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Miscellaneous

* Asterisks denote mandatory information

Name of Announcer *	CITY DEVELOPMENTS LIMITED
Company Registration No.	196300316Z
Announcement submitted on behalf of	CITY DEVELOPMENTS LIMITED
Announcement is submitted with respect to *	CITY DEVELOPMENTS LIMITED
Announcement is submitted by *	Enid Ling Peek Fong
Designation *	Company Secretary
Date & Time of Broadcast	14-Feb-2014 17:22:46
Announcement No.	00063

>> Announcement Details

The details of the announcement start here ...

Announcement Title *	Announcement by Subsidiary Company, Millennium & Copthorne Hotels New Zealand Limited, on Full Year Results for the Year Ended 31 December 2013
Description	Please see the attached announcement released by Millennium & Copthorne Hotels New Zealand Limited on 14 February 2014.
Attachments	MCNZ_Results_FY2013.pdf Total size = **575K** (2048K size limit recommended)

Close Window

Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries

Income Statement

For the year ended 31 December 2013

DOLLARS IN THOUSANDS	Note	Group 2013	Group 2012	Parent 2013	Parent 2012
Hotel revenue		77,964	75,796	35,303	34,316
Rental income		2,893	2,935	-	-
Property sales		38,352	26,456	-	-
Revenue		**119,209**	**105,187**	**35,303**	**34,316**
Cost of sales		(53,165)	(46,145)	(14,307)	(13,586)
Gross profit		**66,044**	**59,042**	**20,996**	**20,730**
Other income	2	4,197	29,665	3,761	26,448
Administration expenses	3	(21,317)	(20,705)	(6,486)	(6,779)
Other operating expenses	3	(18,968)	(18,616)	(7,431)	(7,916)
Operating profit		**29,956**	**49,386**	**10,840**	**32,483**
Finance income	5	4,135	2,552	7,267	5,368
Finance costs	5	(2,712)	(2,482)	(1,371)	(1,176)
Net finance income		**1,423**	**70**	5,896	**4,192**
Share of profit of associate	13	9,751	10,103	-	-
Profit before income tax		**41,130**	**59,559**	16,736	36,675
Income tax expense	6	(8,919)	(8,832)	(4,057)	(5,828)
Profit for the year		**32,211**	**50,727**	**12,679**	**30,847**
Attributable to:					
Owners of the parent		27,107	46,079	12,679	30,847
Non-controlling interests		5,104	4,648	-	-
Profit for the year		**32,211**	**50,727**	**12,679**	**30,847**
Basic earnings per share (cents)	9	7.76	13.19		
Diluted earnings per share (cents)	9	7.76	13.19		

Statement of Comprehensive Income

For the year ended 31 December 2013

DOLLARS IN THOUSANDS	Note	Group 2013	Group 2012	Parent 2013	Parent 2012
Profit for the year		**32,211**	**50,727**	**12,679**	**30,847**
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Revaluation/impairment of property, plant and equipment	10	10,308	(19,756)	699	(4,742)
- Tax (expense)/credit on revaluation/impairment of property, plant and equipment	6,20	(3,729)	6,330	(436)	3,171
		6,579	**(13,426)**	**263**	**(1,571)**
Items that are or may be reclassified to profit or loss					
Foreign exchange translation movements	5	(5,453)	(10,105)	-	-
- Tax credit on foreign exchange translation movements	6,20	1,815	478	-	-
Share of post acquisition reserves in associate	13	6	162	-	-
		(3,632)	**(9,465)**	-	-
Total comprehensive income for the year		**35,158**	**27,836**	**12,942**	**29,276**
Total comprehensive income for the year attributable to :					
Owners of the parent		31,762	28,342	12,942	29,276
Non-controlling interests		3,396	(506)	-	-
Total comprehensive income for the year		**35,158**	**27,836**	**12,942**	**29,276**

The accompanying notes form part of, and should be read in conjunction with, these financial statements

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Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries

Statement of Changes in Equity

For the year ended 31 December 2013

Group

Attributable to equity holders of the Group

DOLLARS IN THOUSANDS	Share Capital	Revaluation Reserve	Exchange Reserve	Accumulated Losses	Treasury Stock	Total	Non-controlling Interests	Total Equity
Balance at 1 January 2013	430,330	73,624	1,170	(61,761)	(85)	443,278	98,516	541,794
Movement in exchange translation reserve, net of tax	-	-	7	-	-	7	(3,645)	(3,638)
Revaluation/impairment of property, plant & equipment, net of tax	-	4,684	-	-	-	4,684	1,895	6,579
Share of post acquisition reserves in associate	-	-	-	(35)	-	(35)	41	6
Total other comprehensive income/(loss)	-	4,684	7	(35)	-	4,656	(1,709)	2,947
Profit for the year	-	-	-	27,107	-	27,107	5,104	32,211
Total comprehensive income for the year	-	4,684	7	27,072	-	31,763	3,395	35,158
Transactions with owners, recorded directly in equity:								
Dividends paid to:								
Owners of the parent	-	-	-	(8,382)	-	(8,382)	-	(8,382)
Non-controlling interests	-	-	-	-	-	-	(1,894)	(1,894)
Supplementary dividends	-	-	-	(316)	-	(316)	-	(316)
Foreign investment tax credits	-	-	-	316	-	316	-	316
Movement in non-controlling interests without a change in control	-	-	-	(232)	-	(232)	738	506
Balance at 31 December 2013	430,330	78,308	1,177	(43,303)	(85)	466,427	100,755	567,182

The accompanying notes form part of, and should be read in conjunction with, these financial statements

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Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries

Statement of Changes in Equity

For the year ended 31 December 2013

Group

Attributable to equity holders of the Group

DOLLARS IN THOUSANDS	Share Capital	Revaluation Reserve	Exchange Reserve	Accumulated Losses	Treasury Stock	Total	Non-controlling Interests	Total Equity
Balance at 1 January 2012	430,330	92,128	9,574	(112,820)	(85)	419,127	100,422	519,549
Movement in exchange translation reserve, net of tax	-	-	(8,507)	-	-	(8,507)	(1,120)	(9,627)
Revaluation/impairment of property, plant & equipment	-	(9,388)	-	-	-	(9,388)	(4,038)	(13,426)
Transfer of revaluation reserve on disposal	-	(9,116)	-	9,116	-	-	-	-
Share of post acquisition reserves in associate	-	-	-	158	-	158	4	162
Total other comprehensive income/(loss)	-	(18,504)	(8,507)	9,274	-	(17,737)	(5,154)	(22,891)
Profit for the year	-	-	-	46,079	-	46,079	4,648	50,727
Total comprehensive income/(loss) for the year	-	(18,504)	(8,507)	55,353	-	28,342	(506)	27,836
Transactions with owners, recorded directly in equity:								
Dividends paid to:								
Owners of the parent	-	-	-	(4,191)	-	(4,191)	-	(4,191)
Non-controlling interests	-	-	-	-	-	-	(1,822)	(1,822)
Reclassification of exchange reserves	-	-	103	(103)	-	-	-	-
Supplementary dividends	-	-	-	(129)	-	(129)	-	(129)
Foreign investment tax credits	-	-	-	129	-	129	-	129
Movement in non-controlling interests without a change in control	-	-	-	-	-	-	422	422
Balance at 31 December 2012	430,330	73,624	1,170	(61,761)	(85)	443,278	98,516	541,794

The accompanying notes form part of, and should be read in conjunction with, these financial statements

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Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries

Statement of Changes in Equity

For the year ended 31 December 2013

Parent

DOLLARS IN THOUSANDS	Share Capital	Revaluation Reserve	Accumulated Losses	Treasury Stock	Total Equity
Balance at 1 January 2013	430,330	42,877	(145,422)	(85)	327,700
Revaluation/impairment of property, plant and equipment, net of tax	-	263	-	-	263
Total other comprehensive income	-	263	-	-	263
Profit for the year	-	-	12,679	-	12,679
Total comprehensive income for the year	-	263	12,679	-	12,942
Transactions with owners, recorded directly in equity:					
Dividends paid to shareholders	-	-	(8,382)	-	(8,382)
Supplementary dividends	-	-	(316)	-	(316)
Foreign investment tax credits	-	-	316	-	316
Balance at 31 December 2013	430,330	43,140	(141,125)	(85)	332,260
Balance at 1 January 2012	430,330	53,564	(181,194)	(85)	302,615
Revaluation/impairment of property, plant and equipment, net of tax	-	(1,571)	-	-	(1,571)
Transfer of revaluation reserve on disposal	-	(9,116)	9,116	-	-
Total other comprehensive income/(loss)	-	(10,687)	9,116	-	(1,571)
Profit for the year	-	-	30,847	-	30,847
Total comprehensive income/(loss) for the year	-	(10,687)	39,963	-	29,276
Transactions with owners, recorded directly in equity:					
Dividends paid to shareholders	-	-	(4,191)	-	(4,191)
Supplementary dividends	-	-	(129)	-	(129)
Foreign investment tax credits	-	-	129	-	129
Balance at 31 December 2012	430,330	42,877	(145,422)	(85)	327,700

The accompanying notes form part of, and should be read in conjunction with, these financial statements

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Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries

Statement of Financial Position

As at 31 December 2013

DOLLARS IN THOUSANDS	Note	Group 2013	Group 2012	Parent 2013	Parent 2012
SHAREHOLDERS' EQUITY					
Issued capital	8	430,330	430,330	430,330	430,330
Reserves		36,182	13,033	(97,985)	(102,545)
Treasury stock	8	(85)	(85)	(85)	(85)
Equity attributable to owners of the parent		**466,427**	**443,278**	**332,260**	**327,700**
Non-controlling interests		100,755	98,516	-	-
Total equity		**567,182**	**541,794**	**332,260**	**327,700**
Represented by:					
NON CURRENT ASSETS					
Property, plant and equipment	10	293,719	284,535	143,744	144,564
Development properties	11	106,032	124,193	-	-
Intangible assets	12	2,823	2,823	2,823	2,823
Loans due from related parties	26	-	-	84,202	42,546
Investments in subsidiaries		-	-	136,518	133,466
Investment in associates	13	185,331	128,059	-	-
Total non-current assets		**587,905**	**539,610**	**367,287**	**323,399**
CURRENT ASSETS					
Cash and cash equivalents	14	82,085	109,508	22,425	56,375
Trade and other receivables	15	13,517	15,362	3,895	4,328
Trade receivables due from related parties	26	-	-	12,158	9,512
Loans due from related parties	26	-	-	4,600	4,800
Income tax receivable	17	1,087	-	-	-
Inventories	16	1,379	1,454	379	418
Development properties	11	33,178	20,176	-	-
Total current assets		**131,246**	**146,500**	**43,457**	**75,433**
Total assets		**719,151**	**686,110**	**410,744**	**398,832**
NON CURRENT LIABILITIES					
Interest-bearing loans and borrowings	18	80,878	65,579	42,035	25,670
Provisions	19	742	676	742	676
Provision for deferred taxation	20	43,585	41,171	20,207	18,752
Total non-current liabilities		**125,205**	**107,426**	**62,984**	**45,098**
CURRENT LIABILITIES					
Trade and other payables	21	14,484	23,560	3,095	12,849
Trade payables due to related parties	26	537	465	537	465
Loans due to related parties	26	9,500	9,500	9,500	9,500
Provisions	19	2,243	2,243	2,243	2,243
Income tax payable	17	-	1,122	125	977
Total current liabilities		**26,764**	**36,890**	**15,500**	**26,034**
Total liabilities		**151,969**	**144,316**	**78,484**	**71,132**
NET ASSETS		**567,182**	**541,794**	**332,260**	**327,700**

For and on behalf of the Board

R BOBB, DIRECTOR, 14 February 2014

BK CHIU, MANAGING DIRECTOR, 14 February 2014

The accompanying notes form part of, and should be read in conjunction with, these financial statements

Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries

Statement of Cash Flows

For the year ended 31 December 2013

		Group		Parent	
DOLLARS IN THOUSANDS	Note	2013	2012	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash was provided from:					
Receipts from customers		125,284	118,162	39,565	45,137
Receipts from insurers		41	19,496	-	18,068
Interest received		3,988	2,463	4,215	2,433
Dividends received	5	2	2	3,052	2,935
Cash was applied to:					
Payments to suppliers and employees		(95,270)	(84,964)	(37,551)	(37,015)
Purchase of development land		(3,833)	-	-	-
Interest paid		(2,821)	(2,554)	(1,451)	(1,149)
Income tax paid		(10,492)	(10,383)	(3,958)	(4,585)
Net cash inflow from operating activities		**16,899**	**42,222**	**3,872**	**25,824**
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash was provided from:					
Receipts from insurers from the disposal of property, plant and equipment		-	37,589	-	36,651
Proceeds from the sale of property, plant and equipment		37	-	2	-
Repayments from subsidiaries		-	-	200	1,200
Cash was applied to:					
Purchase of property, plant and equipment	10	(5,425)	(4,819)	(1,299)	(1,272)
Purchase of investments in subsidiaries		-	-	(3,052)	(2,421)
Purchase of investment in associate	13	(40,303)	-	-	-
Net cash (outflow)/inflow from investing activities		**(45,691)**	**32,770**	**(4,149)**	**34,158**
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash was (applied to)/provided from:					
Repayment of borrowings	18	(44,319)	-	(35,869)	(1,949)
Drawdown of borrowings	18	59,618	2,302	52,234	-
Loans advanced to subsidiaries	26	-	-	(41,656)	-
Loans received from parent company	26	-	2,270	-	2,270
Dividends paid to shareholders of Millennium & Copthorne Hotels New Zealand Ltd	8	(8,382)	(4,191)	(8,382)	(4,191)
Dividends paid to non-controlling shareholders		(1,894)	(1,822)	-	-
Net cash inflow/(outflow) from financing activities		**5,023**	**(1,441)**	**(33,673)**	**(3,870)**
Net (decrease)/increase in cash and cash equivalents		(23,769)	73,551	(33,950)	56,112
Add opening cash and cash equivalents		109,508	36,314	56,375	263
Exchange rate adjustment		(3,654)	(357)	-	-
Closing cash and cash equivalents	14	**82,085**	**109,508**	**22,425**	**56,375**

The accompanying notes form part of, and should be read in conjunction with, these financial statements

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Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries

Statement of Cash Flows - continued

For the year ended 31 December 2013

DOLLARS IN THOUSANDS	Note	Group 2013	Group 2012	Parent 2013	Parent 2012
RECONCILIATION OF NET PROFIT FOR THE YEAR TO CASH FLOWS FROM OPERATING ACTIVITIES					
Profit for the year		32,211	50,727	12,679	30,847
Adjusted for non cash items:					
Impairment of intangibles	12	-	461	-	461
(Gain)/loss on sale of property, plant and equipment	2,3	(49)	(613)	(2)	48
Gain on disposal of damaged property	2,10	-	(18,402)	-	(18,402)
Depreciation	10	6,522	6,563	2,818	3,108
Unrealised foreign exchange losses		-	5	-	-
Share of profit of associate	13	(9,751)	(10,103)	-	-
Income tax expense	6	8,919	8,832	4,057	5,828
		37,852	37,470	19,552	21,890
Adjustments for movements in working capital:					
Decrease in trade & other receivables		1,774	2,714	501	2,441
Decrease in inventories		75	41	39	34
(Increase)/Decrease in development properties		(3,372)	4,997	-	-
(Decrease)/increase in trade & other payables		(6,337)	9,861	(8,352)	8,701
Increase/(decrease) in related parties		72	4	(2,574)	(1,481)
Cash generated from operations		30,064	55,087	9,166	31,585
Interest expense	5	(2,673)	(2,482)	(1,336)	(1,176)
Income tax paid		(10,492)	(10,383)	(3,958)	(4,585)
Cash inflows from operating activities		16,899	42,222	3,872	25,824

The accompanying notes form part of, and should be read in conjunction with, these financial statements

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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 1993. The financial statements of the Company for the year ended 31 December 2013 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; development and sale of residential units in Australia and associate investment in residential and commercial property development in China.

(a) Statement of compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRSs) as appropriate for profit-oriented entities. The financial statements also comply with International Financial Reporting Standards (IFRSs).

The financial statements were authorised for issuance on 14 February 2014.

(b) Basis of preparation

The financial statements are presented in New Zealand Dollars, rounded to the nearest thousand. They are prepared on the historical cost basis except that hotel land and buildings are stated at their fair value.

The preparation of financial statements in conformity with NZ IFRSs requires management to make judgments, estimates and assumptions that affect the application of the Group's policies and reported amounts of assets and liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in Note 27 - Accounting Estimates and Judgements.

(c) Change in accounting policies

The accounting policies have been applied consistently to all periods presented in these financial statements.

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Significant accounting policies - continued

(d) Basis of consolidation

Subsidiaries
Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the financial statements from the date that control commences until the date that control ceases.

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 financial statements. Unrealised gains arising from transactions with 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.

Investments in associates
Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. They are accounted for using the equity method. The financial statements include the Group's share of the income, expenses and reserves of the associate from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

(e) Foreign currency

Foreign currency transactions
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 date are translated to New Zealand dollars 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 to New Zealand dollars at foreign exchange rates ruling at the dates the fair value was determined.

Financial statements of foreign operations
The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to New Zealand dollars at foreign exchange rates ruling at the balance date. The revenues and expenses of foreign operations are translated to New Zealand dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on re-translation are recognised directly as a separate component of equity. When a foreign operation is disposed of, in part or in full, the relevant amount in the exchange reserve is released into the income statement.

(f) Financial instruments

Non-derivative financial instruments
Non-derivative financial instruments comprise related party advances, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through the income statement, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described in accounting policies below.

Significant accounting policies - continued

(f) Financial instruments - continued

Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfer the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Accounting for finance income and expense is discussed in accounting policy (v).

(g) Insurance proceeds

Compensation from third parties for items of property, plant and equipment that were damaged, impaired, lost or given up is included in the profit or loss when the compensation becomes virtually certain. Any subsequent purchase or construction of replacement assets are separate economic events and are accounted for separately.

Compensation from third parties to cover business interruption is determined with the agreed formula in the insurance policy and recognised in the profit and loss for the applicable period. Installment payments from third parties are not recognised in the profit and loss until full settlement is agreed with the third parties.

(h) Property, plant and equipment

Initial recording
Items of property, plant and equipment are initially stated at cost. The cost of purchased property, plant and equipment is the value of the consideration given to acquire the assets and the value of other directly attributable costs, which have been incurred in bringing the assets to the location and condition necessary for their intended service. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

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 property, plant and equipment categories. Capital work in progress is not depreciated.

Subsequent measurement
Property, plant and equipment is subsequently measured at cost less accumulated depreciation and impairment losses, except for land and buildings which are re-valued. The Group recognises the cost of replacing part of such an item of property, plant and equipment when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

Disposal or retirement
Gains or losses arising from the disposal or retirement of property, plant and equipment are determined as the difference between the actual net disposal proceeds and the carrying amount of the asset and are recognised in the income statement on the date of retirement or disposal.

Revaluation
Land and buildings are shown at fair value less subsequent depreciation for buildings. Fair value is determined by management using valuation models and confirmed by independent registered valuers on a triennial basis. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the re-valued amount of the asset. Any decreases in value that offset a previous increase in value of the same asset is charged against reserves in equity, any other decrease in value is charged to the income statement.

Significant accounting policies - continued

(h) Property, plant and equipment - continued

Depreciation
Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or re-valued amounts to their residual values over their estimated useful lives, as follows:

Building core	50 years or lease term if shorter
Building surfaces and finishes	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 surfaces and finishes. Residual values ascribed to building core depend on the nature, location and tenure of each property.

(i) Investment in subsidiaries

Investments in subsidiaries are stated at cost less any provision for impairment, which is recorded through the income statement.

(j) Development properties

Property held for future development and development property completed and held for sale are stated at the lower of cost and net realisable value. The net realisable value is determined by independent valuers. Cost includes the cost of acquisition, development, and holding costs such as interest. Interest and other holding costs incurred after completion of development are expensed as incurred. All holding costs are written off through the income statement in the year incurred with the exception of interest holding costs which are capitalised during the period when active development is taking place. Revenue and profit are not recognised on development properties until the legal title passes to the buyer when the full settlement of the purchase consideration of the properties occurs.

(k) Intangible assets

Goodwill
All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries. For business acquisitions that have occurred between 1 January 2004 and 31 December 2009, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. For acquisitions prior to this date, goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous Generally Accepted Accounting Practice. For acquisitions on or after January 2010, the Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment (see accounting policy (o)).

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Significant accounting policies - continued

(k) Intangible assets - continued

Other intangible assets
Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (see below) and impairment losses (see accounting policy (o)).

Subsequent expenditure
Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation
Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of other intangible assets.

The estimated useful lives utilised are as follows:

Management contracts	12 years
Leasehold interests	10 - 27 years

(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) Trade and other receivables

Trade and other receivables are stated at their cost less impairment losses (see accounting policy (o)).

(n) Inventories

Inventories are stated 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.

The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

(o) Impairment

The carrying amounts of the Group's assets other than development properties (see accounting policy (j)), inventories (see accounting policy (n)) and deferred tax assets (see accounting policy (w)), are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

In relation to properties that have been damaged by earthquakes, the land and building are separately reviewed for impairment. The carrying value of land is compared to its fair value based on comparable market sales. The carrying value of building is compared to the indemnified sum insured for material damage.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement unless the asset is recorded at a re-valued amount in which case it is treated as a revaluation decrease through the statement of comprehensive income.

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(o) Impairment - continued

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (groups of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

(i) **Calculation of recoverable amount**

The recoverable amount of the Group's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their fair value less costs to sell 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) **Reversals of impairment**

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

(p) **Interest-bearing loans and borrowings**

Interest-bearing loans and borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

(q) **Employee long-term service benefits**

The Group's net obligation in respect of long-term service benefits, 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 their expected remuneration and an assessment of likelihood the liability will arise.

(r) **Provisions**

A provision is recognised in the statement of financial position 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, where appropriate, the risks specific to the liability.

(s) Trade and other payables

Trade and other payables are stated at cost.

(t) Share capital

Repurchase of share capital
When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributed costs, is recognised as a change in equity. Repurchased shares are classified as treasury stock and presented as a deduction from total equity.

Dividends
Dividends are recognised as a liability in the period in which they are declared.

(u) Revenue

Revenue represents amounts derived from:

- The ownership, management and operation of hotels: recognised on an accruals basis to match the provision of the related goods and services.
- Income from property rental: recognised on an accruals basis, straight line over the lease period. Lease incentives granted are recognised as an integral part of the total rental income.
- Income from development property sales: recognised on the transfer of the related significant risk and rewards of ownership, which is not until legal title passes to the buyer when the full settlement of the purchase consideration of the properties occurs.

(v) Expenses

Operating lease payments
Payments made under operating leases are recognised in the income statement on a straight line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Finance lease payments
Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Finance income and expenses
Finance income comprises interest income on funds invested, dividend income and foreign currency gains that are recognised in profit or loss. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise interest payable on borrowings calculated using the effective interest rate method and foreign exchange losses that are recognised in the income statement.

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

KPMG

Significant accounting policies - continued

(w) Income tax

Income tax on the profit or loss for the year 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 other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity.

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

Deferred tax is recognised in respect of the 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: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that neither affect accounting nor taxable profit; and 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 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 related tax benefit will be realised.

Deferred tax assets and deferred tax liabilities are offset only if the Group has a legally enforceable right to set off current tax assets against current tax liabilities; the Group intends to settle net; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

(x) Segment reporting

An operating segment is a distinguishable component of the Group:

- that is engaged in business activities from which it earns revenues and incurs expenses,
- whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions on resource allocation to the segment and assess its performance, and
- for which discrete financial information is available.

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Significant accounting policies - continued

(y) New standards and interpretations not yet adopted

The following new standards and amendments to standards are not yet effective for the year ended 31 December 2013, and have not been applied in preparing these financial statements.

- *NZ IFRS 9 - Financial Instruments (effective after 1 January 2017)*
- *NZ IFRIC 12 - Service Concession Arrangements (effective after 1 January 2014)*
- *NZ IAS 19 - Employee Benefits (effective after 1 January 2015)*
- *NZ IAS 27 - Separate Financial Statements (effective after 1 January 2014)*
- *NZ IAS 32 - Financial Instruments : Presentation (effective after 1 January 2014)*
- *NZ IAS 36 - Impairment of Assets (effective after 1 January 2014)*
- *NZ IAS 39 - Financial Instruments : Recognition and Measurement (effective after 1 January 2014)*

The adoption of these standards is not expected to have a material impact on the Group's or Company's financial statements.

(z) Comparatives

Certain comparatives have been reclassified to conform to the current year's presentation.

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1. Segment reporting

Segment information is presented 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 and commercial property development, comprising the development and sale of residential apartments and commercial properties.

Geographical areas

The Group operates in the following main geographical areas:

- New Zealand.
- Australia.
- Asia (predominantly China).

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.

The Parent operates in one segment only, being ownership and management of hotels in New Zealand.

1. Segment reporting - continued

Operating segments

Dollars In Thousands	Hotel Operations 2013	Hotel Operations 2012	Residential Land Development 2013	Residential Land Development 2012	Residential & Commercial Property Development 2013	Residential & Commercial Property Development 2012	Group 2013	Group 2012
External revenue	77,964	75,796	38,352	26,456	2,893	2,935	119,209	105,187
Finance income	2,101	794	1,100	568	934	1,190	4,135	2,552
Finance expense	(475)	(730)	-	-	(2,237)	(1,752)	(2,712)	(2,482)
Depreciation and amortisation	(6,494)	(6,521)	(2)	(4)	(26)	(38)	(6,522)	(6,563)
Segment profit/(loss) before income tax	15,419	37,909	18,550	12,926	(2,590)	(1,379)	31,379	49,456
Share of profit of associates	-	-	-	-	9,751	10,103	9,751	10,103
Profit before income tax	15,419	37,909	18,550	12,926	7,161	8,724	41,130	59,559
Income tax (expense)/credit	(4,493)	(6,962)	(5,146)	(3,622)	720	1,752	(8,919)	(8,832)
Other material/non-cash items:								
Business interruption insurance income	4,197	11,263	-	-	-	-	4,197	11,263
Gain on disposal of damaged property	-	18,402	-	-	-	-	-	18,402
Segment assets	337,522	362,950	120,333	108,028	74,878	87,073	532,733	558,051
Tax assets	(130)	-	(1,120)	-	2,337	-	1,087	-
Investment in associates	-	-	2	2	185,329	128,057	185,331	128,059
Total assets	337,392	362,950	119,215	108,030	262,544	215,130	719,151	686,110
Segment liabilities	(96,958)	(94,141)	(218)	(275)	(11,208)	(7,607)	(108,384)	(102,023)
Tax liabilities	(44,001)	(40,445)	(132)	(1,287)	548	(561)	(43,585)	(42,293)
Total liabilities	(140,959)	(134,586)	(350)	(1,562)	(10,660)	(8,168)	(151,969)	(144,316)
Capital expenditure	5,418	4,810	-	2	7	7	5,425	4,819

Geographical areas

Dollars In Thousands	New Zealand 2013	New Zealand 2012	Australia 2013	Australia 2012	Asia 2013	Asia 2012	Group 2013	Group 2012
External revenue	116,316	102,252	2,893	2,935	-	-	119,209	105,187
Finance income	3,256	1,409	879	1,143	-	-	4,135	2,552
Finance expense	(2,708)	(2,481)	(4)	(1)	-	-	(2,712)	(2,482)
Depreciation and amortisation	(6,496)	(6,525)	(26)	(38)	-	-	(6,522)	(6,563)
Segment profit/(loss) before income tax	32,268	49,212	(889)	244	-	-	31,379	49,456
Share of profit of associates	-	-	-	-	9,751	10,103	9,751	10,103
Profit before income tax	32,268	49,212	(889)	244	9,751	10,103	41,130	59,559
Income tax (expense)/credit	(9,007)	(8,686)	88	(146)	-	-	(8,919)	(8,832)
Other material/non-cash items:								
Business interruption insurance income	4,197	11,263	-	-	-	-	4,197	11,263
Gain on disposal of damaged property	-	18,402	-	-	-	-	-	18,402
Segment assets	459,478	472,307	73,255	85,744	-	-	532,733	558,051
Tax assets	1,017	-	70	-	-	-	1,087	-
Investment in associates	2	2	-	-	185,329	128,057	185,331	128,059
Total assets	460,497	472,309	73,325	85,744	185,329	128,057	719,151	686,110
Segment liabilities	(105,283)	(100,137)	(3,101)	(1,886)	-	-	(108,384)	(102,023)
Tax liabilities	(44,133)	(40,216)	548	(2,077)	-	-	(43,585)	(42,293)
Total liabilities	(149,416)	(140,353)	(2,553)	(3,963)	-	-	(151,969)	(144,316)
Capital expenditure	5,418	4,812	7	7	-	-	5,425	4,819

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2. Other income

Dollars In Thousands	Note	Group 2013	Group 2012	Parent 2013	Parent 2012
Business interruption insurance income		4,197	11,263	3,761	8,046
Gain on disposal of damaged property	10	-	18,402	-	18,402
		4,197	29,665	3,761	26,448

The business interruption insurance income relates to the three Christchurch properties affected by the earthquakes. The prior year gain on disposal of damaged property relates to the settlement of material damage claims with insurers regarding Copthorne Hotel Christchurch Central.

3. Administration and other operating expenses

Dollars In Thousands	Note	Group 2013	Group 2012	Parent 2013	Parent 2012
Depreciation	10	6,522	6,563	2,818	3,108
Auditors remuneration					
Audit fees		301	341	100	121
Tax compliance and advisory		241	219	19	(134)
Directors fees	25	269	334	116	151
Lease and rental expenses	23	1,994	2,667	93	518
Provision for bad debts					
Debts written off		28	46	7	8
Movement in doubtful debt provision		(8)	-	13	(15)
Impairment loss on goodwill	12	-	461	-	461
Net (gain)/loss on disposal of property, plant and equipment		(49)	(613)	(2)	48
Other		30,987	29,303	10,753	10,429
		40,285	39,321	13,917	14,695

4. Personnel expenses

Dollars In Thousands	Group 2013	Group 2012	Parent 2013	Parent 2012
Wages and salaries	30,721	30,922	10,391	9,997
Employee related expenses and benefits	4,897	4,847	2,020	1,894
Contributions to defined contribution plans	490	333	137	83
Decrease in liability for long-service leave	(35)	(71)	-	-
	36,073	36,057	12,548	11,974

The personnel expenses are included in cost of sales, administration expenses and other operating expenses in the income statement.

5. Net finance income

Recognised in the income statement

Dollars In Thousands	Group 2013	Group 2012	Parent 2013	Parent 2012
Interest income	4,133	2,550	4,215	2,433
Dividend income	2	2	3,052	2,935
Finance income	4,135	2,552	7,267	5,368
Interest expense	(2,673)	(2,482)	(1,336)	(1,176)
Net foreign exchange loss	(39)	-	(35)	-
Finance costs	(2,712)	(2,482)	(1,371)	(1,176)
Net finance income recognised in the income statement	**1,423**	**70**	**5,896**	**4,192**

Recognised in other comprehensive income

Dollars In Thousands	Group 2013	Group 2012	Parent 2013	Parent 2012
Foreign exchange translation movements	(5,453)	(10,105)	-	-
Net finance income recognised in other comprehensive income	(5,453)	(10,105)	-	-

6. Income tax expense

Recognised in the income statement

Dollars In Thousands	Group 2013	Group 2012	Parent 2013	Parent 2012
Current tax expense				
Current year	8,401	10,051	2,911	5,428
Adjustments for prior years	18	(168)	127	(67)
	8,419	9,883	3,038	5,361
Deferred tax expense				
Origination and reversal of temporary difference	487	84	1,018	467
Adjustments for prior years	13	(1,135)	1	-
	500	(1,051)	1,019	467
Total income tax expense in income statement	**8,919**	**8,832**	**4,057**	**5,828**

Reconciliation of tax expense

Dollars In Thousands	Group 2013	Group 2012	Parent 2013	Parent 2012
Profit before income tax	41,130	59,559	16,736	36,675
Income tax at the company tax rate of 28% (2012: 28%)	11,516	16,677	4,686	10,269
Adjusted for:				
Non-deductible expenses	167	195	97	129
Imputation credits	-	-	(854)	(822)
Tax rate difference (if different from 28% above)	(11)	(21)	-	-
Tax exempt revenues	(2,830)	(4,677)	-	(1,545)
Non-assessable gain on disposal of damaged property	(10)	(5,153)	-	(5,153)
Tax arising from investment in associate	56	97	-	-
Tax adjustment on depreciation recoverable	-	3,017	-	3,017
Under/(over) provided in prior years	31	(1,303)	128	(67)
Total income tax expense	**8,919**	**8,832**	**4,057**	**5,828**
Effective tax rate	22%	15%	24%	16%

The tax adjustment on depreciation recoverable is related to the disposal of Copthorne Hotel Christchurch Central. The Group and Parent qualifies for tax relief in rolling over the depreciation recovery into a replacement building hence no tax is payable in respect of depreciation recovery in the current year. However a deferred tax liability continues to be provided as at 31 December 2013.

6. Income tax expense - continued

Deferred tax expense/(credit) recognised in other comprehensive income

Dollars In Thousands	Group 2013	Group 2012	Parent 2013	Parent 2012
Relating to revaluation of property, plant and equipment	3,729	(6,330)	436	(3,171)
Relating to foreign currency translation of foreign subsidiaries	(1,815)	(478)	-	-
	1,914	(6,808)	436	(3,171)

7. Imputation credits

Dollars In Thousands	Group 2013	Group 2012
Imputation credits available for use in subsequent reporting periods	46,547	43,846

The KIN Holdings Group has A$10.0 million (2012: A$9.6 million) franking credits available as at 31 December 2013.

8. Capital and reserves

Share capital

	Group and Parent 2013 Shares	2013 $000's	2012 Shares	2012 $000's
Shares issued 1 January	349,598,066	430,330	349,598,066	430,330
Total shares issued at 31 December - fully paid	349,598,066	430,330	349,598,066	430,330
Shares repurchased and held as treasury stock	(329,627)	(85)	(329,627)	(85)
Total shares issued and outstanding	349,268,439	430,245	349,268,439	430,245

All shares carry equal rights and rank pari passu with regard to residual assets of the Company.

At 31 December 2013, the authorised share capital consisted of 349,598,066 ordinary shares (2012: 349,598,066 ordinary shares) with no par value.

Revaluation reserve
The revaluation reserve relates to property, plant and equipment. Movements in the revaluation reserve arise from the revaluation surpluses and deficits of property, plant and equipment.

Exchange reserve
The exchange reserve comprises the foreign exchange differences arising from the translation of the financial statements of foreign operations and the share of foreign exchange reserves of the associate company.

8. Capital and reserves - continued

Dividends

The following dividends were declared and paid during the year ended 31 December:

Dollars In Thousands	Parent	
	2013	2012
Ordinary Dividend - 1.2 cents per qualifying ordinary share (2012: 1.2 cents)	4,191	4,191
Special Dividend - 1.2 cents per qualifying ordinary share (2012: nil)	4,191	-
Supplementary Dividend - 0.4235 cents per qualifying ordinary share (2012: 0.2118 cents)	316	129
	8,698	4,320

After 31 December 2013 the following dividends were declared by the directors. The dividends have not been provided for and there are no income tax consequences.

Dollars In Thousands	Parent
Ordinary Dividend - 1.2 cents per qualifying ordinary share (2012: 1.2 cents)	4,191
Supplementary Dividend - 0.2118 cents per qualifying ordinary share (2012: 0.2118 cents)	129
Total Dividends	4,320

9. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 December 2013 was based on the profit attributable to ordinary shareholders of $27,107,000 (2012: $46,079,000) and weighted average number of ordinary shares outstanding during the year ended 31 December 2013 of 349,268,439 (2012: 349,268,439), calculated as follows:

Profit attributable to ordinary shareholders

Dollars In Thousands	Group	
	2013	2012
Profit for the year	32,211	50,727
Profit attributable to non-controlling interests	(5,104)	(4,648)
Profit attributable to ordinary shareholders	27,107	46,079

Weighted average number of ordinary shares

	Group	
	2013	2012
Issued ordinary shares at 1 January	349,598,066	349,598,066
Effect of own shares held	(329,627)	(329,627)
Weighted average number of ordinary shares at 31 December	349,268,439	349,268,439

Diluted earnings per share

The calculation of diluted earnings per share is the same as basic earnings per share.

Earnings per share for continuing and discontinued operations

There were no discontinued operations during the year.

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Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries
Notes to the Financial Statements for the year ended 31 December 2013

10. Property, plant and equipment

Group

Dollars In Thousands	Freehold Land	Freehold Buildings	Leasehold Land and Buildings	Plant, Equipment, Fixtures and Fittings	Motor Vehicles	Work In Progress	Total
Cost							
Balance at 1 January 2012	98,526	183,390	24,209	95,355	141	4,884	406,505
Acquisitions	-	-	-	-	-	4,022	4,022
Repairs completed by insurers	-	670	-	127	-	-	797
Disposals	-	(16,028)	-	(12,890)	(10)	-	(28,928)
Transfers between categories	-	4,351	56	3,592	17	(8,016)	-
Transfer from accumulated depreciation following revaluation	-	(31)	(20)	-	-	-	(51)
Movements in foreign exchange	-	-	-	(21)	(1)	-	(22)
Impairment	(5,135)	(12,493)	(2,100)	-	-	-	(19,728)
Revaluation surplus/(deficit)	480	(508)	-	-	-	-	(28)
Balance at 31 December 2012	**93,871**	**159,351**	**22,145**	**86,163**	**147**	**890**	**362,567**
Balance at 1 January 2013	93,871	159,351	22,145	86,163	147	890	362,567
Acquisitions	-	-	-	92	-	5,333	5,425
Disposals	-	-	-	(535)	(40)	-	(575)
Transfers between categories	-	492	8	4,094	-	(4,594)	-
Transfer from accumulated depreciation following revaluation	-	(1,078)	(21)	-	-	-	(1,099)
Movements in foreign exchange	-	-	-	(82)	(3)	-	(85)
Impairment	-	-	-	-	-	-	-
Revaluation surplus/(deficit)	(2,631)	12,173	766	-	-	-	10,308
Balance at 31 December 2013	**91,240**	**170,938**	**22,898**	**89,732**	**104**	**1,629**	**376,541**
Depreciation and impairment losses							
Balance at 1 January 2012	-	(9,165)	(1,992)	(70,695)	(130)	-	(81,982)
Depreciation charge for the year	-	(1,821)	(329)	(4,411)	(2)	-	(6,563)
Disposals	-	538	-	9,895	10	-	10,443
Transfers between categories	-	(113)	-	113	-	-	-
Transfer accumulated depreciation against cost following revaluation	-	31	20	-	-	-	51
Movements in foreign exchange	-	-	-	18	1	-	19
Balance at 31 December 2012	**-**	**(10,530)**	**(2,301)**	**(65,080)**	**(121)**	**-**	**(78,032)**
Balance at 1 January 2013	-	(10,530)	(2,301)	(65,080)	(121)	-	(78,032)
Depreciation charge for the year	-	(1,960)	(336)	(4,222)	(4)	-	(6,522)
Disposals	-	-	-	516	40	-	556
Transfers between categories	-	(24)	(31)	55	-	-	-
Transfer accumulated depreciation against cost following revaluation	-	1,078	21	-	-	-	1,099
Movements in foreign exchange	-	-	-	74	3	-	77
Balance at 31 December 2013	**-**	**(11,436)**	**(2,647)**	**(68,657)**	**(82)**	**-**	**(82,822)**
Carrying amounts							
At 1 January 2012	98,526	174,225	22,217	24,660	11	4,884	324,523
At 31 December 2012	**93,871**	**148,821**	**19,844**	**21,083**	**26**	**890**	**284,535**
At 1 January 2013	93,871	148,821	19,844	21,083	26	890	284,535
At 31 December 2013	**91,240**	**159,502**	**20,251**	**21,075**	**22**	**1,629**	**293,719**

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10. Property, plant and equipment - continued

Parent

Dollars In Thousands	Freehold Land	Freehold Buildings	Plant, Equipment, Fixtures and Fittings	Motor Vehicles	Work In Progress	Total
Cost						
Balance at 1 January 2012	61,641	97,194	52,520	51	3,588	214,994
Acquisitions	-	-	-	-	1,272	1,272
Disposals	-	(15,801)	(10,341)	(10)	-	(26,152)
Transfers between categories	-	2,921	1,625	17	(4,563)	-
Transfer from accumulated depreciation	-	(31)	-	-	-	(31)
Impairment	(3,015)	(1,699)	-	-	-	(4,714)
Revaluation surplus/(deficit)	480	(508)	-	-	-	(28)
Balance at 31 December 2012	**59,106**	**82,076**	**43,804**	**58**	**297**	**185,341**
Balance at 1 January 2013	59,106	82,076	43,804	58	297	185,341
Acquisitions	-	-	-	-	1,299	1,299
Disposals	-	-	(104)	-	-	(104)
Transfers between categories	-	713	587	-	(1,300)	-
Transfer from accumulated depreciation	-	(230)	-	-	-	(230)
Revaluation surplus/(deficit)	(860)	1,559	-	-	-	699
Balance at 31 December 2013	**58,246**	**84,118**	**44,287**	**58**	**296**	**187,005**
Depreciation and impairment losses						
Balance at 1 January 2012	-	(6,492)	(39,111)	(40)	-	(45,643)
Depreciation charge for the year	-	(1,022)	(2,084)	(2)	-	(3,108)
Disposals	-	533	7,400	10	-	7,943
Transfers between categories	-	(105)	105	-	-	-
Transfer accumulated depreciation against cost following revaluation	-	31	-	-	-	31
Balance at 31 December 2012	**-**	**(7,055)**	**(33,690)**	**(32)**	**-**	**(40,777)**
Balance at 1 January 2013	-	(7,055)	(33,690)	(32)	-	(40,777)
Depreciation charge for the year	-	(1,061)	(1,753)	(4)	-	(2,818)
Disposals	-	-	104	-	-	104
Transfer accumulated depreciation against cost following revaluation	-	230	-	-	-	230
Balance at 31 December 2013	**-**	**(7,886)**	**(35,339)**	**(36)**	**-**	**(43,261)**
Carrying amounts						
At 1 January 2012	61,641	90,702	13,409	11	3,588	169,351
At 31 December 2012	**59,106**	**75,021**	**10,114**	**26**	**297**	**144,564**
At 1 January 2013	59,106	75,021	10,114	26	297	144,564
At 31 December 2013	**58,246**	**76,232**	**8,948**	**22**	**296**	**143,744**

The Directors consider the value of the hotel assets with a net book value of $293.72 million (2012: $284.54 million) to be within a range of $293.72 to $310.47 million (2012: $284.54 to $343.59 million). This is substantiated by valuations completed by Bower Valuations Limited, registered valuers, in December 2011, 2012 and 2013, in respect of hotel assets in Millennium & Copthorne Hotels New Zealand Limited of $174.59 million (2012: $185.34 million) and in respect of hotel assets in Quantum Limited of $135.88 million (2012: $158.25 million).

During 2013 seven (2012: two) of the Group's freehold hotel properties were subject to an external professional valuation by Bower Valuations Limited, registered valuers, on a highest and best use basis. Based on these valuations and in accordance with the Group's accounting policies the respective properties' land and buildings were revalued to their fair value. A total of $10.31 million was added to (2012: $28,000 deducted from) the carrying values of land and buildings.

During 2013 one (2012: two) of the Parent's freehold hotel properties were subject to an external professional valuation by Bower Valuations Limited, registered valuers, on a highest and best use basis.

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10. Property, plant and equipment - continued

Based on this valuation and in accordance with the Group's accounting policies the respective properties' land and buildings were revalued to their fair value. A total of $699,000 was added to (2012: $28,000 deducted from) the carrying values of land and buildings.

The Group's fair value of hotel properties as determined by independent valuers is categorised as Level 3 based on the inputs to the valuation methodology. The basis of the valuation is the net present value of the future earnings of the assets. The major unobservable inputs and assumptions that are used in the valuation model that require judgement include forecasts of the future earnings, projected operational and maintenance expenditure profiles and discount rates (internal rate of return). The estimated fair value would increase or (decrease) if: forecast future earnings were higher / (lower); projected operational and maintenance expenditures were (higher) / lower; and the discount rates were (higher) / lower.

The Directors consider the net book value of the hotels not valued by independent valuers in 2013 to approximate their fair value as at 31 December 2013.

During the year, the Group's hotels which were not subject to external professional valuations were tested for impairment. Based on these tests no value (2012: $19.73 million deducted) has been deducted from the carrying value of freehold land and buildings. The testing for impairment requires management to estimate future cash flows to be generated by the cash generating units and is categorised as Level 3 based on the inputs to the impairment models. The major unobservable inputs that management use that require judgement in estimating future cash flows include expected rate of growth in revenue and costs, market segment mix, occupancy, average room rates expected to be achieved and the appropriate discount rate to apply when discounting future cash flows. Average annual growth rates appropriate to the hotels range from 0.4% to 6.9% (2012: 2.0% to 7.1%) over the five years projection. Pre-tax discount rates ranging between 8.50% and 14.00% (2012: 8.25% to 10.50%) were applied to the future cash flows of the individual hotels based on the specific circumstances of the property.

Had the property, plant and equipment been carried under the cost model, the following carrying values would have been recognised:

Group

Dollars In Thousands	Freehold Land	Freehold Buildings	Leasehold Land and Buildings	Plant, Equipment, Fixtures and Fittings	Motor Vehicles	Work In Progress	Total
Cost less accumulated depreciation							
At 1 January 2012	45,794	106,225	24,455	24,660	11	4,884	206,029
At 31 December 2012	**40,659**	**81,329**	**17,638**	**21,083**	**26**	**890**	**161,625**
At 1 January 2013	40,659	81,329	17,638	21,083	26	890	161,625
At 31 December 2013	**38,028**	**93,089**	**18,066**	**21,075**	**22**	**1,629**	**171,909**

Parent

Dollars In Thousands	Freehold Land	Freehold Buildings	Plant, Equipment, Fixtures and Fittings	Motor Vehicles	Work In Progress	Total
Cost less accumulated depreciation						
At 1 January 2012	37,594	54,194	13,409	11	3,588	108,796
At 31 December 2012	**34,579**	**39,021**	**10,114**	**26**	**297**	**84,037**
At 1 January 2013	34,579	39,021	10,114	26	297	84,037
At 31 December 2013	**33,719**	**40,462**	**8,948**	**22**	**296**	**83,447**

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10. Property, plant and equipment - continued

CANTERBURY EARTHQUAKE

The Canterbury region and Christchurch city suffered two earthquakes on 4 September 2010 and 22 February 2011. At that time the Group operated three hotels in the Christchurch CBD; Millennium Hotel Christchurch (leased); Copthorne Hotel Christchurch Central (owned); and Copthorne Hotel Christchurch City (leased).

The Millennium Hotel Christchurch suffered minor damage from the 4 September 2010 earthquake and remained open for business. The 22 February 2011 earthquake further damaged the hotel and it is now closed down for the required engineering assessment and repair. The Group is insured for building damage.

The Copthorne Hotel Christchurch Central suffered minor damage from the 4 September 2010 earthquake and remained open for business. The 22 February 2011 earthquake severely damaged the hotel after which the insurers assessed that the hotel was uneconomic to repair. The material damage claim for Copthorne Hotel Central Christchurch was settled with the insurers on 22 November 2012. The net book value of the hotel of $18.16 million was disposed and a gain on disposal of $18.40 million was recognised in the income statement in November 2012. The hotel was demolished in October 2013.

In relation to the land at Copthorne Hotel Central Christchurch, the Canterbury Earthquake Recovery Authority (CERA) has earmarked the land as part of a performing arts precinct in its Christchurch rebuilding blueprint. CERA has notified the Group that it intends to compulsorily acquire the land.

The 22 February 2011 earthquake severely damaged and closed down the Copthorne Hotel Christchurch City. The hotel was demolished, the lease terminated, and a settlement was reached with the landlord and insurers in regards to the property in November 2011.

11. Development properties

	Group		Parent	
Dollars In Thousands	2013	2012	2013	2012
Development land	86,633	83,261	-	-
Residential development	52,577	61,108	-	-
	139,210	144,369	-	-
Less expected to settle within one year	(33,178)	(20,176)	-	-
	106,032	**124,193**	-	-
Development land recognised in cost of sales	17,997	11,384	-	-

Development land is carried at the lower of cost and net realisable value. No interest (2012: $nil) has been capitalised during the year. The value of development land held at 31 December 2013 was determined by an independent registered valuer, DM Koomen SPINZ, of Extensor Advisory Limited as $177.51 million (2012: $157.85 million).

The fair value of development property as determined by the independent valuer is categorised as Level 3 based on the inputs to the valuation methodology. The basis of the valuation is the hypothetical subdivision approach and/or block land sales comparisons to derive the residual block land values. The major unobservable inputs that are used in the valuation model that require judgement include the individual section prices, allowances for profit and risk, projected completion and sell down periods and interest rate during the holding period. The estimated fair value would increase or (decrease) if: the individual section prices were higher / (lower); the allowances for profit were higher / (lower); the allowances for risk were lower / (higher); the projected completion and sell down periods were shorter / (longer); and the interest rate during the holding period was lower / (higher).

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11. Development properties - continued

Residential development at balance date consists of the residential development known as Zenith Residences in Sydney, Australia. The value of Zenith Residences held at 31 December 2013 was determined by R Laoulach AAPI of Landmark White (Sydney) Pty Ltd (2012: D Sukkar AAPI of Property Logic Valuers), registered valuers as $71.47 million (A$65.58 million) (2012: $78.23 million (A$61.92 million)).

The fair value of the residential development as determined by the independent valuer is categorised as Level 3 based on the inputs to the valuation methodology. The basis of the valuation is gross realisations 'as is' assuming individual sales of unsold units. The major unobservable inputs and assumptions that are used in the valuation model that require judgement include the interest rates, consumer confidence, unemployment rate and residential unit demand. The estimated fair value would increase or (decrease) if: the interest rates were lower / (higher); the consumer confidence was optimistic / (pessimistic); the unemployment rate was lower / (higher); the residential unit demand was stronger / (weaker).

12. Intangible assets

	Group		
Dollars In Thousands	Goodwill	Leasehold Interests	Total
Cost			
Balance at 1 January 2012	6,522	23,191	29,713
Balance at 31 December 2012	**6,522**	**23,191**	**29,713**
Balance at 1 January 2013	6,522	23,191	29,713
Balance at 31 December 2013	**6,522**	**23,191**	**29,713**
Amortisation and impairment losses			
Balance at 1 January 2012	(3,238)	(23,191)	(26,429)
Impairment for the year	(461)	-	(461)
Balance at 31 December 2012	**(3,699)**	**(23,191)**	**(26,890)**
Balance at 1 January 2013	(3,699)	(23,191)	(26,890)
Balance at 31 December 2013	**(3,699)**	**(23,191)**	**(26,890)**
Carrying amounts			
At 1 January 2012	3,284	-	3,284
At 31 December 2012	**2,823**	**-**	**2,823**
At 1 January 2013	2,823	-	2,823
At 31 December 2013	**2,823**	**-**	**2,823**

The above goodwill is attributed to the following cash generating units: Copthorne Hotel Auckland HarbourCity $2.82 million (2012: $2.82 million). The goodwill in respect of Kingsgate Hotel Greymouth was fully written off in 2012.

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12. **Intangible assets** - continued

Dollars In Thousands	Parent Goodwill	Parent Leasehold Interests	Parent Total
Cost			
Balance at 1 January 2012	6,522	391	6,913
Balance at 31 December 2012	**6,522**	**391**	**6,913**
Balance at 1 January 2013	6,522	391	6,913
Balance at 31 December 2013	**6,522**	**391**	**6,913**
Amortisation and impairment losses			
Balance at 1 January 2012	(3,238)	(391)	(3,629)
Impairment for the year	(461)	-	(461)
Balance at 31 December 2012	**(3,699)**	**(391)**	**(4,090)**
Balance at 1 January 2013	(3,699)	(391)	(4,090)
Balance at 31 December 2013	**(3,699)**	**(391)**	**(4,090)**
Carrying amounts			
At 1 January 2012	3,284	-	3,284
At 31 December 2012	**2,823**	-	**2,823**
At 1 January 2013	2,823	-	2,823
At 31 December 2013	**2,823**	-	**2,823**

The above goodwill is attributed to the following cash generating units: Copthorne Hotel Auckland HarbourCity $2.82 million (2012: $2.82 million).

Amortisation and impairment charge
The amortisation and impairment charge is recognised in other operating expenses in the income statement:

Dollars In Thousands	Group 2013	Group 2012	Parent 2013	Parent 2012
Other operating expenses	-	461	-	461

Impairment
Goodwill is tested for impairment each year and intangibles are tested for impairment when there is an indicator of impairment. Goodwill is assessed for impairment by testing the value in use of the hotel to which the goodwill is allocated. Intangible assets are assessed for impairment by testing the value in use of the hotel to which the asset is allocated.

When testing the value in use of a hotel a discounted cash flow model is used. The future cash flows are projected over five years based on budgets and forecasts at growth rates appropriate to the business. A pre-tax discount rate of 8.50% (2012: 8.50% and 14.00%) was applied to the future cash flows. Average annual revenue growth of 2.2% (2012: 2.0% to 2.1%) was assumed over the five years projection.

In the 2013 review of goodwill no impairment was found in respect of Copthorne Hotel Auckland Harbourcity. In the 2012 review of goodwill in respect of Kingsgate Hotel Greymouth, an impairment loss of $0.46 million was charged to the profit and loss. However no impairment was identified in respect of Copthorne Hotel Auckland HarbourCity in 2012.

13. Investment in associates

The Group's share of profit of its associate, First Sponsor Capital Limited ("FSCL") for the year was $9.75 million (2012: $10.10 million). Prestons Road Limited has no revenue or expenses, therefore the Group's share of profit of its associate was nil (2012: nil).

FSCL and its subsidiaries are principally involved in investment holding, property development and sales, hotel operations, property investments and real estate financing in China.

In September 2013, the Group increased its investment in FSCL by providing additional capital of US$33.42 million (NZ$40.30m at the then prevailing exchange rate) as the Group's share of the US$100.00 million capital call made by FSCL. The additional capital was provided to enable FSCL to fund further development of its properties in Chengdu, Sichuan Province, China.

During the year, the Group maintained its 33.33% economic interest in Prestons Road Limited. The principal activity of Prestons Road Limited is as service provider to the Group's subsidiary, CDL Land New Zealand Limited, and in this regard, it is charged with engaging suitably qualified consultants in fields such as geotechnical engineering, resource management compliance, subdivision of land, legal and regulatory compliance and related issues to enable the Group to develop its land at Prestons Road in Christchurch.

Summary financial information for associates, not adjusted for the percentage ownership held by the Group:

	2013		2012	
Dollars in Thousands	First Sponsor Capital Limited	Prestons Road Limited	First Sponsor Capital Limited	Prestons Road Limited
Current Assets	750,564	4,849	509,581	4,070
Non-current Assets	176,868	-	235,759	-
Current Liabilities	(217,384)	(4,843)	(175,127)	(4,064)
Non-current Liabilities	(159,312)	-	(185,382)	-
Non-controlling interests	(5,585)	-	(10,511)	-
Net Assets (100%)	**545,151**	6	**374,320**	6
Group Interests *	34.00%	33.33%	34.21%	33.33%
Group's interest * of net assets	185,329	2	128,057	2
Carrying amount in associates	185,329	2	128,057	2

Revenues	153,855	-	142,915	-
Profit (100%)	28,678	-	29,975	-
Other Comprehensive Income "OCI" (100%)	31,107	-	(1,354)	-
Group Interests *	34.00%	33.33%	34.21%	33.33%
Group's share * of profits	9,751	-	10,103	-
Group's share * of OCI	10,575	-	(463)	-
Group's share * of profits and OCI	20,326	-	9,640	-

Movements in the carrying value of associates:

Group

	First Sponsor Capital Ltd		Prestons Road Ltd	
Dollars In Thousands	2013	2012	2013	2012
Balance at 1 January	128,057	124,949	2	2
Investment in associate	40,303	-	-	-
Movement in foreign exchange	(3,254)	(6,532)	-	-
Share of post acquisition movement in foreign exchange reserves for the year	10,569	(625)	-	-
Share of post acquisition capital reserves for the year	6	162	-	-
Share of profit for the year	9,751	10,103	-	-
Loss on change in interest	(103)	-	-	-
Balance at 31 December	**185,329**	**128,057**	2	2

14. Cash and cash equivalents

Dollars In Thousands	Group 2013	Group 2012	Parent 2013	Parent 2012
Term deposits	79,856	106,368	22,338	56,300
Cash	3,360	4,136	87	75
Bank overdrafts	(1,131)	(996)	-	-
	82,085	109,508	22,425	56,375

15. Trade and other receivables

Dollars In Thousands	Group 2013	Group 2012	Parent 2013	Parent 2012
Trade receivables	4,472	5,516	2,407	2,525
Less provision for doubtful debts	(30)	(25)	(14)	(1)
Insurance receivables	1,017	1,027	688	687
Other trade receivables and prepayments	8,058	8,844	814	1,117
	13,517	15,362	3,895	4,328

16. Inventories

Dollars In Thousands	Group 2013	Group 2012	Parent 2013	Parent 2012
Consumables	600	650	279	306
Finished goods	779	804	100	112
	1,379	1,454	379	418
Inventory recognised in cost of sales	5,786	5,725	2,370	2,291

17. Current tax assets and liabilities

Dollars In Thousands	Group 2013	Group 2012	Parent 2013	Parent 2012
Income tax receivable	1,087	-	-	-
Income tax payable	-	(1,122)	(125)	(977)

The current tax liability represents the amount of income taxes payable in respect of current and prior periods.

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18. Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate and foreign currency risk, see note 22.

Group

Dollars in Thousands	Currency	Interest Rate	Maturity	Facility Total	31 December 2013 Face Value	31 December 2013 Carrying Amount	31 December 2012 Face Value	31 December 2012 Carrying Amount
Secured bank loan	NZD	3.460%	31 Jan 2017	12,500	12,500	12,500	12,500	12,500
Secured bank loan	NZD	3.420%	31 Jan 2017	12,500	12,500	12,500	12,500	12,500
Secured bank loan	NZD	3.540%	31 Jan 2017	10,000	10,000	10,000	10,000	10,000
Revolving credit	NZD	3.200%	31 Jan 2017	20,000	3,843	3,843	4,909	4,909
Revolving credit	NZD	3.540%	31 Jan 2017	10,000	10,000	10,000	10,000	10,000
Revolving credit	NZD	n/a	n/a	-	-	-	10,000	10,000
Revolving credit	NZD	3.460%	31 Jan 2017	5,000	5,000	5,000	-	-
Revolving credit	NZD	3.540%	31 Jan 2017	10,000	5,000	5,000	-	-
Revolving credit	NZD	3.200%	31 Jan 2017	25,000	22,035	22,035	5,670	5,670
TOTAL				105,000	80,878	80,878	65,579	65,579
Non-current					80,878	80,878	65,579	65,579

Parent

Dollars in Thousands	Currency	Interest Rate	Maturity	Facility Total	31 December 2013 Face Value	31 December 2013 Carrying Amount	31 December 2012 Face Value	31 December 2012 Carrying Amount
Revolving credit	NZD	3.540%	31 Jan 2017	10,000	10,000	10,000	10,000	10,000
Revolving credit	NZD	n/a	n/a	-	-	-	10,000	10,000
Revolving credit	NZD	3.460%	31 Jan 2017	5,000	5,000	5,000	-	-
Revolving credit	NZD	3.540%	31 Jan 2017	10,000	5,000	5,000	-	-
Revolving credit	NZD	3.200%	31 Jan 2017	25,000	22,035	22,035	5,670	5,670
TOTAL				50,000	42,035	42,035	25,670	25,670
Non-current					42,035	42,035	25,670	25,670

Terms and debt repayment schedule

The bank loans are secured over hotel properties with a carrying amount of $261.74 million (2012: $253.00 million) - refer to note 10. The bank loans have no fixed term of repayment before maturity. The Group and Parent Company facilities mature on 31 January 2017.

19. Provisions

Dollars In Thousands	Group Earthquake provisions	Group FF&E and Site Restoration	Parent Earthquake provisions	Parent FF&E
Balance at 1 January 2012	3,993	612	3,843	437
Provisions made during the year	-	239	-	239
Provisions used during the year	(1,750)	(175)	(1,600)	-
Balance at 31 December 2012	**2,243**	**676**	**2,243**	**676**
Non-current	-	676	-	676
Current	2,243	-	2,243	-
Balance at 1 January 2013	2,243	676	2,243	676
Provisions made during the year	-	66	-	66
Balance at 31 December 2013	**2,243**	**742**	**2,243**	**742**
Non-current	-	742	-	742
Current	2,243	-	2,243	-

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.

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19. Provisions - continued

As at 31 December 2013, the earthquake provisions of $2.24 million relate to Millennium Hotel Christchurch. During 2012, provisions of $1.75 million (Parent: $1.60 million) were utilised on settlement of the material damage claim for Copthorne Hotel Christchurch Central.

20. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Group					
	Assets		Liabilities		Net	
Dollars In Thousands	2013	2012	2013	2012	2013	2012
Property, plant and equipment	-	-	46,078	42,481	46,078	42,481
Development properties	(1,084)	(1,197)	-	-	(1,084)	(1,197)
Provisions	(1,406)	(990)	-	-	(1,406)	(990)
Employee benefits	(657)	(636)	-	-	(657)	(636)
Trade and other payables	(726)	(1,962)	-	-	(726)	(1,962)
Net investment in foreign operations	-	-	1,380	3,475	1,380	3,475
Net tax (assets) / liabilities	(3,873)	(4,785)	47,458	45,956	43,585	41,171

	Parent					
	Assets		Liabilities		Net	
Dollars In Thousands	2013	2012	2013	2012	2013	2012
Property, plant and equipment	-	-	21,193	20,790	21,193	20,790
Provisions	(691)	(669)	-	-	(691)	(669)
Employee benefits	-	-	-	-	-	-
Trade and other payables	(295)	(1,369)	-	-	(295)	(1,369)
Net tax (assets) / liabilities	(986)	(2,038)	21,193	20,790	20,207	18,752

Movement in deferred tax balances during the year

	Group			
Dollars In Thousands	Balance 1 Jan 12	Recognised in income	Recognised in equity	Balance 31 Dec 12
Property, plant and equipment	47,157	1,654	(6,330)	42,481
Development properties	(1,210)	(38)	51	(1,197)
Provisions	(1,052)	22	40	(990)
Employee benefits	(637)	35	(34)	(636)
Trade and other payables	(707)	(1,255)	-	(1,962)
Net investment in foreign operations	5,479	(1,469)	(535)	3,475
	49,030	(1,051)	(6,808)	41,171

	Group			
Dollars In Thousands	Balance 1 Jan 13	Recognised in income	Recognised in equity	Balance 31 Dec 13
Property, plant and equipment	42,481	(132)	3,729	46,078
Development properties	(1,197)	(86)	199	(1,084)
Provisions	(990)	(452)	36	(1,406)
Employee benefits	(636)	(65)	44	(657)
Trade and other payables	(1,962)	1,235	1	(726)
Net investment in foreign operations	3,475	-	(2,095)	1,380
	41,171	500	1,914	43,585

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20. Deferred tax assets and liabilities - continued

Movement in deferred tax balances during the year

Dollars In Thousands	Parent Balance 1 Jan 12	Recognised in income	Recognised in equity	Balance 31 Dec 12
Property, plant and equipment	22,531	1,430	(3,171)	20,790
Provisions	(878)	209	-	(669)
Trade and other payables	(197)	(1,172)	-	(1,369)
	21,456	467	(3,171)	18,752

Dollars In Thousands	Parent Balance 1 Jan 13	Recognised in income	Recognised in equity	Balance 31 Dec 13
Property, plant and equipment	20,790	(33)	436	21,193
Provisions	(669)	(22)	-	(691)
Trade and other payables	(1,369)	1,074	-	(295)
	18,752	1,019	436	20,207

21. **Trade and other payables**

	Group		Parent	
Dollars In Thousands	2013	2012	2013	2012
Trade payables	1,513	1,575	674	398
Insurance settlements received in advance	499	4,822	499	4,331
Employee entitlements	2,256	2,039	-	-
Non-trade payables and accrued expenses	10,216	15,124	1,922	8,120
	14,484	23,560	3,095	12,849

22. **Financial instruments**

The Group only holds non-derivative financial instruments which comprise cash and cash equivalents, trade and other receivables, trade receivables due from related parties, related party advances, secured bank loans, trade and other payables and trade payables due to related parties.

Exposure to credit, liquidity and market risks arises in the normal course of the Group's business.

Liquidity risk

Liquidity risk represents the Group's ability to meet its contractual obligations. The Group evaluates its liquidity requirements on an ongoing basis. In general, the Group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities. 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.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets. There are no significant aged debtors which have not been fully provided for.

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

At balance date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The maximum exposure to credit risk in Australia is \$0.17 million (2012: \$0.15 million). All other credit risk exposure relates to New Zealand.

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22. Financial instruments - continued

Market risk

(i) Interest rate risk
In managing interest rate risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings with an ongoing review of its exposure to changes in interest rates on its borrowings, the maturity profile of the debt, and the cash flows of the underlying debt. The Group maintains its borrowings at fixed rates on short term which gives the Group flexibility in the context of the economic climate, business cycle, loan covenants, cash flows, and cash balances.

An increase of 1.0% in interest rates at the reporting date would have reduced profit before tax for the Group by $0.10 million (2012: $0.15 million), assuming all other variables remained constant. For the Parent this would have increased profit before tax by $0.48 million (2012: $0.12 million reduction), assuming all other variables remained constant.

Effective interest and re-pricing analysis
In respect of income-earning financial assets and interest-bearing financial liabilities the following table indicates their effective interest rates at the balance date and the periods in which they re-price.

Group		2013				2012			
Dollars In Thousands	Note	Effective interest rate	Total	6 months or less	6 to 12 months	Effective interest rate	Total	6 months or less	6 to 12 months
Interest bearing cash & cash equivalents *	14	1.20% to 4.29%	83,155	80,655	2,500	1.14% to 5.10%	110,433	56,856	53,577
Secured bank loans *	18	3.20% to 3.54%	(80,878)	(80,878)	-	3.20% to 3.38%	(65,579)	(65,579)	-
Bank overdrafts *	14	3.00%	(1,131)	(1,131)	-	2.94%	(996)	(996)	-

Parent		2013				2012			
Dollars In Thousands	Note	Effective interest rate	Total	6 months or less	6 to 12 months	Effective interest rate	Total	6 months or less	6 to 12 months
Interest bearing cash & cash equivalents *	14	1.20% to 4.29%	22,405	22,405	-	2.50% to 4.60%	56,354	14,054	42,300
Secured bank loans *	18	3.20% to 3.54%	(42,035)	(42,035)	-	3.20% to 3.35%	(25,670)	(25,670)	-

* These assets / (liabilities) bear interest at a fixed rate.

(ii) Foreign currency risk
The Group owns 61.30% of KIN Holdings Limited and 34.00% (2012: 34.21%) of First Sponsor Capital Limited. Substantially all the operations of these subsidiary and associate groups are denominated in foreign currencies. The foreign currencies giving rise to this risk are Australian Dollars and Singapore Dollars. In 2012 the Singapore dollar risk related to US dollars as First Sponsor Capital Limited changed their functional and reporting currency from US dollars to Singapore dollars in 2013. The Group has determined that the primary risk affects the carrying values of the net investments in its foreign operations with the currency movements being recognised in the foreign currency translation reserves. The Group has not taken any measurements to manage this risk.

The Group is not exposed to any other foreign currency risks.

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22. Financial instruments - continued

Capital management
The Group's capital includes share capital and retained earnings.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Group is not subject to any external imposed capital requirements.

The allocation of capital is, to a large extent, driven by optimisation of the return achieved on the capital allocated.

The Group's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors. There were no changes in the Group's capital management policies during the year.

Fair values
The fair values together with the carrying amounts shown in the statement of financial position are as follows:

Group *Dollars In Thousands*	Note	Carrying amount 2013	Fair value 2013	Carrying amount 2012	Fair value 2012
LOANS AND RECEIVABLES					
Cash and cash equivalents	14	82,085	82,085	109,508	109,508
Trade and other receivables	15	13,517	13,517	15,362	15,362
OTHER LIABILITIES					
Secured bank loans	18	(80,878)	(80,878)	(65,579)	(65,579)
Trade and other payables	21	(14,484)	(14,484)	(23,560)	(23,560)
Trade payables due to related parties	26	(537)	(537)	(465)	(465)
Loans due to related parties	26	(9,500)	(9,500)	(9,500)	(9,500)
		(9,797)	(9,797)	25,766	25,766
Unrecognised (losses) / gains			-		-

Parent *Dollars In Thousands*	Note	Carrying amount 2013	Fair value 2013	Carrying amount 2012	Fair value 2012
LOANS AND RECEIVABLES					
Cash and cash equivalents	14	22,425	22,425	56,375	56,375
Trade and other receivables	15	3,895	3,895	4,328	4,328
Trade receivables due from related parties	26	12,158	12,158	9,512	9,512
Loans due from related parties	26	88,802	88,802	47,346	47,346
OTHER LIABILITIES					
Secured bank loans	18	(42,035)	(42,035)	(25,670)	(25,670)
Trade and other payables	21	(3,095)	(3,095)	(12,849)	(12,849)
Trade payables due to related parties	26	(537)	(537)	(465)	(465)
Loans due to related parties	26	(9,500)	(9,500)	(9,500)	(9,500)
		72,113	72,113	69,077	69,077
Unrecognised (losses) / gains			-		-

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22. Financial instruments - continued

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 :

(a) Cash, accounts receivable, accounts payable and related party balances. The carrying amounts for these balances approximate their fair value because of the short maturities of these items.
(b) Borrowings. The carrying amounts for the borrowings represent their fair values because the interest rates are reset to market periodically, every 1 to 2 months.

23. Operating leases

Leases as lessee

The minimum amount payable under non-cancellable operating lease rentals are as follows:

	Group		Parent	
Dollars In Thousands	2013	2012	2013	2012
Less than one year	977	889	94	94
Between one and five years	3,425	2,819	376	376
More than five years	3,040	2,025	564	658
	7,442	5,733	1,034	1,128

The Group leases a number of hotels and motor vehicles under operating leases. The hotel leases typically run for a period of years, with an option to renew the lease after that date. Lease payments are increased regularly to reflect market rentals. Typically these leases include a base rent plus a performance related element which becomes payable if revenue exceeds a specified level.

During the year ended 31 December 2013, $1.99 million was recognised as an expense in the income statement in respect of operating leases (2012: $2.67 million). Operating lease expenses for the Parent were $0.09 million in 2013 (2012: $0.52 million).

24. Capital commitments

As at 31 December 2013, the Group had entered into contractual commitments for capital expenditure ($5.99 million) and development expenditure ($17.50 million) totalling $23.49 million (2012: $4.88 million capital expenditure and $2.20 million development expenditure).

As at 31 December 2013, the Parent had entered into contractual commitments for capital expenditure totalling $1.08 million (2012: $0.58 million).

25. Related parties

Identity of related parties

The Group has a related party relationship with its parent, subsidiaries (see note 26), associates and with its directors and executive officers.

Transactions with key management personnel

Directors of the Company and their immediate relatives control 0.71% (2012: 0.71%) of the voting shares of the Company. Loans to directors for the year ended 31 December 2013 amounted to $nil (2012: $nil). Key management personnel include the Board and the Executive Team.

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25. Related parties - continued

Total remuneration for key management personnel

Dollars In Thousands	Group 2013	Group 2012	Parent 2013	Parent 2012
Non-executive directors	269	334	116	151
Executive director	546	499	546	499
Executive officers	588	585	588	585
	1,403	1,418	1,250	1,235

Non-executive directors receive director's fees only. Executive director and executive officers receive short-term employee benefits which include a base salary and an incentive plan. They do not receive remuneration or any other benefits as a director of the Parent Company or its subsidiaries. Directors' fees are included in "administration expenses" (see note 3) and remuneration for executive director and executive officers are included in "personnel expenses" (see note 4).

26. Group entities

Control of the Group
Millennium & Copthorne Hotels New Zealand Limited is a 70.22% 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 Ltd in Singapore.

At balance date there were related party advances owing from/(owing to) the following related companies:

Dollars In Thousands	Nature of balance	Group 2013	Group 2012
Trade payables due to related parties			
Millennium & Copthorne Hotels plc	Recharge of expenses	(535)	(414)
CDL Hotels Holdings New Zealand Ltd	Recharge of expenses	(2)	(51)
		(537)	(465)
Loans due to related parties			
CDL Hotels Holdings New Zealand Ltd	Inter-company loan	(9,500)	(9,500)
		(9,500)	(9,500)

No debts with related parties were written off or forgiven during the year. No interest was charged on these advances during 2013 and 2012. There are no set repayment terms. During this period costs amounting to $250,000 (2012: $250,000) have been recorded in the income statement in respect of fees payable to Millennium & Copthorne International Limited for the provision of management and marketing support.

The loan due to related parties currently has an interest rate of 3.14% (2012: 3.22%). The loan is repayable on demand.

During the year consulting fees of $49,000 (2012: $14,000) were paid to Bobb Management Pty Ltd of which Mr. R Bobb (Director) is a shareholder and director.

Parent
At balance date, there were interest bearing unsecured inter-company advances owing from Context Securities Limited of $4.60 million (2012: $4.80 million) and from MCHNZ Investments Limited of $84.20 million (2012: $42.55 million). Net interest on advances of $205,000 (2012: $219,000) was charged to Context Securities Limited during the year and $2.23 million (2012: $1.75 million) was charged to MCHNZ Investments during the year. The average interest rate charged during the year to Context Securities Limited was 4.40% (2012: 4.42%) and for MCHNZ Investments Limited it was 4.10% (2012: 4.08%) respectively. Both these two loans are repayable on demand.

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26. Group entities - continued

At balance date there were related party advances owing from/(owing to) the following related companies:

Dollars In Thousands		Nature of balance	Parent 2013	Parent 2012
Trade receivables due from related parties				
Context Securities Ltd		Prepaid expenses	3,516	3,469
MCHNZ Investments Ltd		Inter-company account	7,991	5,572
Quantum Ltd		Management fees	651	471
			12,158	**9,512**
Loans receivable due from related parties				
Context Securities Limited		Inter-company loan	4,600	4,800
MCHNZ Investments Ltd		Inter-company loan	84,202	42,546
			88,802	**47,346**
Trade payables due to related parties				
Millennium & Copthorne Hotels plc		Recharge of expenses	(535)	(414)
CDL Hotels Holdings New Zealand Ltd		Recharge of expenses	(2)	(51)
			(537)	**(465)**
Loans due to related parties				
CDL Hotels Holdings New Zealand Ltd		Inter-company loan	(9,500)	(9,500)
			(9,500)	**(9,500)**

No debts with related parties were written off or forgiven during the year. No interest was charged on trade receivables and trade payable balances during 2012 and 2013. The loan due to related parties currently has an interest rate of 3.14% (2012: 3.22%) and the loan due from related parties has an interest rate of 4.10% (2012: 4.05%). These loans are repayable on demand.

During the year dividend income of $3.05 million (2012: $2.42 million) was received from CDL Investments New Zealand Limited and $nil (2012: $514,000) was received from Quantum Group Ltd. The dividends received from CDL Investments New Zealand Limited were reinvested into 5,213,206 shares at a strike price of $0.5854 per share (2012: 6,587,862 shares at $0.3675 per share) under the Dividend Reinvestment Plan.

Management fees of $799,000 (2012: $837,000) were charged to Quantum Limited during the year.

Associate companies
The associate companies included in the financial statements of Millennium & Copthorne Hotels New Zealand Limited as at 31 December 2013 are:

	Principal Activity	Principal Place of Business	Holding % by MCHNZ Investments Limited 2013	Holding % by MCHNZ Investments Limited 2012
First Sponsor Capital Limited	Investment holding, property development, hotel operations, and real estate financing	China	34.00	34.21
			Holding % by CDL Land New Zealand Limited 2013	Holding % by CDL Land New Zealand Limited 2012
Prestons Road Limited	Service provider	NZ	33.33	33.33

All of the above associates have 31 December balance dates with the exception of Prestons Road Limited which has a 31 March balance date. No adjustment is made for the difference in balance date of Prestons Road Limited, because it has no revenue or profits to report.

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26. Group entities - continued

Subsidiary companies
The principal subsidiary companies of Millennium & Copthorne Hotels New Zealand Limited included in the consolidation as at 31 December 2013 are:

	Principal Activity	Principal Place of Business	Group holding % 2013	Group holding % 2012
Context Securities Limited	Investment Holding	NZ	100.00	100.00
MCHNZ Investments Limited	Investment Holding	NZ	100.00	100.00
Millennium & Copthorne Hotels Limited	Dormant	NZ	100.00	100.00
All Seasons Hotels & Resorts Limited	Dormant	NZ	100.00	100.00
Copthorne Hotel & Resort Bay of Islands Joint Venture	Hotel Operations	NZ	49.00	49.00
Quantum Limited	Holding Company	NZ	70.00	70.00
100% owned subsidiaries of Quantum Limited are:				
QINZ Holdings (New Zealand) Limited	Holding Company	NZ		
Kingsgate Hotels and Resorts Limited	Dormant/Franchise Holder	NZ		
Hospitality Group Limited	Holding Company	NZ		
100% owned subsidiaries of Hospitality Group Limited are:				
Hospitality Leases Limited	Lessee Company/Hotel Operations	NZ		
QINZ Anzac Avenue Limited	Hotel Owner	NZ		
Hospitality Services Limited	Hotel Operations/Franchise Holder	NZ		
CDL Investments New Zealand Limited	Holding Company	NZ	67.25	66.83
100% owned subsidiaries of CDL Investments New Zealand Limited are:				
CDL Land New Zealand Limited	Property Investment and Development	NZ		
KIN Holdings Limited	Holding Company	NZ	61.30	61.30
100% owned subsidiaries of KIN Holdings Limited are:				
Kingsgate International Corporation Limited	Holding Company	NZ		
Kingsgate Holdings Pty Limited	Holding Company	Australia		
Kingsgate Investments Pty Limited	Residential Apartment Developer	Australia		
Kingsgate International Pty Limited	Dormant	Australia		
Kingsgate Hotels Pty Limited	Dormant	Australia		
Birkenhead Holdings Pty Limited	Holding Company	Australia		
Birkenhead Investments Pty Limited	Dormant	Australia		
Hotelcorp New Zealand Limited	Holding Company	Australia		

All of the above subsidiaries have a 31 December balance date.

Although the Group owns less than half of the voting power of the Copthorne Hotel & Resort Bay of Islands Joint Venture, it is able to control the financial and operating policies of the Joint Venture so as to obtain benefits from its activities by virtue of an agreement with the other parties of the Joint Venture. Therefore, the results of the Joint Venture are consolidated from the date control commences until the date control ceases.

27. Accounting estimates and judgements

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

Critical accounting judgements in applying the Group's accounting policies
Certain critical accounting judgements in applying the Group's accounting policies are described below.

27. Accounting estimates and judgements - continued

Property, plant and equipment
The Group adopted a revaluation model of valuing land and buildings rather than the cost model. This results in any future decreases in asset values being charged in the income statement unless there is a surplus for that asset in the revaluation account in which case the decrease can be charged to equity.

Assessing whether individual properties are impaired may involve estimating the future cash flows expected to be generated by those properties. This will in turn involve assumptions, including expected rate of growth in revenue and costs, occupancy and average room rates and an appropriate discount rate, to apply when discounting future cash flows.

The Group has one (2012: two) property affected by the Christchurch earthquakes. In assessing the property for impairments the following assumptions were made:

•The adequacy of the insurance cover for material damage which will cover the cost of all necessary repairs or replacement properties.
•The length of the insurance period during which the Group is covered for business interruption for the properties.
•The security cordon around the properties is lifted within a reasonable time to allow for access to the properties for repairs and reinstatement.
•The land underlying the properties is not affected by liquefaction or other geological issues which prevent repairs or reinstatement of the properties.

Development property
The Group is also exposed to market fluctuations in the value of development properties. The carrying value of development properties is $139.21 million (2012: $144.37 million) while the fair value determined by independent valuers is $248.98 million (2012: $236.08 million).

In determining fair values, the valuers will also make assumptions relating to section prices, sell down periods, consumer confidence, unemployment rates, interest rates and external economic factors.

Goodwill
The carrying value of goodwill is tested annually for impairment. This assessment generally requires management to estimate future cash flows to be generated by cash generating units to which the goodwill is allocated. Estimating future cash flows entails making judgements on expected occupancy rates and average room rates, growth in revenue and costs and an appropriate discount rate to apply when discounting cash flows.

Trade and other receivables
Trade and other receivables are stated at cost less any provision for impairment. The assessment for possible impairment requires the Group to make certain judgements surrounding the recoverability of these assets. A review of recoverability is made whenever events or changes in circumstances indicate that the carrying amount of the asset may not be fully recoverable.

28. Subsequent events

Subsequent to balance date the Company has received notice from its associate, First Sponsor Capital Limited, of a capital call in March 2014. The amount of this capital call is approximately $60.00 million. The Company intends to undertake a capital raising exercise in order to meet this call. Further details in relation to the capital raising exercise are expected to be announced in February 2014.

KPMG

Independent auditor's report

To the shareholders of Millennium and Copthorne Hotels New Zealand Limited

Report on the company and group financial statements

We have audited the accompanying financial statements of Millennium and Copthorne Hotels New Zealand Limited ("the company") and the group, comprising the company and its subsidiaries, on pages FIN 1 to FIN 41. The financial statements comprise the statements of financial position as at 31 December 2013, the income statements and statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, for both the company and the group.

Directors' responsibility for the company and group financial statements

The directors are responsible for the preparation of company and group financial statements in accordance with generally accepted accounting practice in New Zealand and International Financial Reporting Standards that give a true and fair view of the matters to which they relate, and for such internal control as the directors determine is necessary to enable the preparation of company and group financial statements that are free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these company and group financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the company and group financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the company and group financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company and group's preparation of the financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company and group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our firm has also provided other services to the company and group in relation to taxation, advisory, and general accounting services. Subject to certain restrictions, partners and employees of our firm may also deal with the company and group on normal terms within the ordinary course of trading activities of the business of the company and group. These matters have not impaired our independence as auditor of the company and group. The firm has no other relationship with, or interest in, the company and group.

Opinion

In our opinion the financial statements on pages FIN 1 to FIN 41:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards;
- give a true and fair view of the financial position of the company and the group as at 31 December 2013 and of the financial performance and cash flows of the company and the group for the year then ended.

Report on other legal and regulatory requirements

In accordance with the requirements of sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993, we report that:

- we have obtained all the information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by Millennium and Copthorne Hotels New Zealand Limited as far as appears from our examination of those records.

KPMG

14 February 2014

Auckland

CHAIRMAN'S REVIEW

Financial Performance & Financial Position

Millennium & Copthorne Hotels New Zealand Limited ("MCHNZ") has reported a profit attributable to owners of the parent of $27.1 million (2012: $46.1 million) for the year ended 31 December 2013. MCHNZ's revenue and other income for the year increased to $123.4 million (2012: $116.5 million). As in 2012, contributors to the 2013 profit were CDL Investments New Zealand Limited, its land development subsidiary and First Sponsor Capital Limited, the Company's associate company which conducts property development in China.

MCHNZ's profit before tax and non-controlling interests was $41.1 million (2012: $59.6 million). The difference is due to a total of $19.0 million worth of one-off items which were recognized in 2012 mainly due to the Canterbury Earthquake. These items included a $18.4 million gain from the settlement of the material damage insurance claim for Copthorne Hotel Christchurch Central.

Shareholders' funds excluding non-controlling interests as at 31 December 2013 totalled $466.4 million (2012: $443.3 million) with total assets at $719.2 million (2012: $686.1 million). Net asset backing (with land and building revaluations and before distributions) as at 31 December 2013 increased to 133.4 to cents per share (2012: 126.8 cents per share).

New Zealand Hotel Operations

Revenue for the operating hotels increased by 3% to $78.0 million (2012: $75.8 million) and revenue per available room (REVPAR) increased by 6% over 2012. Occupancy also increased to 67.7 % in 2013 (2012: 63.6%). Our hotels in Auckland, Rotorua and Queenstown performed better than our regional hotels during the year.

Recent surveys have confirmed that visitor numbers are increasing, particularly from China and other Asian destinations and we expect current trends to continue during 2014. We are also starting to see increased numbers of North American visitors.

Canterbury Update

- Millennium Hotel Christchurch, a leased property, remains closed for the foreseeable future. Discussions between the landlord and the insurers have continued without resolution to the way forward on repairs to the building. The rent is current abated. Once an agreed plan for repairs has been formulated between the landlord and the insurers, we will be able to update shareholders and our stakeholders accordingly.

- The demolition of Copthorne Hotel Christchurch Central is virtually complete and the site has been almost cleared of all debris. All claims relating to material damage and business interruption have now been settled with the Company's insurers. As at time of writing, the acquisition designation remains on the property pending final determination of Christchurch Central Development Unit's / Christchurch City Council's plan for the Town Hall and Arts Precinct. MCHNZ is optimistic that the designation will be removed in the near future which will allow MCHNZ to commence assessment of future planning for the site.

CDL Investments New Zealand Limited ("CDLI")

CDLI announced an increased operating profit after tax for the year ended 31 December 2013 of $13.4 million (2012: $9.3 million) and reported an increase in its section sales from 123 in 2012 to 202 in 2013 reflecting a positive market in general.

CDLI increased its ordinary dividend to 2.0 cents per share from 1.7 cents per share in 2012. MCHNZ's stake in CDLI is currently 67.25%.

Offshore Operations – Australia & China

In Australia, short term leasing of the units at the Zenith Residences continued during the year with occupancy of over 90% recorded. While marketing of the units is ongoing, no sales were made in 2012.

The Company's 34% associate, First Sponsor Capital Limited (FSCL), reported a net profit of S$ 29.4 million for the financial year ended 31 December 2013 (2012: US$24.3 million). The Company's share of the profit is NZ $9.8 million (2012: NZ$10.1 million).

FY2013 marked the completion of the commercial component of the Chengdu Cityspring project. The entire Chengdu Cityspring project is thus deemed successfully developed and completed. The SOHO units that are available for sale are substantially sold while those currently available for rental are substantially leased as well. The first phase of the 196-room M Hotel Chengdu, which also forms part of the Chengdu Cityspring project, soft opened on 20 September 2013 and is managed by the M&C group. Phase two renovation work of the hotel comprising mainly certain ancillary facilities to the hotel will be completed in FY2014. FSCL will continue to evaluate the feasibility of embarking on phase three of the M Hotel Chengdu development which involves the conversion of existing bare shell commercial space into additional hotel rooms and ancillary facilities.

As at 31 December 2013, the Millennium Waterfront project in Chengdu is proceeding satisfactorily. Of the 10 blocks comprising 1,618 residential units launched since 24 November 2012, 1,490 units have been sold either under option agreements or sale and purchase agreements, with approximately 79.2% of the sales proceeds collected as at 31 December 2013. FSCL has also commenced the sales of some auxiliary retail commercial units located in our residential project in June 2013, and sales have been encouraging. In early January 2014, FSCL made another sales launch of 376 residential units and 223 units have been sold either under option agreements or sale and purchase agreements as at 26 January 2014. Further development and sales launches will be phased according to demand. FSCL commenced the construction of a Millennium-branded hotel with convention facilities at Millennium Waterfront in June 2013, which will be financed by cash flows from residential sales.

FY2013 also marked the successful restructuring of FSCL's real estate interest in Guangdong Province. In March 2013, FSCL disposed its entire equity interest in Fogang Cityspring project at a price of S$17.3 million and recognised a pre-tax loss of S$0.04 million. In September 2013, a mixed use Dongguan Humen development site which was under construction was sold to a PRC listed developer at a price of S$79.4 million and a pre-tax profit of S$28.3 million was recognized. In November 2013, FSCL disposed a substantial part of its remaining property interests in Guangdong Province, including its entire equity interest in the Lianzhou Cityspring project, and recognized a net pre-tax profit of S$6.3 million. FSCL ended FY2013 with property exposure of less than S$4.8 million consisting of strata titled commercial units in Dongguan Humen held for rental. This is the last property asset exposure remaining since the Cheung Ping Kwong crisis in FY2010. FSCL will look into new property development opportunities in Dongguan in FY2014.

FSCL capital call

The Company has received notice from FSCL of a capital call for March 2014. MCHNZ's share of this latest call is approximately NZ$60 million. MCHNZ intends to undertake a capital raising in order to meet this call. Further details in relation to that capital raising are expected to be announced later this month.

The additional investment in FSCL will take the form of new preference shares in FSCL. MCK intends to provide its pro rata share of the required capital in order to maintain its percentage holding of preference shares in FSCL. After the issue of the new preference shares in FSCL (which is expected to occur in March 2014), the MCK group should remain at approximately 33.42% of FSCL.

FSCL requires additional funding for further expansion, in particular the development of its properties in Chengdu, Sichuan Province, China.

MCK applied for, and has been granted, a waiver from the requirement under Rule 9.2.1 of the NZSX Listing Rules to obtain the prior approval of MCK shareholders in relation to the additional investment in FSCL. NZX Regulation will announce that waiver decision today. The waiver was required because:

- the MCK group will be providing funding totalling approximately 26% of MCK's current market capitalisation. The acquisition will therefore be a "Material Transaction" under the NZSX Listing Rules; and
- MCK and FSCL are "Related Parties" under the NZSX Listing Rules as MCK, FSCL and a number of MCK's subsidiaries have some common directors.

Dividend Announcement

The Company has resolved to pay a fully imputed ordinary dividend of 1.2 cents per share (2012: 1.2 cents ordinary and 1.2 cents special dividend per share). The dividend will be paid on 16 May 2014. The record date will be 9 May 2014.

Outlook

With economic indicators pointing to growth over the medium term, the Company must ensure that it can take full advantage of increased business activity. The Board and Management expect that 2014 will be a profitable year.

Management and staff

The Board and I would like to thank the Company's management and staff for their efforts and dedication during 2013.

Wong Hong Ren
Chairman
14 February 2014

MILLENNIUM & COPTHORNE HOTELS NEW ZEALAND REPORTS 2013 PROFIT

Millennium & Copthorne Hotels New Zealand Limited (**NZX: MCK**) today reported its preliminary results for the year ended 31 December 2013 and announced a profit after tax and non-controlling interests of $27.1 million (2012: $46.1 million) on total revenue and other income of $ 123.4 million (2012: $ 116.5 million).

MCK Managing Director Mr. B K Chiu noted that the fall in profit reflected the difference between the one-off items recorded in 2012 mainly due to the Canterbury Earthquake. In 2012, there was a total of $19.0 million of one-off items which included an $18.4 million gain from the settlement of the material damage insurance claims with the Company's insurers relating to Copthorne Hotel Christchurch Central.

“In 2013, we were pleased to see progress in increasing our operating hotels’ revenue and their revenue per available room (REVPAR) performance. We also benefited from strong contributions from CDL Investments reflecting increased sales and confidence in the local property market and we also booked profits from our investment in China through First Sponsor Capital Limited”, he said.

The Group received $13.4 million from its 67% subsidiary CDL Investments New Zealand Limited which posted an improved profit over its 2012 results. First Sponsor’s contribution to profit was of $9.8 million from sale of land and recognised profits on completed sales at its residential developments.

MCK announced a fully imputed dividend of 1.2 cents per share (2012: ordinary dividend of 1.2 cents per share and a special dividend of 1.2 cents per share). The dividend will be paid to shareholders on 16 May 2014. The record date will be 9 May 2014.

MCK advised that it had received notice from First Sponsor Capital Limited of a capital call for March 2014. MCK’s share of this latest call is approximately NZ$60 million and the Company intends to undertake a capital raising in order to meet this call. Further details in relation to that capital raising are expected to be announced later this month. MCK intends to provide its pro rata share of the required capital in order to maintain its current shareholding in FSCL. MCK's current shareholding in First Sponsor Capital Limited is approximately 34%.

Looking at the year ahead, Mr. Chiu noted that with New Zealand economic indicators pointing to growth over the medium term, the Company must ensure that it can take full advantage of increased business activity.

Summary of results:

• Profit after tax and non-controlling interests	$27.1 million	(2012: $46.1 m)
• Profit before tax and non-controlling interests	$41.1 million	(2012: $59.6 m)
• Group revenue and other income	$123.4 million	(2012: $116.5 m)
• Shareholders’ funds excluding non-controlling interests	$466.4 million	(2012: $443.3 m)
• Total assets	$719.2 million	(2012: $686.1 m)

ENDS

Issued by Millennium & Copthorne Hotels New Zealand Limited

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