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* 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-2012 17:35:13
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>> 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 2012

Description Please see the attached announcement released by Millennium & Copthorne Hotels New Zealand Limited on 2 August 2012.

Attachments

 [02082012_MnCNZ.pdf](#)

Total size = **213K**
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MILLENNIUM & COPTHORNE HOTELS NEW ZEALAND LIMITED

Results for announcement to the market

Reporting Period	6 months to 30 June 2012
Previous Reporting Period	6 months to 30 June 2011

	Amount (000s)	Percentage change
Revenue from ordinary activities	NZ\$ 50,389	Up 6.3%
Profit (loss) from ordinary activities after tax attributable to security holders	NZ\$ 19,634	Up 359.5%
Net profit (loss) attributable to security holders	NZ\$ 19,634	Up 359.5%

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.
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Interim Income Statement

FOR THE SIX MONTHS ENDED 30 JUNE 2012		Unaudited	Unaudited
		6 months	6 months
DOLLARS IN THOUSANDS	NOTE	to 30/06/12	to 30/06/11
Revenue		50,389	47,411
Cost of sales		(21,690)	(21,932)
Gross profit		28,699	25,479
Other income		6,078	5,588
Administrative expenses		(11,789)	(12,976)
Other operating expenses		(9,043)	(10,640)
Operating profit before finance income		13,945	7,451
Finance income		1,068	1,029
Finance costs		(1,221)	(863)
Net finance income		(153)	166
Share of associate profit	8	11,877	287
Profit before income tax		25,669	7,904
Income tax expense	3	(3,657)	(2,810)
Profit for the period		22,012	5,094
Profit for the period attributable to:			
Equity holders of the parent		19,634	4,273
Non-controlling interests		2,378	821
Profit for the period		22,012	5,094
Basic earnings per share (cents)	4	5.62c	1.22c
Diluted earnings per share (cents)	4	5.62c	1.22c

Interim Statement of Comprehensive Income

FOR THE SIX MONTHS ENDED 30 JUNE 2012	Unaudited	Unaudited
	6 months	6 months
DOLLARS IN THOUSANDS	to 30/6/12	to 30/6/11
Profit for the period	22,012	5,094
Other comprehensive income		
Share of post acquisition reserves in associate	168	(4,859)
Movement in exchange translation reserve		
- Recognised in equity	(8,236)	(6,237)
- Tax credit on foreign exchange	329	313
Total comprehensive income/(loss) for the period	<u>14,273</u>	<u>(5,689)</u>
Total comprehensive income/(loss) for the period attributable to:		
Equity holders of the parent	12,806	(5,517)
Non-controlling interests	1,467	(172)
Total comprehensive income/(loss) for the period	<u>14,273</u>	<u>(5,689)</u>
DETAILS OF SPECIFIC RECEIPTS/OUTLAYS, REVENUES/EXPENSES :		
Other income (Business interruption income)	6,078	5,588
Audit fees	(187)	(168)
Depreciation	(3,398)	(3,685)
Interest income	1,066	1,029
Net foreign exchange gain/(loss)	2	(5)
Interest expense	(1,221)	(858)
Leasing and rental expenses	(2,519)	(3,235)
Net loss on disposal of property, plant and equipment	(5)	(6)

Interim Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 JUNE 2012	Attributable 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
DOLLARS IN THOUSANDS								
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/(loss) 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-controlling 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
Balance at 1 January 2012	430,330	92,128	9,574	(112,820)	(85)	419,127	100,422	519,549
Movement in post acquisition reserves in associate	-	-	-	164	-	164	4	168
Movement in exchange translation reserve	-	-	(6,992)	-	-	(6,992)	(915)	(7,907)
Income and expense recognised directly in equity	-	-	(6,992)	164	-	(6,828)	(911)	(7,739)
Profit for the period	-	-	-	19,634	-	19,634	2,378	22,012
Total comprehensive income/(loss) for the period	-	-	(6,992)	19,798	-	12,806	1,467	14,273
Dividends paid to:								
Equity holders of the parent	-	-	-	(4,191)	-	(4,191)	-	(4,191)
Non-controlling interests	-	-	-	-	-	-	(1,454)	(1,454)
Movement in non-controlling interests	-	-	-	-	-	-	423	423
Supplementary dividends	-	-	-	(130)	-	(130)	-	(130)
Foreign investment tax credits	-	-	-	130	-	130	-	130
Balance at 30 June 2012	430,330	92,128	2,582	(97,213)	(85)	427,742	100,858	528,600

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 2012		Unaudited	Audited	Unaudited
		as at	as at	as at
DOLLARS IN THOUSANDS	NOTE	30/06/12	31/12/11	30/06/11
SHAREHOLDERS' EQUITY				
Issued capital		430,330	430,330	430,330
Reserves		(2,503)	(11,118)	(27,349)
Treasury stock		(85)	(85)	(85)
Non-controlling interests		100,858	100,422	97,034
Total equity		528,600	519,549	499,930
<i>Represented by:</i>				
NON CURRENT ASSETS				
Property, plant and equipment		323,263	324,523	331,358
Development properties		144,415	143,034	147,384
Intangible assets		3,284	3,284	3,284
Investment in associates	8	131,108	124,951	76,335
Total non-current assets		602,070	595,792	558,361
CURRENT ASSETS				
Cash and cash equivalents		45,434	36,314	31,913
Trade and other receivables		20,894	18,235	11,826
Trade receivables due from related parties	7	-	-	7
Loans due from related parties	7	-	-	37,250
Inventories		1,381	1,495	1,458
Income tax receivable		1,527	-	823
Development properties		3,983	8,512	3,983
Total current assets		73,219	64,556	87,260
Total assets		675,289	660,348	645,621
NON CURRENT LIABILITIES				
Interest-bearing loans and borrowings		63,050	63,277	73,600
Provisions		650	437	437
Provision for deferred taxation		48,364	49,030	48,627
Total non-current liabilities		112,064	112,744	122,664
CURRENT LIABILITIES				
Trade and other payables		18,909	14,495	15,949
Trade payables due to related parties	7	650	461	481
Loans due to related parties	7	10,500	7,230	3,500
Provisions		4,566	4,168	3,097
Income tax payable		-	1,701	-
Total current liabilities		34,625	28,055	23,027
Total liabilities		146,689	140,799	145,691
Net assets		528,600	519,549	499,930

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 2012		Unaudited	Unaudited
		6 months	6 months
DOLLARS IN THOUSANDS	NOTE	to 30/06/12	to 30/06/11
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from customers		44,303	54,500
Receipts from insurers		9,586	4,830
Interest received		974	1,069
		<u>54,863</u>	<u>60,399</u>
Cash was applied to:			
Payments to suppliers and employees		(29,097)	(42,871)
Interest paid		(1,269)	(962)
Income tax paid		(7,162)	(2,853)
		<u>(37,528)</u>	<u>(46,686)</u>
Net cash inflow from operating activities		<u>17,335</u>	<u>13,713</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was applied to:			
Purchase of property, plant and equipment		(2,146)	(2,334)
Net cash outflow from investing activities		<u>(2,146)</u>	<u>(2,334)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from/(applied to):			
Drawdown of borrowings		-	32,800
Repayment of borrowings		(227)	(7,089)
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		(1,454)	(1,361)
Net cash outflow from financing activities		<u>(5,872)</u>	<u>(17,091)</u>
Net increase/(decrease) in cash and cash equivalents		9,317	(5,712)
Add opening cash and cash equivalents		36,314	38,422
Exchange rate adjustment		(197)	(797)
Closing cash and cash equivalents		<u>45,434</u>	<u>31,913</u>

Interim Statement of Cash Flows

FOR THE SIX MONTHS ENDED 30 JUNE 2012		Unaudited	Unaudited
		6 months	6 months
DOLLARS IN THOUSANDS	NOTE	to 30/6/12	to 30/6/11
RECONCILIATION OF NET PROFIT/(LOSS) FOR THE PERIOD			
TO CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		22,012	5,094
Adjusted for non cash items:			
Depreciation		3,398	3,685
Income tax expense	3	3,657	2,810
Net loss on disposal of property, plant and equipment		5	6
Share of associate profit	8	(11,877)	(287)
Adjustments for movements in working capital:			
(Increase)/decrease in receivables		(2,670)	6,376
Decrease in inventories		114	66
(Increase)/decrease in development properties		1,363	(1,232)
Increase in payables		6,296	870
Increase in related parties		3,470	140
Cash generated from operations		<u>25,768</u>	<u>17,528</u>
Interest paid		(1,271)	(962)
Income tax paid		<u>(7,162)</u>	<u>(2,853)</u>
Net cash inflow from operating activities		<u>17,335</u>	<u>13,713</u>

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
Notes to the Interim Financial Statements
for the six months ended 30 June 2012 (unaudited)

1. Significant accounting policies

Millennium & Copthorne Hotels New Zealand Limited is a company domiciled in New Zealand, registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange. Millennium & Copthorne Hotels New Zealand Limited (the "Company") is an issuer in terms of the Financial Reporting Act 1993. The interim financial statements of the Company for the six months ended 30 June 2012 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 2012.

(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 2011.

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.

Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries
Notes to the Interim Financial Statements
for the six months ended 30 June 2012 (unaudited)

2. Segment reporting - continued

(a) Operating Segments	Hotel Operations		Residential Land Development		Residential and Commercial Property Development		Group	
	Unaudited 6 months to 30/06/12	Unaudited 6 months to 30/06/11	Unaudited 6 months to 30/06/12	Unaudited 6 months to 30/06/11	Unaudited 6 months to 30/06/12	Unaudited 6 months to 30/06/11	Unaudited 6 months to 30/06/12	Unaudited 6 months to 30/06/11
<i>Dollars in thousands</i>								
External revenue	38,208	42,044	10,679	3,822	1,502	1,545	50,389	47,411
Finance income	226	233	222	141	620	655	1,068	1,029
Finance expense	(343)	(730)	-	-	(878)	(133)	(1,221)	(863)
Depreciation and amortisation	(3,378)	(3,660)	(1)	(1)	(19)	(24)	(3,398)	(3,685)
Segment profit before income tax	9,737	5,355	5,325	1,675	(1,270)	587	13,792	7,617
Share of associate profit	-	-	-	-	11,877	287	11,877	287
Profit before income tax	9,737	5,355	5,325	1,675	10,607	874	25,669	7,904
Income tax expense	(2,322)	(2,186)	(1,491)	(469)	156	(155)	(3,657)	(2,810)
Segment assets	354,893	385,518	101,634	95,804	86,127	87,141	542,654	568,463
Tax assets	674	(238)	(156)	97	1,009	964	1,527	823
Investment in associates	-	-	2	2	131,106	76,333	131,108	76,335
Total assets	355,567	385,280	101,480	95,903	218,242	164,438	675,289	645,621
Segment liabilities	(49,324)	(89,174)	(230)	(203)	(48,771)	(7,687)	(98,325)	(97,064)
Tax liabilities	(44,755)	(45,704)	(250)	(300)	(3,359)	(2,623)	(48,364)	(48,627)
Total liabilities	(94,079)	(134,878)	(480)	(503)	(52,130)	(10,310)	(146,689)	(145,691)
Capital expenditure	2,142	2,328	-	3	4	3	2,146	2,334

Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries
Notes to the Interim Financial Statements
for the six months ended 30 June 2012 (unaudited)

2. Segment reporting - continued

(b) Geographic Segments

<i>Dollars in thousands</i>	<u>New Zealand</u>		<u>Australia</u>		<u>Asia</u>		<u>Group</u>	
	Unaudited 6 months to 30/06/12	Unaudited 6 months to 30/06/11	Unaudited 6 months to 30/06/12	Unaudited 6 months to 30/06/11	Unaudited 6 months to 30/06/12	Unaudited 6 months to 30/06/11	Unaudited 6 months to 30/06/12	Unaudited 6 months to 30/06/11
External revenue	48,887	51,454	1,502	1,545	-	-	50,389	52,999
Finance income	468	392	600	637	-	-	1,068	1,029
Finance expense	(1,221)	(860)	-	(3)	-	-	(1,221)	(863)
Depreciation and amortisation	(3,379)	(3,661)	(19)	(24)	-	-	(3,398)	(3,685)
Segment profit before income tax	13,548	6,987	244	630	-	-	13,792	7,617
Share of associate profit	-	-	-	-	11,877	287	11,877	287
Profit before income tax	13,548	6,987	244	630	11,877	287	25,669	7,904
Income tax expense	(3,587)	(2,644)	(70)	(166)	-	-	(3,657)	(2,810)
Segment assets	457,689	482,214	84,965	86,249	-	-	542,654	568,463
Tax assets	1,800	907	(273)	(84)	-	-	1,527	823
Investment in associates	2	2	-	-	131,106	76,333	131,108	76,335
Total assets	459,491	483,123	84,692	86,165	131,106	76,333	675,289	645,621
Segment liabilities	(96,808)	(95,595)	(1,517)	(1,469)	-	-	(98,325)	(97,064)
Tax liabilities	(46,474)	(46,275)	(1,890)	(2,352)	-	-	(48,364)	(48,627)
Total liabilities	(143,282)	(141,870)	(3,407)	(3,821)	-	-	(146,689)	(145,691)
Capital expenditure	2,142	2,331	4	3	-	-	2,146	2,334

Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries
Notes to the Interim Financial Statements
for the six months ended 30 June 2012 (unaudited)

3. Income tax expense
Recognised in the income statement

<i>Dollars In Thousands</i>	Unaudited 6 months to 30/06/12	Unaudited 6 months to 30/06/11
Current tax expense		
Current year	4,028	2,398
Adjustments for prior years	(99)	(23)
	3,929	2,375
Deferred tax expense		
Origination and reversal of temporary difference	(231)	(360)
Adjustment for prior years	(41)	795
	(272)	435
Total income tax expense in interim income statement	3,657	2,810

4. Earnings per share

The basic earnings per share of 5.62 cents (30 June 2011: earnings per share of 1.22 cents) are based on the profit attributable to ordinary shareholders of \$19.63m (30 June 2011: \$4.27m) and weighted average number of ordinary shares outstanding during the period ended 30 June 2012 of 349,268,439 (30 June 2011: 349,268,439). The calculation of diluted earnings per share of 5.62 cents (30 June 2011: earnings per share of 1.22 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 2012 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 2012 (30 June 2011: Nil). There are no contingent liabilities as at 30 June 2012 (30 June 2011: 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 2012, costs amounting to \$125,000 (30 June 2011: \$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 2011: \$125,000).

CDL Hotels Holdings New Zealand Limited has lent a total of \$10.50m to Millennium & Copthorne Hotels New Zealand Limited via three tranches of drawdowns. The interest rates are fixed and range between 3.15% and 3.29% until the loans are reviewed between 27 July 2012 and 14 August 2012. The unsecured loans are repayable on demand.

At 30 June 2012 Millennium & Copthorne Hotels New Zealand Limited has lent \$42.55m to its subsidiary, MCHNZ Investments Ltd. The interest rate is fixed at 4.19% until it is reviewed on 27 July 2012. The unsecured loan is repayable on demand.

Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries
Notes to the Interim Financial Statements
for the six months ended 30 June 2012 (unaudited)

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 were temporarily held in trust for the Group and returned to the Group on 26 September 2011 following delays in the acquisition of land.

8. Associate companies

Associate	Principal Activity	% Holding by the Group 30 June 2012	% Holding by the Group 30 June 2011
First Sponsor Capital Ltd	Investment Holding	34.21%	29.63%
		% Holding by CDL Land New Zealand Limited 30 June 2012	% Holding by CDL Land New Zealand Limited 30 June 2011
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

<i>Dollars In Thousands</i>	First Sponsor Capital Ltd		Prestons Road Ltd	
	2012	2011	2012	2011
Balance at 1 January	124,949	84,870	2	2
Share of post acquisition movement in foreign exchange reserves for the period	(5,888)	(3,965)	-	-
Share of post acquisition capital reserves	168	(4,859)	-	-
Share of profit for the period	11,877	287	-	-
Balance at 30 June	131,106	76,333	2	2

9. Capital commitments

As at 30 June 2012, the Group entered into contracts to purchase property, plant and equipment with a value of \$1.61m (30 June 2011: \$1.52m).

10. Canterbury earthquake

On 15 March 2012, a full and final settlement of the business interruption claim was reached between the insurers and the Group in relation to the damage to the Copthorne Hotel Christchurch City and the Copthorne Hotel Central arising from the 22 February 2011 earthquake. The total settlement of \$16.25m covers the indemnity period of twenty five months from February 2011 to March 2013 for Copthorne Hotel Christchurch City and the indemnity period of thirty months from February 2011 to August 2013 for Copthorne Hotel Central. Of the \$16.25m settlement, a total of \$3.72m was recognised as business interruption income in the six months period to 30 June 2012 and a total of \$6.78m was recognised in the year ended 31 December 2011. The balance of \$5.75m will be recognised in the period from July 2012 to August 2013.

11. Comparatives

Certain comparatives have been reclassified to conform to the current years presentation.

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 \$19.63 million for the six month period ended 30 June 2012 (2011: \$4.27 million). Profit before income tax and non-controlling interests was \$25.67 million (2011: \$7.90 million).

The increase in half-year profit is primarily due to profit improvements from the group's majority-owned land development business CDL Investments New Zealand Limited and its investment in China through First Sponsor Capital Limited. Both business units have been able to recognise profits from sales made in 2011 and 2012.

Group revenue and other income for the period under review increased from \$54.02 million in 2011 to \$57.53 million. Gross profit for the period also increased from \$25.48 million in 2011 to \$28.70 million.

As at 30 June 2012, shareholders' funds excluding non-controlling interests totaled \$427.74 million (2011: \$402.90 million) with total assets at \$675.29 million (2011: \$645.62 million). Net asset backing (excluding non-controlling interests) per share as at 30 June 2012 now stands at 122.5 cents per share (2011: 115.4 cps).

Canterbury Earthquake Update:

With the demolition and termination of the lease at Copthorne Hotel Christchurch City (Durham Street), the Group has two remaining properties in the Christchurch Central Business District.

--Reservations at Millennium Hotel Christchurch will not be accepted until January 2014 at the earliest. Works to repair this leased hotel have now commenced and are estimated to take up to two years to complete. The group has renewed its insurance cover for this property.

--Reservations at Copthorne Hotel Christchurch Central will not be taken until further notice. A final engineering recommendation on repair or demolition is yet to be received. The Group is the owner of this hotel and the land on which it is situated.

Copthorne Hotel Commodore, Christchurch Airport, a franchised property, continues to trade well during the period under review.

This period has seen settlements reached with the Group's insurers in respect of the business interruption insurance claims for Copthorne Hotel Christchurch City and Copthorne Hotel Christchurch Central. While the details of these settlements are confidential to the parties, the Group is pleased with the overall outcome.

New Zealand Hotel Operations:

Total revenue for the New Zealand hotel operations (16 owned or leased and operated hotels excluding 11 franchised properties) for the period under review was \$38.43 million (2011: \$42.27 million). Occupancy for those owned / leased hotels for the period was 63.3% (2011: 64.5%) across the Group allowing for the closure of the three Christchurch CBD hotels.

Due to the ongoing effects of the Canterbury Earthquakes and the general global decline in outbound tourism from traditionally strong markets such as Europe and North America, visitor numbers to New Zealand remain flat and tourism growth also remains sluggish. Visitor numbers from Australia have also declined although this has been offset in part by increases from China, India and other South / South-East Asian markets.

The refurbishment of Kingsgate Hotel Rotorua has been completed involving work to the roof and external cladding of the hotel as well as some public areas. Work is scheduled to commence on a refurbishment of Kingsgate Hotel Palmerston North in the second half of this year.

Kingsgate Hotel Parnell will leave the Group on 31 July 2012 on expiry of the current lease.

CDL Investments New Zealand Limited ('CDLI'):

CDLI announced an unaudited operating profit after tax for the six months ended 30 June 2012 of \$3.83 million, an increase of 217% over 2011. Increased sales from Hamilton and Rolleston (Canterbury) in particular contributed to the improved result and CDLI also saw increased sales in Auckland and Havelock North. CDLI is confident that it can better its 2011 results in 2012.

Offshore investments – Australia and China:

In China, First Sponsor Capital Limited ("FSCL") (a 34.21% associate company) reported a profit of US\$28.17 million for the period to 30 June 2012 (2011: US\$0.76 million). The Group's share of this profit reflected in the results is \$11.88 million (2011: \$0.29 million). This is mainly due to the development profit recognition from the residential component of Chengdu Cityspring.

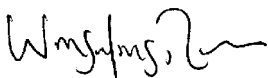
MCHNZ's decision to invest in China was undertaken after careful deliberation of the risks and rewards in taking part in the growing economy of China. The results from FSCL show that MCHNZ's diversification strategy into China is paying off.

Preliminary construction work has commenced at FSCL's new mixed development in Chengdu (Millennium Waterfront Project). The mixed development comprises residential apartments, office and commercial units as well as a hotel. It is anticipated that phase one of the residential development will be launched for sale in 4Q2012.

In Australia, occupancy at the Zenith Residences remains steady at 98%. The units owned by the Group continue to be leased out on short-term leases.

Outlook:

While the New Zealand Hotel Operations remain flat due to fewer international visitors, the Group's other business units are reporting increased profitability due to better sales. At the hotel level, cost control continues to be sound. These improvements will be reflected in the year-end results. Overall, the Board expects the 2012 results to be better than 2011.



Wong Hong Ren
Chairman
2 August 2012

DIVERSIFICATION PAYING OFF FOR MILLENNIUM & COPTHORNE NEW ZEALAND

New Zealand hotel owner / operator, Millennium & Copthorne Hotels New Zealand Limited (NZX:MCK), today announced its (unaudited) results for the six months to 30 June 2012.

- Average hotel occupancy across the Group 63.3% (2011: 64.5%)
- Group revenue and other income \$57.53 million (2011: \$54.02 million)
- Profit before income tax and non-controlling interests \$25.67 million (2011: \$7.90 million).
- Profit after tax and non-controlling interests \$19.63 million (2011: \$4.27 million).

MCK's Managing Director Mr. B K Chiu said that the Company's results were boosted by improved profits from its majority-owned land development subsidiary CDL Investments and from its investment in China held by First Sponsor Capital Limited.

"The results of our diversification are clearly shown and CDL Investments has reported improved sales from Hamilton and Canterbury and First Sponsor has recognised its profit from its Chengdu Cityspring development", he said.

MCK's share of First Sponsor's profit amounted to NZ \$11.88 million. MCK is a 34.21% shareholder in First Sponsor.

Speaking about MCK's Hotel Operations, Mr. Chiu noted that visitor numbers into New Zealand continued to be flat and while activity from China and South Asia was offsetting some of the losses from more traditional markets, a decrease in visitor numbers from Australia was also being felt.

On the company's Christchurch operations, Mr. Chiu noted that MCK had reached confidential settlements on the business interruption claims for two of its Christchurch hotels and that repair work had also started on Millennium Hotel Christchurch.

"The good news is that these settlements were beneficial to us and they allow us to move on. We have also renewed our insurances for 2012/13".

Mr. Chiu noted that repairs to Millennium Hotel Christchurch, a leased property, will take about two years on current estimates and MCK was not taking any reservations until 2014. The company was yet to receive a final engineering recommendation for Copthorne Hotel Christchurch Central, a hotel which is owned by MCK.

Despite these challenges, Mr. Chiu said that the Company remained positive about the rest of the year.

"We are aiming to reflect the increased profitability from our land development business units in particular in our 2012 results to our shareholders", he said.

ENDS

Issued by Millennium & Copthorne Hotels New Zealand Ltd

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