		-	(2)
Share of loss of associate		-	3,134
Adjustments for movements in working capital:			
Decrease in receivables		3,636	1,562
Decrease in inventories		97	217
Increase in development properties		(10,917)	(4,316)
Decrease in payables		(288)	(260)
Increase in related parties		637	330
Increase in assets held for sale		(43)	-
Cash generated from operations		17,065	19,025
Interest expense		(1,628)	(1,236)
Income tax paid		(6,795)	(6,169)
Net cash inflow from operating activities		8,642	11,620

Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries
Notes to the Condensed Interim Financial Statements
for the six months ended 30 June 2015 (unaudited)

1. Significant accounting policies

Millennium & Copthorne Hotels New Zealand Limited is a company domiciled in New Zealand, registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange. Millennium & Copthorne Hotels New Zealand Limited (the "Company") is an issuer in terms of the Financial Reporting Act 2013. The condensed interim financial statements of the Company for the six months ended 30 June 2015 comprise the Company and its subsidiaries (together referred to as the "Group"). The registered office is located at level 13, 280 Centre, 280 Queen Street, Auckland, New Zealand.

The principal activities of the Group are; ownership and operation of hotels in New Zealand; residential development and sale of land in New Zealand; and development and sale of residential units in Australia.

The condensed interim financial statements were authorised for issuance on 30 July 2015.

(a) Statement of compliance

The condensed interim financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with NZ IAS 34 *Interim Financial Reporting*. The condensed interim financial statements do not include all of the information required for full annual financial statements.

From 1 April 2014, the new Financial Reporting Act 2013 ("FRA 2013") came into force replacing the Financial Reporting Act 1993. This is effective for all for-profit entities with reporting periods beginning on or after 1 April 2014. This will be effective for the Group's 31 December 2015 year end. The change in legislation will have no material impact on the Group's obligation to prepare general purpose financial statements.

In addition to the change in legislation the External Reporting Board of New Zealand ("XRB") has released a new accounting standards framework which established the financial standards to be applied to entities with statutory financial reporting obligations. The Group is currently reporting under NZ IFRS. Under the new XRB framework the Group will continue to apply NZ IFRS as applicable for Tier 1 for-profit entities. This will have no material impact on the preparation and disclosures included in the financial statements.

The accounting policies and methods of computation applied by the Group in these condensed interim financial statements are the same as those applied by the Group in its financial statements for the year ended 31 December 2014.

2. Segment reporting

Segment information is presented in the condensed interim financial statements in respect of the Group's reporting segments. Operating segments are the primary basis of segment reporting. The Group has determined that its chief operating decision maker is the Board of Directors on the basis that it is this group which determines the allocation of resources to segments and assesses their performance.

Inter-segment pricing is determined on an arm's length basis. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Operating segments

The Group consisted of the following main operating segments:

- Hotel operations, comprising income from the ownership and management of hotels.
- Residential land development, comprising the development and sale of land.
- Residential property development, comprising the development and sale of residential apartments.

Geographical segments

The Group operates in the following main geographic segments:

- New Zealand
- Australia

Segment revenue is based on the geographical location of the asset. The Group has no major customer representing greater than 10% of the Group's total revenue.

Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries
Notes to the Condensed Interim Financial Statements
for the six months ended 30 June 2015 (unaudited)

2. Segment reporting - continued

(a) Operating Segments	Hotel Operations		Residential Land Development		Residential and Commercial Property Development		Group	
	Unaudited 6 months to 30/06/15	Unaudited 6 months to 30/06/14	Unaudited 6 months to 30/06/15	Unaudited 6 months to 30/06/14	Unaudited 6 months to 30/06/15	Unaudited 6 months to 30/06/14	Unaudited 6 months to 30/06/15	Unaudited 6 months to 30/06/14
<i>Dollars in thousands</i>								
External revenue	44,679	40,573	23,888	24,909	1,384	1,436	69,951	66,918
Finance income	1,071	973	603	580	310	382	1,984	1,935
Finance expense	(1,771)	(476)	-	-	-	(761)	(1,771)	(1,237)
Depreciation and amortisation	(3,559)	(3,412)	(1)	(1)	(6)	(8)	(3,566)	(3,421)
Segment profit/(loss) before income tax	8,074	6,814	11,703	11,412	600	(153)	20,377	18,073
Share of loss of associate	-	-	-	-	-	(3,134)	-	(3,134)
Profit/(loss) before income tax	8,074	6,814	11,703	11,412	600	(3,287)	20,377	14,939
Income tax expense	(1,552)	(2,098)	(3,192)	(3,195)	(173)	(11)	(4,917)	(5,304)
Business interruption insurance income	-	487	-	-	-	-	-	487
Segment assets	361,704	354,035	132,490	123,296	80,878	75,170	575,072	552,501
Tax assets	841	88	(915)	(996)	405	2,771	331	1,863
Investment in associates	-	-	2	2	-	213,770	2	213,772
Total assets	362,545	354,123	131,577	122,302	81,283	291,711	575,405	768,136
Segment liabilities	(92,456)	(313,744)	(199)	(172)	(8,068)	(3,092)	(100,723)	(317,008)
Tax liabilities	(42,968)	(43,921)	(49)	(132)	1,890	718	(41,127)	(43,335)
Total liabilities	(135,424)	(357,665)	(248)	(304)	(6,178)	(2,374)	(141,850)	(360,343)
Capital expenditure	2,845	4,697	1	-	4	3	2,850	4,700

Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries
Notes to the Condensed Interim Financial Statements
for the six months ended 30 June 2015 (unaudited)

2. Segment reporting - continued

(b) Geographic Segments	New Zealand		Australia		Asia		Group	
	Unaudited 6 months to 30/06/15	Unaudited 6 months to 30/06/14	Unaudited 6 months to 30/06/15	Unaudited 6 months to 30/06/14	Unaudited 6 months to 30/06/15	Unaudited 6 months to 30/06/14	Unaudited 6 months to 30/06/15	Unaudited 6 months to 30/06/14
<i>Dollars in thousands</i>								
External revenue	68,567	65,482	1,384	1,436	-	-	69,951	66,918
Finance income	1,714	1,582	270	353	-	-	1,984	1,935
Finance expense	(1,771)	(1,236)	-	(1)	-	-	(1,771)	(1,237)
Depreciation and amortisation	(3,560)	(3,413)	(6)	(8)	-	-	(3,566)	(3,421)
Segment profit before income tax	19,982	17,881	395	192	-	-	20,377	18,073
Share of loss of associate	-	-	-	-	-	(3,134)	-	(3,134)
Profit/(loss) before income tax	19,982	17,881	395	192	-	(3,134)	20,377	14,939
Income tax expense	(4,801)	(5,114)	(116)	(190)	-	-	(4,917)	(5,304)
Business interruption insurance income	-	487	-	-	-	-	-	487
Segment assets	496,264	479,074	78,808	73,427	-	-	575,072	552,501
Tax assets	(91)	2,098	422	(235)	-	-	331	1,863
Investment in associates	2	2	-	-	-	213,770	2	213,772
Total assets	496,175	481,174	79,230	73,192	-	213,770	575,405	768,136
Segment liabilities	(92,681)	(313,942)	(8,042)	(3,066)	-	-	(100,723)	(317,008)
Tax liabilities	(43,017)	(44,053)	1,890	718	-	-	(41,127)	(43,335)
Total liabilities	(135,698)	(357,995)	(6,152)	(2,348)	-	-	(141,850)	(360,343)
Capital expenditure	2,846	4,697	4	3	-	-	2,850	4,700

Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries
Notes to the Condensed Interim Financial Statements
for the six months ended 30 June 2015 (unaudited)

3. Share capital

	Ordinary shares		Redeemable preference shares	
	Shares	\$ 000s	Shares	\$ 000s
Balance at 1 January 2014				
Total ordinary shares issued – fully paid	349,598,066	430,330	-	-
Redeemable preference shares issued following rights issue	-	-	174,634,366	111,766
Shares cancelled via distribution in specie	(244,019,776)	(80,282)	(121,894,823)	(78,013)
Capitalised costs of raising capital	-	-	-	(535)
Balance at 31 December 2014	105,578,290	350,048	52,739,543	33,218
Balance at 1 January 2014				
Ordinary shares repurchased and held as treasury stock	(329,627)	(85)	-	-
Treasury stock cancelled via distribution in specie	230,080	59	-	-
	(99,547)	(26)	-	-
Balance at 31 December 2014	105,478,743	350,022	52,739,543	33,218
Shares issued – fully paid				
Balance at 1 January 2015	105,478,743	350,022	52,739,543	33,218
Balance at 30 June 2015	105,478,743	350,022	52,739,543	33,218

In 2014 the Company undertook a capital raising exercise to fund further investment in First Sponsor Capital Limited, repay some debt, and fund proposed refurbishment work. On 17 February 2014 the Company announced the offer for eligible shareholders to acquire one redeemable non-voting preference share for every two ordinary shares held. The offer was oversubscribed and the application monies were received by the closing date on 19 March 2014. On 24 March 2014, 174,634,366 redeemable preference shares were allotted at \$0.64 per preference share and trading commenced on 25 March 2014. The non-voting redeemable preference shares rank equally with ordinary shares with respect to all distributions made by the Company (including without limitation, to dividend payments) except for any distributions made in the context of a liquidation of the Company.

At a special meeting of the shareholders on 19 June 2014, the shareholders approved a detailed proposal to return capital to the shareholders by way of a scheme of arrangement under Part 15 of the Companies Act. This scheme involved: the cancellation of approximately 70% of the Company's ordinary and redeemable preference shares; and the distribution of substantially all of the shares in First Sponsor Group Limited to both holders of ordinary and redeemable preference shares.

On 17 July 2014, pursuant to the scheme, 244,019,776 ordinary shares were cancelled at the historical average price of \$0.329 cents per share while 121,894,823 redeemable preference shares were cancelled at the issue price of \$0.64 cents per share. The treasury stock were also cancelled at the same ratio with 230,080 shares cancelled at the historical average of \$0.259 per share.

At 30 June 2015, the authorised share capital consisted of 105,578,290 ordinary shares (2014: 105,578,290 ordinary shares) with no par value and 52,739,543 redeemable preference shares (2014: 52,739,543) with no par value.

4. Earnings per share

The basic earnings per share of 7.59 cents (30 June 2014: 1.40 cents) is based on the profit attributable to ordinary shareholders of \$12.01m (30 June 2014: \$6.22m) and weighted average number of ordinary shares and redeemable preference shares outstanding during the period ended 30 June 2015 of 158,218,286 (30 June 2014: 444,786,683).

The redeemable preference shares are included in the computation of earnings per share as they rank equally with ordinary shares in respect of distributions made by the Company except any distribution in the case of liquidation.

The calculation of diluted earnings per share of 7.59 cents (30 June 2014: 1.40 cents) is the same as basic earnings per share.

Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries
Notes to the Condensed Interim Financial Statements
for the six months ended 30 June 2015 (unaudited)

5. Dividends

The following dividends were paid during the interim periods:

<i>Dollars In Thousands</i>	Group	
	Unaudited 30/06/15	Unaudited 30/06/14
Ordinary dividend: 2.4 cents per qualifying share (2014: 1.2 cents)	3,797	6,287
Supplementary dividend: 0.4235 cents per qualifying share (2014: 0.2118 cents)	109	198
	3,906	6,485

6. Related party transactions

Millennium & Copthorne Hotels New Zealand Limited is a 75.20% (2014: 75.20%) owned subsidiary of CDL Hotels Holdings New Zealand Limited which is a wholly owned subsidiary of Millennium & Copthorne Hotels plc in the United Kingdom. The ultimate parent company is Hong Leong Investment Holdings Pte Limited in Singapore.

During the six month period ending 30 June 2015, costs amounting to \$0.13m (30 June 2014: \$0.13m) have been recorded in the Income Statement in respect of fees payable to Millennium & Copthorne International Limited (a subsidiary of Millennium & Copthorne Hotels plc) for the provision of management and marketing support.

As at balance date, \$0.13m was outstanding and payable to Millennium & Copthorne International Limited (2014: \$0.13m).

The loan of \$9.50 million due to CDL Hotels Holdings New Zealand Limited was repaid on 17 March 2014. The interest rates were fixed and range between 2.50% and 3.06%.

On 28 February 2015, the Company acquired the 38.70% interest it did not already own in KIN Holdings Limited from the Tai Tak Group for a cash consideration of \$31.00 million. The Group recognised a decrease in revenue reserves of \$4.20 million and a decrease in non-controlling interests of \$26.80 million.

7. Provisions

<i>Dollars In Thousands</i>	Group		
	Unaudited 30/06/15	Audited 31/12/14	Unaudited 30/06/14
Provision for distribution in specie	-	-	248,168
Provision for earthquake damage	2,243	2,243	2,243
FF&E provision	757	757	757
	3,000	3,000	251,168
Non-current	-	-	757
Current	3,000	3,000	250,411

An obligation exists under certain leases to restore various aspects for the effect of the Group's operations and to maintain hotel equipment in running order. Provisions in respect of the obligations have been recognised in accordance to the terms of the lease.

As at 30 June 2015, the earthquake provisions of \$2.24 million relate to Millennium Hotel Christchurch.

As at 30 June 2014, a provision for distribution in specie was recorded in current liabilities and equity in respect of the scheme of arrangement that was approved by the shareholders on 19 June 2014 (Note 3).

Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries
Notes to the Condensed Interim Financial Statements
for the six months ended 30 June 2015 (unaudited)

8. Associate companies

In 2014, the Company distributed its investments in associate company, First Sponsor Group Limited ("FSGL") under a shareholders' approved scheme of arrangement. FSGL ceased to be an associate on 17 July 2014. Full explanations of the movements in the carrying value of FSGL are disclosed in the financial statements for the year ended 31 December 2014.

9. Capital commitments

As at 30 June 2015, the Group has entered into contractual commitments for capital expenditure of \$32.60 million (2014: \$1.30 million) and development expenditure of \$16.30 million (2014: \$9.40 million) totalling \$48.90 million (2014: \$10.70 million).

10. Changes in contingent liabilities and contingent assets since last annual balance sheet date

There were no changes in contingent liabilities and contingent assets that would require disclosure for the six month period ended 30 June 2015 (2014: Nil). There are no contingent liabilities as at 30 June 2015 (2014: Nil).

11. Canterbury earthquake update

The Group presently has two properties in Christchurch city.

The Millennium Hotel Christchurch suffered major damage from the 22 February 2011 earthquake, and has since closed down for the required engineering assessment and repair. The Group is insured for building damage.

The Copthorne Hotel Christchurch Central suffered severe damage from the 22 February 2011 earthquake. After the material damage claim for Copthorne Hotel Central Christchurch was settled with the insurers, the hotel was demolished in October 2013. In relation to the land at Copthorne Hotel Central Christchurch, the Canterbury Earthquake Recovery Authority ("CERA") had earmarked the land as part of a performing arts precinct in its Christchurch rebuilding blueprint. CERA has since lifted the designation and there is no encumbrance on the land.

12. Subsequent events

The Group closed Copthorne Hotel Harbourside on 24 July 2015 for major refurbishments. The project, valued at over \$40.00 million, includes a complete replacement of the building services, new guest rooms and public areas.

CHAIRMAN'S REVIEW

Financial Performance:

The Directors of Millennium & Copthorne Hotels New Zealand Limited ("MCK") announced an unaudited profit after tax and non-controlling interests of \$12.01 million for the six month period ended 30 June 2015 (2014: \$6.22 million). Profit before income tax and non-controlling interests was \$20.38 million (2014: \$14.94 million). The increase in profit was largely driven by improved operating performance at the company's New Zealand hotels generally and continued profitability from MCK's majority-owned land development subsidiary CDL Investments New Zealand Limited.

Group revenue and other income for the period under review increased to \$69.95 million from \$67.41 million in the same period in 2014. Gross profit for the period also increased to \$39.26 million from \$36.37 million the previous year. Consequently, operating profit for the period increased from \$17.38 million to \$20.16 million. Earnings per share also increased to 7.59 cents per share (2014: 1.40 cps).

New Zealand Hotel Operations:

Reflecting the current level of business, total revenue for the New Zealand hotel operations (13 owned or leased and operated hotels excluding 8 franchised properties) for the period under review increased to \$44.68 million (2014: \$40.57 million). Occupancy for those owned / leased hotels for the period increased to 78.2% (2014: 72.7%) across the Group allowing for the closure of the three Christchurch CBD hotels. RevPAR also increased by 15.8% from \$81.80 in 2014 to \$94.75 in the same period in 2015.

Following on from increases in 2014, the increases in revenue and gross profit seen in 2015 confirm the benefits from the capital expenditure programme together with operational, sales and marketing initiatives and delivery across our hotels.

Refurbishment of 41 rooms at Copthorne Hotel & Resort Queenstown Lakefront is in progress with a total refresh of those guestrooms. The project is expected to be completed in the fourth quarter of this year.

Last week, we announced the commencement of a significant refurbishment project for Copthorne Hotel Auckland Harbourn City. This project, valued at over \$40 million, is an exciting and strategically important project for the Millennium & Copthorne Hotels group globally and will include complete replacement of building services, completely new guestroom configurations and new reception and food & beverage areas. The hotel will be closed until early 2017 while this work is being done.

CDL Investments New Zealand Limited ('CDLI'):

CDLI announced an unaudited operating profit after tax for the six months ended 30 June 2015 of \$8.51 million, (2014: \$8.22 million). Strong sales from its subdivisions in Hamilton, Hawkes Bay and Rolleston (Canterbury) underline CDLI's continued level of profitability and reflect current market conditions. CDLI expects to exceed its 2014 results this year.

Offshore investments – Australia :

Occupancy at the Zenith Residences, Sydney remains steady at 97%. Good progress in resolving the litigation affecting a majority-owned subsidiary has been made during the year to date.

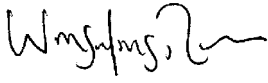
Appointment of Aloysius Lee :

In April, we welcomed Mr. Aloysius Lee, the Group Chief Executive Officer of Millennium & Copthorne Hotels plc to the Board. As required under MCK's constitution, Mr. Lee stood for and was duly elected at the last annual meeting of shareholders and we look forward to his contribution to MCK.

Outlook:

MCK's results in the first half of 2015 reflect its renewed focus on its core operations of hotel management and property development and the Board welcome the continued improvements from the same period in 2014.

With the significant refurbishment of Copthorne Hotel Auckland Harbourcity now under way, MCK's revenue for 2015 will be affected in part due to the reduction of revenue and profit previously available from that hotel. Having said that, the Board currently believes that a similar result to 2014 is achievable from the remaining hotels as visitor activity remains positive and the hotels' performance continues to improve.

A handwritten signature in black ink, appearing to read 'Wong Hong Ren', followed by a stylized flourish.

Wong Hong Ren
Chairman
30 July 2015

MCK REPORTS STRONG INCREASES IN REVENUE AND OPERATING PROFIT IN FIRST HALF OF 2015

New Zealand hotel owner / operator, Millennium & Copthorne Hotels New Zealand Limited (NZX:MCK), today announced its (unaudited) results for the six months to 30 June 2015:

• Average hotel occupancy across the Group	78.2% (2014: 72.7%)
• Group revenue and other income	\$69.95 million (2014: \$67.41 million)
• Operating profit	\$20.16 million (2014: \$17.38 million)
• Profit before income tax and non-controlling interests	\$20.38 million (2014: \$14.94 million)
• Profit after tax and non-controlling interests	\$12.01 million (2014: \$6.22 million)

MCK's Managing Director Mr. B K Chiu said that the result reflected the continued improved performance of the company's New Zealand hotel operations and land development activity through majority-owned subsidiary CDL Investments New Zealand Limited.

"It is pleasing to be able to report further improvements on our 2014 and this confirms our current strategies of our short and medium-term capital expenditure programme dovetailing with our operational, sales and marketing initiatives in a fast changing market environment", he said.

Mr. Chiu also referred to the major refurbishment of Copthorne Hotel Auckland Harbourcity which was announced last week.

"It is an exciting as well as strategically important project for both MCK and the Millennium & Copthorne Hotels group globally. The hotel's building services will be completely replaced, guestrooms will get a totally fresh and contemporary look and the hotel's public areas and food and beverage offerings will be very different".

Mr. Chiu also spoke to MCK's prospects for the rest of the year.

"We are currently working on delivering a similar result to 2014 even with one earnings-significant hotel less. It is achievable as our recent capital expenditure continues to deliver the return on investment coupled with an agile organization in a fast changing environment", he said.

ENDS

Issued by Millennium & Copthorne Hotels New Zealand Ltd

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