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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	02-Aug-2011 17:25:33
Announcement No.	00069

>> Announcement Details

The details of the announcement start here ...

Announcement Title *	Announcement by Subsidiary Company, Millennium & Copthorne Hotels New Zealand Limited on Results for the Half Year Ended 30 June 2011
Description	Please see the attached announcement released by Millennium & Copthorne Hotels New Zealand Limited on 2 August 2011.
Attachments	02082011MCHNZ_NZX._results1H2011pdf.pdf Total size = **1344K** (2048K size limit recommended)

Close Window

Full and Half year Preliminary Announcements and Half Year Results

MILLENNIUM & COPTHORNE HOTELS NEW ZEALAND LIMITED

Results for announcement to the market

Reporting Period	6 months to 30 June 2011
Previous Reporting Period	6 months to 30 June 2010

	Amount (000s)	Percentage change
Revenue from ordinary activities	NZ$ 52,999	Down (11.8%)
Profit (loss) from ordinary activities after tax attributable to security holders	NZ$ 4,273	Up 121.2%
Net profit (loss) attributable to security holders	NZ$ 4,273	Up 121.2%

Interim/Final Dividend	Amount per security	Imputed amount per security
Not Applicable	Not Applicable	Not Applicable

Record Date	Not Applicable
Dividend Payment Date	Not Applicable

Comments:	Please refer to the attached Chairman's Review.

Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries

Interim Income Statement

FOR THE SIX MONTHS ENDED 30 JUNE 2011 DOLLARS IN THOUSANDS	NOTE	Unaudited 6 months to 30/06/11	Unaudited 6 months to 30/06/10
Revenue		52,999	60,121
Cost of sales		(21,932)	(25,624)
Gross profit		31,067	34,497
Administrative expenses		(12,976)	(14,295)
Other operating expenses		(10,640)	(10,459)
Operating profit before finance income		7,451	9,743
Finance income		1,024	909
Finance costs		(858)	(846)
Net finance income		166	63
Share of profit/(loss) of associate	8	287	(5,269)
Profit before income tax		7,904	4,537
Income tax expense pre Government Budget changes	3	(2,810)	(1,400)
Income tax expense relating to Government Budget changes	3	-	(26,797)
Profit/(loss) for the period		5,094	(23,660)
Profit/(loss) for the period attributable to:			
Equity holders of the parent		4,273	(20,188)
Non-controlling interests		821	(3,472)
Profit/(loss) for the period		5,094	(23,660)
Basic earnings per share (cents)	4	1.22c	-5.78c
Diluted earnings per share (cents)	4	1.22c	-5.78c

The attached notes form part of, and are to be read in conjunction with, these financial statements.

Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries

Interim Statement of Comprehensive Income

FOR THE SIX MONTHS ENDED 30 JUNE 2011 DOLLARS IN THOUSANDS	Unaudited 6 months to 30/6/11	Unaudited 6 months to 30/6/10
Profit/(loss) for the period	5,094	(23,660)
Other comprehensive income		
Movement in revaluation reserve		
- Tax expense on revaluation reserve	-	(107)
Share of post acquisition reserves in associate	(4,859)	5
Movement in exchange translation reserve		
- Recognised in equity	(6,237)	(2,360)
- Tax credit on foreign exchange	313	249
Total comprehensive income/(expense) for the period	(5,689)	(25,873)
Total comprehensive income/(expense) for the period attributable to:		
Equity holders of the parent	(5,517)	(21,924)
Non-controlling interests	(172)	(3,949)
Total comprehensive income/(expense) for the period	(5,689)	(25,873)
DETAILS OF SPECIFIC RECEIPTS/OUTLAYS, REVENUES/EXPENSES :		
Amortisation of intangibles	-	(34)
Audit fees	(168)	(164)
Depreciation	(3,685)	(3,591)
Interest income	1,029	884
Net foreign exchange gain	(5)	25
Interest expense	(858)	(846)
Leasing and rental expenses	(3,235)	(3,824)
Net gain/(loss) on disposal of property, plant and equipment	(6)	(50)

The attached notes form part of, and are to be read in conjunction with, these financial statements.

Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries

Interim Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 JUNE 2011 DOLLARS IN THOUSANDS	Attibutable to Equity Holders of the Parent Unaudited Share Capital	Unaudited Revaluation Reserves	Unaudited Exchange Reserves	Unaudited Accumulated Losses	Unaudited Treasury Stock	Unaudited Total	Unaudited Non-controlling Interests	Unaudited Total Equity
Balance at 1 January 2010	430,330	93,447	9,838	(108,448)	(85)	425,082	98,798	523,880
Movement in revaluation reserve	-	(229)	-	-	-	(229)	122	(107)
Movement in post acquisition reserves in associate	-	-	-	5	-	5	-	5
Movement in exchange translation reserve	-	-	(1,512)	-	-	(1,512)	(599)	(2,111)
Income and expense recognised directly in equity	-	(229)	(1,512)	5	-	(1,736)	(477)	(2,213)
Loss for the period	-	-	-	(20,188)	-	(20,188)	(3,472)	(23,660)
Total comprehensive income/(expense) for the period	-	(229)	(1,512)	(20,183)	-	(21,924)	(3,949)	(25,873)
Dividends paid to:								
Equity holders of the parent	-	-	-	(4,191)	-	(4,191)	-	(4,191)
Non-controlling interests	-	-	-	-	-	-	(1,335)	(1,335)
Movement in non-contolling interests	-	-	-	-	-	-	444	444
Supplementary dividends	-	-	-	(527)	-	(527)	-	(527)
Foreign investment tax credits	-	-	-	527	-	527	-	527
Balance at 30 June 2010	430,330	93,218	8,326	(132,822)	(85)	398,967	93,958	492,925
Balance at 1 January 2011	430,330	96,243	8,784	(122,668)	(85)	412,604	98,264	510,868
Movement in post acquisition reserves in associate	-	-	-	(4,730)	-	(4,730)	(129)	(4,859)
Movement in exchange translation reserve	-	-	(5,060)	-	-	(5,060)	(864)	(5,924)
Income and expense recognised directly in equity	-	-	(5,060)	(4,730)	-	(9,790)	(993)	(10,783)
Profit for the period	-	-	-	4,273	-	4,273	821	5,094
Total comprehensive income/(expense) for the period	-	-	(5,060)	(457)	-	(5,517)	(172)	(5,689)
Dividends paid to:								
Equity holders of the parent	-	-	-	(4,191)	-	(4,191)	-	(4,191)
Non-controlling interests	-	-	-	-	-	-	(1,361)	(1,361)
Movement in non-contolling interests	-	-	-	-	-	-	303	303
Supplementary dividends	-	-	-	(69)	-	(69)	-	(69)
Foreign investment tax credits	-	-	-	69	-	69	-	69
Balance at 30 June 2011	430,330	96,243	3,724	(127,316)	(85)	402,896	97,034	499,930

The attached notes form part of, and are to be read in conjunction with, these financial statements.

Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries

Interim Statement of Financial Position

AS AT 30 JUNE 2011 DOLLARS IN THOUSANDS	NOTE	Unaudited as at 30/06/2011	Audited as at 31/12/10	Unaudited as at 30/06/2010
SHAREHOLDERS' EQUITY				
Issued capital		430,330	430,330	430,330
Reserves		(27,349)	(17,641)	(31,278)
Treasury stock		(85)	(85)	(85)
Non-controlling interests		97,034	98,264	93,958
Total equity		499,930	510,868	492,925
Represented by:				
NON CURRENT ASSETS				
Property, plant and equipment		331,358	332,719	324,525
Development properties		147,384	146,683	142,755
Intangible assets		3,284	3,284	3,780
Investment in associates	8	76,335	84,872	77,636
Total non-current assets		558,361	567,558	548,696
CURRENT ASSETS				
Cash and cash equivalents		31,913	38,422	30,995
Trade and other receivables		11,826	18,195	19,153
Trade and other receivables due from related parties	7	37,257	29	-
Inventories		1,458	1,524	1,431
Income tax receivable		823	353	796
Development properties		3,983	4,676	3,427
Total current assets		87,260	63,199	55,802
Total assets		645,621	630,757	604,498
NON CURRENT LIABILITIES				
Interest-bearing loans and borrowings		73,600	-	47,735
Provisions		437	558	552
Deferred tax liabilities		48,627	48,569	45,869
Total non-current liabilities		122,664	49,127	94,156
CURRENT LIABILITIES				
Interest-bearing loans and borrowings		-	47,889	-
Trade and other payables		15,949	14,097	13,086
Trade and other payables due to related parties	7	3,981	3,856	4,157
Provisions		3,097	4,920	174
Total current liabilities		23,027	70,762	17,417
Total liabilities		145,691	119,889	111,573
Net assets		499,930	510,868	492,925

The attached notes form part of, and are to be read in conjunction with, these financial statements.

Interim Statement of Cash Flows

FOR THE SIX MONTHS ENDED 30 JUNE 2011 DOLLARS IN THOUSANDS	NOTE	Unaudited 6 months to 30/06/11	Unaudited 6 months to 30/06/10
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from customers		59,330	62,607
Interest received		1,069	873
		60,399	63,480
Cash was applied to:			
Payments to suppliers and employees		(42,871)	(42,531)
Interest paid		(962)	(652)
Income tax paid		(2,853)	(3,416)
		(46,686)	(46,599)
Net cash inflow from operating activities		13,713	16,881
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was applied to:			
Purchase of property, plant and equipment		(2,334)	(1,929)
Purchase of investment in associate	8	-	(4,743)
Net cash outflow from investing activities		(2,334)	(6,672)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from/(applied to):			
Drawdown of borrowings		32,800	-
Repayment of borrowings		(7,089)	(4,916)
Increase in trade and other receivables due from related parties	7	(37,250)	-
Dividends paid to shareholders of Millennium & Copthorne Hotels New Zealand Ltd		(4,191)	(4,191)
Dividends paid to non-controlling interests		(1,361)	(1,335)
Net cash outflow from financing activities		(17,091)	(10,442)
Net decrease in cash and cash equivalents		(5,712)	(233)
Add opening cash and cash equivalents		38,422	31,345
Exchange rate adjustment		(797)	(117)
Closing cash and cash equivalents		31,913	30,995

The attached notes form part of, and are to be read in conjunction with, these financial statements.

Interim Statement of Cash Flows

FOR THE SIX MONTHS ENDED 30 JUNE 2011 DOLLARS IN THOUSANDS	NOTE	Unaudited 6 months to 30/6/11	Unaudited 6 months to 30/6/10
RECONCILIATION OF NET PROFIT/(LOSS) FOR THE PERIOD TO CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) for the period		5,094	(23,660)
Adjusted for non cash items:			
Amortisation of intangibles		-	34
Depreciation		3,685	3,591
Income tax expense	3	2,810	28,197
Net loss on disposal of property, plant and equipment		6	50
Share of (profit)/loss of associate	8	(287)	5,269
Adjustments for movements in working capital:			
Decrease in receivables		6,376	2,450
Decrease in inventories		66	223
Increase in development properties		(1,232)	(187)
Increase in payables		870	1,342
Increase in related parties		140	3,640
Cash generated from operations		17,528	20,949
Interest paid		(962)	(652)
Income tax paid		(2,853)	(3,416)
Net cash inflow from operating activities		13,713	16,881

The attached notes form part of, and are to be read in conjunction with, these financial statements.

1. Significant accounting policies

Millennium & Copthorne Hotels New Zealand Limited is a company domiciled in New Zealand, registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange. Millennium & Copthorne Hotels New Zealand Limited (the "Company") is an issuer in terms of the Financial Reporting Act 1993. The interim financial statements of the Company for the six months ended 30 June 2011 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 property development in China.

The interim financial statements were authorised for issuance on 2 August 2011.

(a) Statement of compliance

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

The accounting policies applied by the Group in these interim financial statements are the same as those applied by the Group in its financial statements for the year ended 31 December 2010.

2. Segment reporting

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

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

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

Operating segments
The Group consisted of the following main operating segments:

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

Geographical segments
The Group operates in the following main geographic segments:

- New Zealand
- Australia
- Asia

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.

2. Segment reporting - continued

(a) Operating Segments	Hotel Operations		Residential Land Development		Residential and Commercial Property Development		Group	
	Unaudited 6 months to 30/06/11	Unaudited 6 months to 30/06/10	Unaudited 6 months to 30/06/11	Unaudited 6 months to 30/06/10	Unaudited 6 months to 30/06/11	Unaudited 6 months to 30/06/10	Unaudited 6 months to 30/06/11	Unaudited 6 months to 30/06/10
Dollars in thousands								
External revenue	47,632	53,123	3,822	5,608	1,545	1,390	52,999	60,121
Finance income	228	210	141	97	655	602	1,024	909
Finance expense	(725)	(808)	-	-	(133)	(38)	(858)	(846)
Depreciation and amortisation	(3,660)	(3,601)	(1)	(1)	(24)	(23)	(3,685)	(3,625)
Segment profit before income tax	5,355	6,823	1,675	2,378	587	605	7,617	9,806
Share of profit/(loss) of associates	-	-	-	-	287	(5,269)	287	(5,269)
Profit before income tax	5,355	6,823	1,675	2,378	874	(4,664)	7,904	4,537
Income tax expense	(2,186)	(27,324)	(469)	(693)	(155)	(180)	(2,810)	(28,197)
Segment assets	385,518	344,636	95,804	94,093	87,141	87,337	568,463	526,066
Tax assets	(238)	369	97	32	964	395	823	796
Investment in associates	-	-	2	2	76,333	77,634	76,335	77,636
Total assets	385,280	345,005	95,903	94,127	164,438	165,366	645,621	604,498
Segment liabilities	(89,174)	(57,510)	(203)	(225)	(7,687)	(7,969)	(97,064)	(65,704)
Tax liabilities	(45,704)	(43,385)	(300)	(292)	(2,623)	(2,192)	(48,627)	(45,869)
Total liabilities	(134,878)	(100,895)	(503)	(517)	(10,310)	(10,161)	(145,691)	(111,573)
Capital expenditure	2,328	1,922	3	1	3	6	2,334	1,929

2. Segment reporting - continued

(b) Geographic Segments	New Zealand		Australia		Asia		Group	
	Unaudited 6 months to 30/06/11	Unaudited 6 months to 30/06/10	Unaudited 6 months to 30/06/11	Unaudited 6 months to 30/06/10	Unaudited 6 months to 30/06/11	Unaudited 6 months to 30/06/10	Unaudited 6 months to 30/06/11	Unaudited 6 months to 30/06/10
Dollars in thousands								
External revenue	51,454	58,731	1,545	1,390	-	-	52,999	60,121
Finance income	387	316	637	593	-	-	1,024	909
Finance expense	(855)	(846)	(3)	-	-	-	(858)	(846)
Depreciation and amortisation	(3,661)	(3,602)	(24)	(23)	-	-	(3,685)	(3,625)
Segment profit before income tax	6,987	9,101	630	705	-	-	7,617	9,806
Share of profit/(loss) of associates	-	-	-	-	287	(5,269)	287	(5,269)
Profit before income tax	6,987	9,101	630	705	287	(5,269)	7,904	4,537
Income tax expense	(2,644)	(27,986)	(166)	(211)	-	-	(2,810)	(28,197)
Segment assets	482,214	439,305	86,249	86,761	-	-	568,463	526,066
Tax assets	907	788	(84)	8	-	-	823	796
Investment in associates	2	2	-	-	76,333	77,634	76,335	77,636
Total assets	483,123	440,095	86,165	86,769	76,333	77,634	645,621	604,498
Segment liabilities	(95,595)	(64,705)	(1,469)	(999)	-	-	(97,064)	(65,704)
Tax liabilities	(46,275)	(44,278)	(2,352)	(1,591)	-	-	(48,627)	(45,869)
Total liabilities	(141,870)	(108,983)	(3,821)	(2,590)	-	-	(145,691)	(111,573)
Capital expenditure	2,331	1,923	3	6	-	-	2,334	1,929

Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries
Notes to the Interim Financial Statements
for the six months ended 30 June 2011 (unaudited)

3. Income tax expense
Recognised in the income statement

Dollars In Thousands	Unaudited 6 months to 30/06/11	Unaudited 6 months to 30/06/10
Current tax expense		
Current year	2,398	2,726
Adjustments for prior years	(23)	77
	2,375	2,803
Deferred tax expense		
Origination and reversal of temporary difference	(360)	74
Adjustment for reduction in tax rate	-	(821)
Adjustment for loss of deductibility of building depreciation	-	26,797
Adjustment for prior years	795	(656)
	435	25,394
Total income tax expense in interim income statement	2,810	28,197

4. Earnings per share

The basic earnings per share of 1.22 cents (30 June 2010: earnings per share of -5.78 cents) are based on the profit attributable to ordinary shareholders of $4.27m (30 June 2010: loss of $20.19m) and weighted average number of ordinary shares outstanding during the period ended 30 June 2011 of 349,268,439 (30 June 2010 349,268,439). The calculation of diluted earnings per share of 1.22 cents (30 June 2010: earnings per share of -5.78 cents) is the same as basic earnings per share.

5. Material events subsequent to the end of the interim period

There were no material events subsequent to the end of the six month period ended 30 June 2011 that would require disclosure.

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

There were no changes in contingent liabilities and contingent assets that would require disclosure for the six month period ended 30 June 2011 (30 June 2010: Nil). There are no contingent liabilities as at 30 June 2011 (30 June 2010: Nil).

7. Related party transactions

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.

During the six month period ending 30 June 2011, costs amounting to $125,000 (30 June 2010: $125,000) have been recorded in the Income Statement in respect of fees payable to Millennium & Copthorne International Limited (a subsidiary of Millennium & Copthorne Hotels plc) for the provision of management and marketing support.

As at balance date $125,000 was outstanding and payable to Millennium & Copthorne International Limited (30 June 2010: $125,000).

In June 2010 CDL Hotels Holdings New Zealand Limited lent $3.5 million to Millennium & Copthorne Hotels New Zealand Limited. The interest rate is fixed at 3.21% until it is reviewed on 10 August 2011. The unsecured loan is repayable on demand.

At 30 June 2011 Millennium & Copthorne Hotels New Zealand Limited has lent $40.49m to its subsidiary, MCHNZ Investments Ltd. The interest rate is fixed at 4.036% until it is reviewed on 22 July 2011. The unsecured loan is repayable on demand.

7. Related party transactions (continued)

On 22 June 2011, the Group made funds available of $37.25m to First Sponsor Capital Ltd pending identification of new land development opportunities in China. These funds are currently held in trust for the Group.

8. Associate companies

Associate	Principal Activity	% Holding by MCHNZ Investments Limited 30 June 2011	% Holding by MCHNZ Investments Limited 30 June 2010
First Sponsor Capital Ltd	Investment Holding	29.63%	34.21%
		% Holding by CDL Land New Zealand Limited 30 June 2011	**% Holding by CDL Land New Zealand Limited 30 June 2010**
Prestons Road Ltd	Service Provider	33.33%	33.33%

First Sponsor Capital Ltd has a 31 December balance date and Prestons Road Ltd has a 31 March balance date.

Movements in the carrying value of associates

Dollars In Thousands	First Sponsor Capital Ltd		Prestons Road Ltd	
	2011	**2010**	**2011**	**2010**
Balance at 1 January	84,870	78,720	2	2
Investment in associate	-	4,743	-	-
Share of post acquisition movement in foreign exchange reserves for the period	(3,965)	(560)	-	-
Share of post acquisition capital reserves	(4,859)	-	-	-
Share of profit/(loss) for the period	287	(5,269)	-	-
Balance at 30 June	76,333	77,634	2	2

9. Capital commitments

As at 30 June 2011, the Group entered into contracts to purchase property, plant and equipment with a value of $1,527,000 (30 June 2010: $1,888,000).

CHAIRMAN'S REVIEW

Financial Performance:

The Directors of Millennium & Copthorne Hotels New Zealand Limited ("MCK") announced an unaudited profit after tax and non-controlling interests of $4.27 million for the six month period ended 30 June 2011 (2010: $20.19 million loss). Profit before income tax and non-controlling interests was $7.90 million (2010: $4.54 million).

The return to profit for the half year is welcome, but the results were inevitably affected by the impact of the Canterbury Earthquake in February 2011 which resulted in the closure of three of the Group's hotels located in the Christchurch CBD. The loss of revenue has consequently impacted on both revenue and profitability for the period although some of these losses have been made good from insurance.

Group revenue and other income for the period under review therefore decreased to $54.02 million (2010: $61.03 million). Gross profit for the period was $31.07 million (2010: $34.50 million).

As at 30 June 2011, shareholders' funds excluding non-controlling interests totaled $402.90 million (2010: $398.97 million) with total assets at $645.62 million (2010: $604.50 million). These figures also reflect the factors referred to above. Net asset backing (excluding non-controlling interests) per share as at 30 June 2011 now stands at 115.4 cents per share (2010: 114.1 cps).

Effect of the Canterbury Earthquakes:

As detailed in the 2010 Annual Report, the effects of the second Canterbury Earthquake in February 2011 have been more severe. All three of the Company's hotels in the Christchurch CBD (Millennium Hotel Christchurch, Copthorne Hotel Christchurch Central, Copthorne Hotel Christchurch City [Durham Street]) were damaged and are now closed. Due to the fact that MCK's hotels remain within the city cordon and are still not able to be accessed freely, the Company advised the market in May that:

--Reservations at Millennium Hotel Christchurch would not be accepted until May 2012;

--Reservations at Copthorne Hotel Christchurch Central would not be accepted for the remainder of 2011 and the whole of 2012.;

--Copthorne Hotel Christchurch City is not accepting future reservations until further notice. The Canterbury Earthquake Recovery Authority (CERA) has determined that the hotel should be demolished and this is expected to occur shortly.

The Company has yet to receive definitive structural engineering advice on the repairs that are required to be made at Millennium Hotel Christchurch and Copthorne Hotel Christchurch Central. Guest belongings from all MCK hotels in Christchurch were retrieved during the period. Copthorne Hotel Commodore, Christchurch Airport a franchised property, has remained fully operational throughout the period and was not damaged as a result of the earthquake.

The financial impact to date of the February 2011 earthquake has come in the form of insurance excess payments in relation to the damage to the Christchurch hotels. The Group's business interruption insurance has responded sufficiently to minimise the loss of trading profits. The costs incurred to date have also included items related to the redundancy and other entitlements that were paid to staff affected by the earthquake. Other hotels in the network, particularly the South Island, also saw cancellations as a result of the earthquake as visitors cancelled or deferred travel plans to New Zealand.

The Company's insurance policies have responded satisfactorily to date in relation to building damage, staff-related costs and business interruption and Management continues to work closely with the insurers in order to mitigate the ongoing effect of the earthquake and associated events on the Company. The Company has secured and confirmed renewal terms for its material damage and business interruption insurances for all of its New Zealand hotels for the 2011 / 2012 period, albeit at a significantly higher premium, reflecting the current insurance market in New Zealand since the February 2011 earthquake.

On behalf of the Board, I extend our thanks to our Operations Team and our current and former staff in Christchurch for all of their work during what had been a very trying and very difficult period for all concerned.

New Zealand Hotel Operations:

Total revenue for the New Zealand hotel operations (17 owned or leased and operated hotels excluding 12 franchised properties) for the period under review was $47.86 million (2010: $53.33 million). Occupancy for those owned / leased hotels for the period was 64.5% (2010: 68.1%) across the Group allowing for the closure of the three Christchurch CBD hotels.

Key international markets both in Europe, the United States and Asia remain soft. Japanese demand has fallen after the March 2011 earthquake and tsunami and is not forecast to recover within this year. Australian demand has also slowed as travelers there take advantage of favourable exchange rates to travel to North America and Europe instead of New Zealand and other Pacific destinations. The impact of the Chilean volcano ash cloud has been minimal although some cancellations have been recorded. A slower start to the 2011 ski season has had an impact on trading results.

The Group is currently undertaking the second stage of refurbishment of the Kingsgate Hotel Terraces Queenstown and works are scheduled to be completed in the second half of the year. The hotel will then be rebranded as the Copthorne Hotel & Apartments Queenstown Lakeview.

CDL Investments New Zealand Limited ('CDLI'):

CDLI announced an unaudited operating profit after tax for the six months ended 30 June 2011 of $1.21 million (2010: $1.68 million). Sales pickup was notable both at Ashmore (Hamilton) and Millgate (Rolleston) in the second quarter with settlement of these sales occurring in the second half of 2011. CDLI has recently released two new subdivisions - Brookfield Estate in Hawkes Bay and CrestView in Auckland. Interest in these new sections to date has been positive. CDLI therefore expects to better its 2010 results by the end of this year.

Offshore investments – Australia and China:

In Australia, occupancy at the Zenith Residences remains healthy at 98% as leasing of the units on short-term leases continues. No sales were reported in the period.

In China, First Sponsor Capital Limited ("FSCL") (a 30% associate company) reported a profit of US$0.76 million for the period to 30 June 2011 (2010: US$10.83 million loss). The Group's share of this profit reflected in the results is $0.29 million (2010: $5.27 million loss).

Cheung Ping Kwong's interest in Idea Valley Investment Holdings Limited (IVIHL) was transferred to FSCL and FSCL now controls 96.5% of IVIHL. The remaining titles to the properties which were part of the settlement with Cheung have now been exchanged. FSCL is now free to look at how best to utilise the land portfolio in the Guangdong Province and is looking at various options, including development, sale or leasing of some of these assets.

With regards to the Chengdu Cityspring development, of the six residential blocks available for sale, 96% have now been sold and completion of construction is expected by the end of 2011. In early July 2011, FSCL also launched one block of commercial SOHO (small office, home office) for sale. Sales have been very encouraging. The commercial component of Chengdu Cityspring, which will include a hotel, will be completed in late 2012. FSCL is also considering new projects within Sichuan Province and if these materialise in the near future, the Company would look at increasing its investment in FSCL.

Outlook:

Despite the challenges that the Company has faced as a result of the Canterbury Earthquakes, the Company remains on track to be modestly profitable for this year. The impact of the earthquakes will, however, continue to influence revenue and profitability for the foreseeable future as overseas visitors remain wary of travelling to New Zealand. The Board and Management will continue to seek ways to increase promotion of Millennium & Copthorne Hotels as well as New Zealand generally as safe and attractive destinations globally.

We are also looking forward to welcoming our guests to the Rugby World Cup tournament in September and October 2011 and bookings for this period are strong. We aim to reflect the benefits of the tournament, together with a positive contribution from CDLI and FSCL, in the 2011 results.

Wong Hong Ren
Chairman
2 August 2011

2 August 2011

CHINA INVESTMENT HELPS PROFITS BUT MILLENNIUM & COPTHORNE HOTELS NEW ZEALAND'S REVENUE AFFECTED BY EARTHQUAKES

New Zealand hotel owner / operator, Millennium & Copthorne Hotels New Zealand Limited ("MCK"), today announced its (unaudited) results for the six months to 30 June 2011.

• Average hotel occupancy across the Group	64.5%
• Group Revenue and other income	$54.02 million (2010: $61.03 million)
• Operating profit before tax and non-controlling interests	$7.90 million (2010: $4.54 million).
• Operating profit after tax and non-controlling interests	$4.27 million (2010: $20.19 million loss).

MCK's Managing Director Mr. B K Chiu said that the Company welcomed the return to half-year profit helped by the results from its Chinese associate First Sponsor Capital Limited but stressed that revenues and profitability for the period had been affected by the earthquake affecting the Canterbury area in February 2011.

"With three hotels still located within the cordon and closed due to damage, the impact is significant, particularly on revenue. However, part of these losses have been made good from insurance proceeds so we have been able to mitigate some of the effects so far", he said.

MCK confirmed that it was not taking any future reservations for its Christchurch hotels until mid-2012 at the earliest. MCK also confirmed that it had renewed its insurance cover on its hotels for the 2011/2012 period, albeit at significantly higher premiums, reflecting the current insurance market.

While noting that demand from key international markets had been weak in the first half, Mr. Chiu did note that booking for the Rugby World Cup tournament period were strong and staff were looking forward to welcoming guests from around the world. MCK's other business units including NZX-listed property developer CDL Investments New Zealand Limited and its Chinese associate company First Sponsor Capital Limited also made contributions to the half-year profit.

"Apartment sales in Chengdu are progressing well and First Sponsor is looking at various options, including development, sale or leasing of some of its Guangdong assets", he said.

On the outlook for the remainder of the year, Mr. Chiu said that despite the ongoing impact of the Canterbury Earthquake, MCK was expecting to be modestly profitable in 2011.

"Although our Christchurch hotels are a significant part of our portfolio, we are a national business and our properties are located throughout the country. Our other Millennium, Copthorne & Kingsgate hotels are continuing to trade profitably despite the challenges we are facing currently. The measures we have taken over the past few years to improve cost control and productivity are showing through and contributions from our other business units and investments will help bolster our profitability in 2011", he said.

ENDS

Issued by Millennium & Copthorne Hotels New Zealand Ltd

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