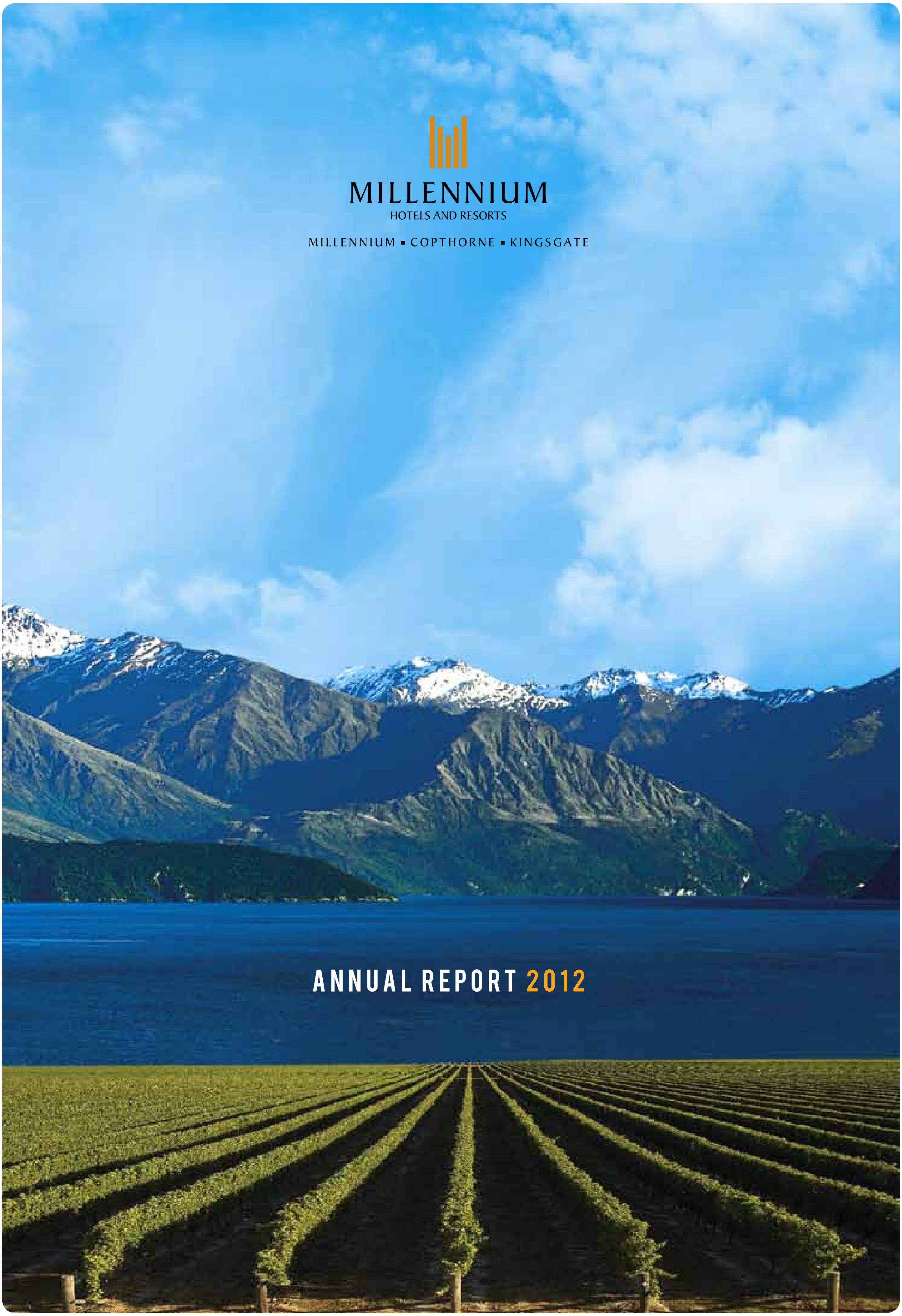
MILLENNIUM
HOTELS AND RESORTS
MILLENNIUM ▪ COPTHORNE ▪ KINGSGATE
ANNUAL REPORT 2012

The report is dated 22 March 2013 and is signed on behalf of the Board of Millennium & Copthorne Hotels New Zealand by:

HR Wong
Chairman

BK Chiu
Managing Director

Annual Report Issued	22 March 2013
Dividend Paid	10 May 2013
Annual Meeting	Late May 2013
Half Year End	30 June 2013
Interim Results	August 2013
Financial Year End	31 December 2013

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Total Assets
$686.1m

Group Equity
$443.3m

Net Asset Backing Per Share
126.8cps

Copthorne Hotel & Resort Bay of Islands

CHAIRMAN'S REVIEW

Financial Performance & Financial Position

For the year ended 31 December 2012, Millennium & Copthorne Hotels New Zealand Limited ("MCHNZ") has reported a record profit attributable to owners of the parent of $46.1 million (2011: $20.6 million), an increase over the 2011 results of 123%. The most significant contributors to the improved results were from First Sponsor Capital Limited, the Company's investment in China and from CDL Investments New Zealand Limited, its land development subsidiary.

Revenue and other income for the year increased to $116.5 million (2011: $111.9 million) and this helped increase MCHNZ's profit before tax, non-controlling interests and associates to $49.5 million (2011: $28.9 million). Again, the Company benefitted from some one-off gains relating to the 2011 Canterbury Earthquake as insurance settlements were finalised. A gain on disposal of $18.4 million in respect of Copthorne Hotel Christchurch Central was recorded after the settlement of the material damage insurance claim.

Earnings per share reflected the increased profit and revenue at 13.19 cents per share (2011: 5.90 cents per share).

Shareholders' funds excluding non-controlling interests as at 31 December 2012 totaled $443.3 million (2011: $419.1 million) with total assets at $686.1 million (2011: $660.3 million). Net asset backing (with land and building revaluations and before distributions) as at 31 December 2012 increased to 126.8 cents per share (2011: 119.9 cents per share).

Ongoing effects of the 2011 Canterbury Earthquakes

By way of update:

- Millennium Hotel Christchurch and Copthorne Hotel Christchurch Central remain closed for the foreseeable future and reservations will not be taken until further notice. While repair works have commenced at Millennium Hotel Christchurch, the insurers are working with the landlord on the extent and

Copthorne Hotel & Resort Hokianga

scope of the works required and on current estimates will take at least two years to complete;

- During the year, confidential settlements for the business interruption insurance claims for both Millennium Hotel Christchurch and Copthorne Hotel Christchurch Central relating to the 2011 earthquakes were reached with the Company's insurers. The Company has received the proceeds from these settlements. The only outstanding claim is the material damage claim for Millennium Hotel Christchurch. The hotel is understood to be repairable and further work has been completed to establish the scope and cost of repairs but work on site has been suspended pending further discussions between the owner of the building and the insurers;
- The land on which Copthorne Hotel Christchurch Central was located was identified by the Canterbury Earthquake Recovery Authority's Central Christchurch Development Unit (CCDU) for compulsory acquisition for the Cultural Precinct. As at 31 December 2012, discussions were continuing with CCDU in relation to the site;
- Insurance cover for the New Zealand hotels continues to remain in place and the Company has the benefit of continuing to access the Millennium & Copthorne Hotels' global insurance policy wordings and insurers.

New Zealand Hotel Operations

Revenue for the New Zealand hotel operations (16 owned / leased / operated hotels excluding 12 franchised properties) for the period under review was $87.1 million (2011: $97.4 million). Hotel occupancy for the period was down to 63.6% across the Group (2011: 64.3%).

The ongoing effects of the 2011 Canterbury Earthquakes continue to be felt and visitor numbers, particularly from key destinations such as North America, Europe and Japan show little or no growth. The Company has been able to secure its share of inbound business from China and is concentrating on increasing market share for conference and incentive business. In 2013, it will conduct a comprehensive review of its operations, sales and marketing functions to improve its performance across all of these areas.

CDL Investments New Zealand Limited ("CDLI")

CDLI announced an increased operating profit after tax for the year ended 31 December 2012 of $9.3 million (2011: $3.8 million) and reported an increase in its section sales from 77 in 2011 to 123 in 2012 reflecting a more positive market in general. CDLI is targeting to better its 2012 results in 2013.

CDLI increased its ordinary dividend to 1.7 cents per share from 1.4 cents per share for 2011. MCHNZ's stake in CDLI is currently 66.83%.

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 US$ 24.3 million for the financial year ended 31 December 2012 (2011: US$9.4 million). The Company's share of the profit is NZ $10.1 million

As at 31 December 2012, the residential component of Chengdu Cityspring was substantially sold. With the handover of the residential units sold in April 2012, FSCL recognized profit from these residential sales, thus contributing to the significant increase in profit for the year. The 195-room M Hotel Chengdu is scheduled to open in 2013 and will be managed by the Millennium & Copthorne Group. The remaining portion of the development comprises small-office home-office (SOHO) and retail units which are available for sale or rental. The SOHO units for sale are 77% sold under option agreements or sale and purchase agreements to-date. These SOHO units are expected to be handed over to the buyers in mid-2013 when upon profit will be recognized.

Progress on the Wenjiang development site in Chengdu, purchased in November 2011 and named as Millennium Waterfront, is on track. The land is intended for residential, commercial and hotel development. The total residential component comprises 50 apartment blocks with 7,110 units. The sale of 5 blocks of 779 residential units was launched since 24 November 2012. As at 31 December 2012, 370 out of the 779 residential units launched have been sold under option agreements or sale and purchase agreements. Development will be phased according to demand. Construction of the Millennium branded hotel with convention facilities is scheduled to commence in 2013.

FSCL continued with further sales of its Lianzhou Cityspring development in Guangdong Province during FY2012. Subsequent to the year end, FSCL entered into an agreement with a third party to inter alia, dispose of its entire 70% equity interest in a subsidiary which developed the Fogang Cityspring project. The residential component of Fogang Cityspring has been substantially sold and a commercial centre has been retained for rental as an investment property. The implied sale consideration for the commercial centre is more than double that of its historical cost but below its carrying book value. The transaction is considered an adjusting event and the financial impact of same was recorded in 2012.

Development planning work for the mixed use Dongguan Humen site is progressing well. FSCL will time its sales launch taking into consideration market conditions and local development rules.

Dividend Announcement

The Company has resolved to pay a fully imputed ordinary dividend of 1.2 cents per share and a fully imputed special dividend of 1.2 cents per share. The total dividend of 2.4 cents per share (2011: 1.2 cents per share) will be paid on 10 May 2013. The record date will be 3 May 2013.

Outlook

One-off gains and exceptional contributions from First Sponsor Capital Limited and CDL Investments New Zealand Limited boosted the Company's 2012 results and some of these contributions are unlikely to be repeated in 2013. That said, the Company is well-placed for future profitability from all of its business activities over the medium term and is focused on improvements to deliver consistent results to shareholders.

There are still many challenges in 2013, particularly in respect of the core hotel business. Management is looking carefully at how it can increase sales and better target marketing to ensure that its properties are well patronised and delivering an outstanding service experience.

The Board and Management are therefore positive about the Company's overall prospects over the next twelve months.

Management and staff

On behalf of the Board, I thank the Company's management and staff for their work and commitment during another positive year for the Company.

Wong Hong Ren
Chairman

Copthorne Hotel & Resort Solway Park, Wairarapa

MANAGING DIRECTOR'S REVIEW

2012 was another challenging year for the Company in many ways. Dealing with these ongoing challenges effectively and future proofing our business will ensure growth of our hotels and our other business interests. These challenges include a very different marketplace, recovery from the Canterbury Earthquakes, continued pressures on costs and margins and the consequent effects.

When we look at how people look and book their travel and accommodation over the course of the last five or so years, two things are clear - traditional models are decreasing in relevance and the rules of the game have fundamentally changed. Travellers across the world use the internet for their travel information and rely on recommendations from various websites. Their popularity is such that the online travel agencies are becoming the shopfront window for much of the travel and tourism industry. The influence of this distribution channel is significant.

In order to be seen and heard in the online marketplace as effectively as possible, we need new skills. E-Commerce and Revenue Management have become two issues that are foremost in hoteliers' minds. These areas together with increased resources to enhance our online footprint on a global basis are what we must do well. Success in this constantly changing environment is therefore dependent on being able to use the tools effectively as well as being flexible enough to meet the demands and needs of our customers.

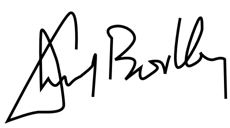
But dealing with these global issues is but one challenge for us. New Zealand will continue to be affected by the Canterbury Earthquakes for some time to come. For us, we have seen both the good and the bad during 2012. The good has come through strong demand for CDL Investments' residential sections. These sales have contributed to our 2012 results and will continue in 2013. Another positive has come from the timely settlement of all but one of insurance claims for our Christchurch hotels. This facilitates our ability and speed to rebuild in Christchurch. Our investment horizons as owner operators of hotels are long term. We remain committed to resuming a presence in Christchurch in the future.

In 2012 we noted another positive trend - a gradual recovery in visitors from Asia in general. We continue to maintain a strong market share for inbound visitors from China and we are also seeing the start of a recovery from South East Asia and Japan. We believe that we have the network, the product, the attitude and the service to meet this growth. At the same time we are travelling to the markets to secure new and repeat business. We are also working closely with our global teams to market and promote our New Zealand hotels as well as New Zealand as a destination. Visitor number growth from Europe, the United Kingdom and the United States remains sluggish and is expected to remain so for now. However, new air services offer the opportunity to seek some selective growth from these and other traditional markets over the medium term.

This company remains a company with substantial hotel assets. As part of our ongoing hotel product improvement plans, we refurbished and rebranded our Kingsgate Hotel in Rotorua to a Copthorne-branded hotel in late 2012 and this has been welcomed by our guests. We are working on similar plans for our Kingsgate Hotel in Palmerston North and we are working towards a major refurbishment of Copthorne Hotel Auckland Harbourcity. These significant projects are to future proof our growth and enhance customer experience over the next few years. On the residential property front, we are continuing our carefully staged residential subdivision developments with new stages in Auckland, Hamilton, Hawkes Bay and Canterbury. The diversified nature of our assets be they residential sections across the country or our investments in China through First Sponsor Capital Limited should give shareholders confidence and comfort that we remain focused on delivering profitable returns.

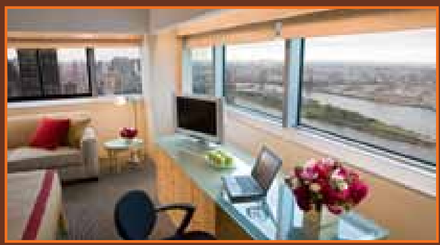
Our people are a vital asset and in several key areas, we have asked them to take on new and additional responsibilities at various levels of the organisation. This skill and learning agility enables us to address new challenges and develop new skills in a dynamic and globally connected environment. We are mindful that our business is about welcoming, hosting and delighting our guests consistently from the moment they search and choose a hotel and again when they return. There is nothing like exceptional service to make a stay or journey memorable and we are all committed to make your Millennium, Copthorne and Kingsgate experience an outstanding service experience.

Finally, I would like to thank all of our staff for their contributions during 2012. Their hard work and commitment has delivered a very positive result for the year, one that we are pleased to have achieved.



BK Chiu
Managing Director

Millennium & Copthorne Hotels in Queenstown, a sponsor of the Queenstown Bike Trail - Photo supplied by Jim Pollard



Set against a spectacular New York City backdrop, ONE UN New York, formerly Millennium UN Plaza Hotel, is a quiet haven nestled on the eastern edge of Manhattan's fashionable Midtown neighborhood. Located directly across from one of the world's great landmarks, the headquarters of the United Nations, the luxury hotel is just steps from Grand Central Terminal; close to the Theater District, renowned restaurants and world-class shopping; and within easy access to the three major airports serving New York City.

Located 28 stories above the avenues, the hotel's 439 spacious guest rooms and suites offer a tranquil retreat from the bustle below. Few luxury Midtown Manhattan hotels provide accommodations quite like this, with each window offering guests incredible skyline views.

Distinctive service and an excellent location make our hotel a premier venue for meetings, events and social gatherings. Complemented by cutting edge technology, customized cuisine and wonderful views, your event will be nothing short of memorable.

More than a just great hotel, ONE UN is a sanctuary of style and comfort. Once you take a swim in the late afternoon as the sunset is reflected in the glass walls of the UN, it's hard to disagree.

DIRECTORS' PROFILES

WONG HONG REN (Chairman & Non-Executive Director)

Mr. Wong is an Executive Director and Chief Executive Officer of Millennium & Copthorne Hotels plc and Chairman of CDL Investments New Zealand Limited and M&C REIT Management Limited.

Mr. Wong was last re-elected to the Board at the 2011 annual meeting of shareholders.

B K CHIU (Managing Director & Member of Audit Committee)

Mr. Chiu is also the Managing Director of CDL Investments New Zealand Limited. Prior to joining the company, Mr. Chiu was Regional Vice - President and Managing Director, Asia of Merisant Company. He holds a Masters degree in agricultural economics and marketing from Massey University, Palmerston North.

Mr. Chiu was last re-elected to the Board at the 2012 annual meeting of shareholders.

GRAHAM MCKENZIE (Independent Director & Member of the Audit Committee)

Mr. McKenzie is a Barrister and Solicitor with over thirty years experience in corporate and commercial law and is a former Partner and Consultant to Bell Gully, a leading New Zealand law firm. He is currently a member of the New Zealand Law Society Disciplinary Tribunal. Mr. McKenzie is a member of the New Zealand Law Society and the Queensland Law Society, Australia and holds a Bachelor of Laws degree from Victoria University, Wellington and a Master of Laws degree from Warwick University, England. Mr. McKenzie was a Director of CDL Investments New Zealand Limited from 2005 to 2006.

Mr. McKenzie was last re-elected to the Board at the 2011 annual meeting of shareholders.

VINCENT YEO (Non-Executive Director)

Mr. Yeo is Chief Executive Officer and Executive Director of M&C REIT Management Limited. From 1993 to 1998, he was Managing Director of CDL Hotels New Zealand Limited (now Millennium & Copthorne Hotels New Zealand Limited) and CDL Investments New Zealand Limited. He previously also served as an Executive Director of Millennium & Copthorne Hotels plc in London and President, Millennium & Copthorne Hotels Asia Pacific Region.

Mr. Yeo was last re-elected to the Board at the 2010 annual meeting of shareholders.

RICHARD BOBB (Independent Director & Chair of the Audit Committee)

Mr. Bobb is a Chartered Accountant with over thirty five years experience. He is currently a member of the Professional Conduct Tribunal of the Institute of Chartered Accountants in Australia and was a member of New South Wales Joint State Taxes Committee of the Institute of Chartered Accountants in Australia and the CPA Australia. He was also a member and past Chairman of the Joint Legislation Review Committee and a member and past Chairman the Legislation Review Board of the Institute of Chartered Accountants in Australia and the CPA Australia. He is admitted as a Barrister in New South Wales.

Mr. Bobb was last re-elected to the Board at the 2012 annual meeting of shareholders.

SUSTAINABILITY
AT OUR HOTELS

We take the issue of environmental sustainability seriously and we are conscious of the effect that our operations and tourism as a whole have on the environment.

Millennium Hotel Rotorua is an active supporter of a number of community groups including Women's Refuge and the Wingspan Birds of Prey Trust, where the hotel sponsors a NZ Falcon (Karearea), a native bird in more danger of extinction than the Kiwi.

ENVIROGOLD

Millennium Hotel Queenstown
Millennium Hotel Rotorua
Copthorne Hotel & Resort Bay of Islands
Copthorne Hotel & Resort Queenstown, Lakefront
Copthorne Hotel & Resort Solway Park, Wairarapa

ENVIROSILVER

Copthorne Hotel Auckland City
Copthorne Hotel Auckland, HarbourCity
Copthorne Hotel Rotorua
Copthorne Hotel Wellington, Oriental Bay
Copthorne Hotel & Apartments Queenstown, Lakeview
Kingsgate Hotel Hamilton
Kingsgate Hotel Wellington
Kingsgate Hotel Te Anau

ENVIROBRONZE

Millennium Hotel & Resort Manuels, Taupo
Kingsgate Hotel Autolodge Paihia
Kingsgate Hotel Brydone, Oamaru
Kingsgate Hotel Dunedin
Kingsgate Hotel Greymouth
Kingsgate Hotel The Avenue, Wanganui
Kingsgate Hotel Whangarei

SPONSORSHIPS & PROMOTIONS

In 2012, Millennium & Copthorne Hotels New Zealand undertook a number of sponsorships and promotions with its key partners.

We were proud to be a promotional partner alongside 20th Century Fox for the official launch of Ice Age 4: Continental Drift™. The premiere for this popular movie was a headline event at the Queenstown Winter Festival 2012. We hosted a special screening for our preferred charity the Child Cancer Foundation and our Queenstown hotels also had the opportunity to work with local schools and communities as part of this promotion.

We are pleased to be a principal sponsor of Hockey New Zealand and we are a preferred supplier to the Auckland Marathon, Bowls New Zealand and the State Ocean Swim Series.

HOTEL OWNERSHIP

AS OF MARCH 2013

Millennium & Copthorne Hotels New Zealand Limited

Owned

Millennium Hotel Rotorua
Copthorne Hotel & Resort Bay of Islands (49%)
Copthorne Hotel Auckland HarbourCity
Copthorne Hotel Christchurch Central (closed)
Copthorne Hotel & Resort Queenstown Lakefront
Kingsgate Hotel Greymouth
Kingsgate Hotel Te Anau

Leased

Millennium Hotel Christchurch (closed)

70%

Quantum Limited

Owned

Millennium Hotel Queenstown
Copthorne Hotel Auckland City
Copthorne Hotel Rotorua
Copthorne Hotel Wellington Oriental Bay
Copthorne Hotel & Apartments Queenstown Lakeview
Kingsgate Hotel Palmerston North
Kingsgate Hotel Dunedin

Franchised

Millennium Hotel & Resort Manuels Taupo
Copthorne Hotel & Resort Hokianga
Copthorne Hotel Grand Central New Plymouth
Copthorne Hotel & Resort Solway Park Wairarapa
Copthorne Hotel Commodore Christchurch Airport
Kingsgate Hotel Autolodge Paihia
Kingsgate Hotel Whangarei
Kingsgate Hotel The Avenue Wanganui
Kingsgate Hotel Wellington

100%

Hospitality Services Limited

Managed/Franchised

Kingsgate Hotel Hamilton
Kingsgate Hotel Brydone, Oamaru

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

As an NZSX-listed company, Millennium & Copthorne Hotels New Zealand Limited (MCK) is committed to maintaining high standards of corporate governance in line with best practice and has had regard to the NZX Corporate Governance Best Practice Code in Appendix 16 to the NZSX Listing Rules ('NZX Code') and the Corporate Governance Principles and Guidelines from the Securities Commission. Our Corporate Governance policies and processes are stated below.

ROLE AND FUNCTION OF THE BOARD OF DIRECTORS

The Board has overall control and oversight of the business activities, the strategic direction and the governance of MCK and its subsidiaries. The Board's role includes control and oversight of the company's businesses, risk management and compliance, the performance of management, approving and monitoring financial and other reports and capital expenditure and reporting to shareholders. The Board approves MCK's budgets, business plans as well as significant projects and has statutory obligations for certain matters, such as the payments of distributions and the issue of shares.

Attendances of Directors

Scheduled board meetings are held quarterly with additional meetings convened when required. Decisions are made by consensus.

Director	Meetings Attended
H R Wong (Chair)	4/4
B K Chiu	4/4
VWE Yeo	4/4
R Bobb	4/4
G A McKenzie	3/4

Certain powers are delegated to Board Committees. Day-to-day management is delegated to the Managing Director and senior management. The levels of authority are approved by the Board.

BOARD COMPOSITION

As at 31 December 2012, MCK's Board consisted of Messrs. H R Wong (Chairman / Non-Executive Director), B K Chiu (Managing Director), V W E Yeo (Non-Executive Director), R Bobb (Independent Director) and G A McKenzie (Independent Director). MCK's Constitution requires a minimum number of 3 directors with a requirement that at least 2 be

ordinarily resident in New Zealand.

All Directors must act in the best interests of the company and exercise independent and unfettered judgement. All Directors carry out their duties with integrity and honesty and participate in open and constructive discussions.

The Board does not impose a restriction on the tenure of any Director as it considers that such a restriction may lead to the loss of experience and expertise from the Board.

In line with the NZSX Listing Rules, MCK is required to have at least two Independent Directors and the Board is also required to determine who the Independent Directors are (NZSX Listing Rules 3.3.1 and 3.3.2).

The Board has determined that Messrs Bobb and McKenzie are both Independent Directors as neither have a Disqualifying Relationship with MCK. Messrs Wong, Chiu, and Yeo are not considered to be Independent Directors.

BOARD COMMITTEES

MCK has an Audit Committee and a Continuous Disclosure Committee. Other ad-hoc committees as constituted as required:

Audit Committee

Pursuant to NZSX Listing Rule 3.6, MCK maintains an Audit Committee. Its responsibilities include monitoring accounting policies and financial reporting, internal controls, risk management and corporate governance. The Committee also engages MCK's external auditors and monitors their independence. The Committee has a written charter outlining its role and responsibilities.

During 2012, the members of this Committee were Messrs. Bobb (Chair), McKenzie and Chiu.

Attendance at Audit Committee

Director	Meetings Attended
R Bobb (Chair)	3/3
B K Chiu	3/3
GA McKenzie	3/3

Nomination Committee

MCK does not have a Nominations Committee. All nominations for the Board are considered by the Board as a whole. All Directors are involved in the selection and appointment


Copthorne Hotel & Resort Hokianga

process for any new Board members. The Board reviews its composition from time to time to ensure that it is equipped with appropriate experience and skills.

Remuneration Committee

The Board does not have a Remuneration Committee. The Board considers its current level of remuneration sufficient to meet its current requirements. The Board last recommended to shareholders an increase in the total amount available for Directors fees in 1996.

The remuneration of the Managing Director and Senior Management is reviewed annually by the Board. The Group has a performance-based approach to remuneration and remuneration reviews are linked to and carried out after performance reviews.

Continuous Disclosure Committee

MCK is committed to its obligations to inform shareholders and market participants of all material information that might affect the price of its listed securities in accordance with the NZSX Listing Rules and the Securities Markets Act 1988.

MCK's Board has adopted a continuous disclosure policy which applies to MCK, its subsidiaries ("Group"), and all their respective Directors and employees. The Board has appointed the Chairman, the Chairman of the Audit Committee, the Managing Director, the Group Company Secretary and the Vice President Finance to act as MCHNZ's Disclosure Committee. A quorum of the Committee shall consist of no less than three (3) of these persons.

The Disclosure Committee is responsible for:

- Determining what information amounts to material information and must be disclosed;
- Determining the timing of disclosure of any information in accordance with the Policy;
- Approving the content of any disclosure to NZX (including matters not directly covered by this policy);
- Ensuring that all employees and Directors within the Group whom the Committee considers

appropriate receive a copy of this policy and appropriate training with respect to it; and

- Developing mechanisms designed to identify potential material information (e.g. agenda item on management meetings).
- Liaising with legal advisers in respect of MCK's compliance with its continuous disclosure obligations.

The key points of the continuous disclosure policy are:

- No person may release material information concerning MCK to any person who is not authorised to receive it without the approval of the Disclosure Committee.
- The Board will also consider at each Board meeting whether there is any information that may require disclosure in accordance with the policy, and will note any disclosures made subsequent to the prior meeting. Any employee or Director of MCK must inform a member of the Disclosure Committee as soon as practicable after that person becomes aware of any material information.
- The Policy includes list of incidents which should be disclosed to a member of the Disclosure Committee. The Disclosure Committee must confer, decide whether disclosure is required, and coordinate disclosure of any material information in a form specified by the NZSX Listing Rules as soon as practicable after it becomes aware of the existence of material information, unless it determines:

1. a reasonable person would not expect the information to be disclosed; and
2. the information is confidential and its confidentiality is maintained; and
3. one or more of the following applies:
   i. it would breach the law to disclose the information; or
   ii. the information concerns an incomplete proposal or negotiation; or
   iii. the information comprises matters of supposition or is insufficiently definite to warrant disclosure; or
   iv. the information is generated for internal management purposes of MCK or its subsidiaries; or
   v. the information is a trade secret.

The Disclosure Committee will ensure that all Board members, not already aware of the information, are promptly provided with it.

- The Disclosure Committee is responsible for MCK's obligations under the NZSX Listing Rules to release material information to NZSX necessary to prevent development or subsistence of a market for its listed securities which is materially influenced by false or misleading information emanating from the issuer or any associated person of the issuer; or other persons in circumstances in each case which would give such information substantial credibility.
- All employees of MCK, as soon as practicable after becoming aware of a rumour or speculation that is "generally available to the market" must disclose the existence of that rumour or speculation to a member of the Disclosure Committee.
- The Disclosure Committee is also responsible for co-ordinating MCK's responses to leaks and inadvertent disclosures. Even in the event that the leaked or inadvertently disclosed information is not price sensitive, the Disclosure Committee should consider whether the information should be released to NZX via its market announcement platform in order to provide investors with equal access.
- All external Communications by MCK must comply with this Policy, any media policy and the Company's rules with respect to confidential information. No material information is to be disclosed to such persons before it is released to NZX.
- Slides and presentations used in briefings should be released to NZX for immediate release to the market.
- MCK requires all of its Directors and employees to comply with the Policy. The Disclosure Committee is responsible for ensuring that the Policy is complied with and for investigating any breach of the Policy. A deliberate or reckless breach of the Policy may result in the summary dismissal of the employee who deliberately or recklessly breaches the Policy, and a breach of the Policy or any relevant law may also attract civil or criminal legal penalties.

CODE OF ETHICS

MCK is committed to conducting its business in accordance with the highest standards of ethical behaviour and the board has a Code of Ethics. This states that:

- All Directors shall undertake their duties with care and diligence at all times and will conduct themselves honestly and with integrity. All Directors shall not do or cause anything to be done anything which may or does bring the Company or the Board into disrepute.
- To the best of their ability, all Directors will use reasonable endeavours to ensure that the Company's records and documents (including its financial reports) are true and complete and comply with the requisite reporting standards and controls.
- So that the Board may determine a Director's independence and to ensure that there are no conflicts of interest, all Directors shall disclose all relevant business and / or personal interests they may have to the Board as well as any relationships they may have with the Company.

Fletcher Aluminium's Conference at Copthone Hotel & Resort Bay of Islands

Copthorne Hotel Wellington Oriental Bay at the 2012 Culinary Fare Awards

- All Directors shall ensure that they do not support any organisation other than in a personal capacity without the prior approval of the Chairman.
- Directors shall not accept gifts or personal benefits from external parties if it could be perceived that this could compromise or influence any decision by the Board or by the Company.
- All Directors shall maintain and protect the confidentiality of all information about MCK at all times except where disclosure is permitted or required by law.
- All Directors shall ensure that they do not use Company Information and Property for personal gain or profit. All Directors shall use and / or retain Company Information and Property only for business purposes in their capacity as Directors of the Company or to meet legal obligations.
- All Directors shall comply with the laws and regulations that apply to MCK including any disclosure requirements.
- All Directors shall report any illegal or unethical behaviour of which they become aware to the Chairman of the Board and to the Chairman of the Audit Committee.
- All employees of MCK are expected to act in the best interests of MCK and to enhance the reputation of the Company, its brands and its hotels. Guidance is provided to management and employees by way of code of conduct policies. The Company has a current Insider Trading Policy and a Whistleblowing Policy. The Whistleblowing Policy facilitates the disclosure and impartial investigation of any serious wrongdoing.

EXTERNAL AUDITORS AND AUDITOR INDEPENDENCE

MCK has a policy regarding auditor independence which covers:

- provision of services by MCK's external auditors;
- external auditor rotation;
- the hiring of staff from the external audit firm; and
- relationships between the external auditor and MCK.

The policy states that:

The Audit Committee shall only recommend to the Board a firm to be external auditor if that firm:

- would be regarded by a reasonable investor, with full knowledge of all relevant facts and circumstances, as capable of exercising objective and impartial judgment on all issues encompassed within the auditor's engagement;
- audit partner's are members of the New Zealand Institute of Chartered Accountants (NZICA);
- has not, within two years prior to the commencement of the audit, had as a member of its audit engagement team MCK's Managing Director, Vice President Finance, Financial Controller, or any member of the Company's management who act in a financial oversight role.
- does not allow the direct compensation of its audit partners for selling non-audit services to MCK.

The general principles to be applied in assessing non-audit services are as follows:

a) the external auditor should not have any involvement in the production of financial information or preparation of financial statements such that they might be perceived as auditing their own work. This includes the provision of bookkeeping and payroll services as well as valuation services where such valuation forms an input into audited financial information;

b) the external auditor should not perform any function of management, or be responsible for making management decisions;

c) the external auditor should not be responsible for the design or implementation of financial information systems; and

d) the separation between internal audit and external audit should be maintained.

MCK's Audit Committee shall pre-approve all audit and related services that are to be provided by the auditor.

Aside from core external audit services, it is appropriate for the MCK's auditors to provide the following services:

- due diligence (but not valuations) on proposed transactions;
- review of financial information where third party verification is required or deemed necessary (outside the normal audit process);
- completion audits / reviews;
- financial model preparation or review;
- accounting policy advice (including opinions on compliance with New Zealand and international Generally Accepted Accounting Practice);
- listing advice;
- accounting/technical training; and
- taxation services of an assurance nature (e.g. review of tax computations and returns prior to filing and advice on interpretation and application of Inland Revenue's rulings and policies)

It is not considered appropriate for MCK's external auditors to provide:

- book keeping services related to accounting records or financial statements;
- tax planning and strategy services unless specifically approved by the Audit Committee;
- appraisal / valuation services including opinions as to fairness;
- provision of payroll services;

- the design or implementation of financial information systems;
- outsourced internal audit and risk management services;
- legal services (these are services that could only be provided by a person who is qualified in law);
- management functions;
- broker / dealer / investment adviser / investment banking services;
- advocacy for the Company;
- actuarial services; and
- assistance in the recruitment of senior management.

These prohibitions apply to all offices of the audit firm, including overseas offices and affiliates.

The billing arrangements for services provided by MCK's external auditors should not include any contingent fees.

It is expected that the MCK's external auditors will rigorously comply with their own internal policies on independence and all relevant professional guidance, including independence rules and guidance issued by NZICA.

While this policy does not prescribe any particular ratio of non-audit service fees to audit fees, this ratio will be monitored by the Audit Committee. Accordingly, the nature of services provided by MCK's auditors and the level of fees incurred should be reported to the Audit Committee Chairman semi-annually (or sooner where requested) to enable the Committee to perform its oversight role and report back to the Board.

Development of local and overseas practice with regard to auditor independence shall be monitored by the Audit Committee to ensure that this policy remains consistent with best practice and meets the Company's needs.

The continued appointment of MCK's external auditors is to be confirmed annually by the Board on recommendation from the Audit Committee.

Rotation of the lead audit partner or firm will be required every five years. Lead audit partners who are rotated will be subject to a 2 year cooling off period (i.e. 2 years must expire between the rotation of an audit partner and that partner's next engagement with the Company). Accordingly it is expected that such a policy will be adopted by MCK's auditors.

The hiring by MCK of any former lead audit partner or audit manager must first be approved by the Chairman of the Audit Committee. There are no other restrictions on the hiring of other staff from the audit firm.

KPMG were appointed as external auditors to MCK in 1985. The lead external audit engagement partner is to be rotated in 2013. The role of the external auditor is to plan and carry out an audit of MCK's annual financial reports and review the half-yearly reports. The Audit Committee reviews the performance and independence of the external auditors.

MCK's external auditors attend the Company's Annual Meeting to answer any questions from shareholders as to the audit and the content of the report.

DIVERSITY POLICY:

Millennium & Copthorne Hotels New Zealand Limited is committed to pursuing a culture of diversity within the Company. As a hospitality company hosting guests from around New Zealand and the world, we recognise the importance of supporting and valuing every employee as well as the promotion of acceptance and inclusion in the workplace.

We are proud to have a workforce of diverse cultures, nationalities and talented and motivated people.

Pursuant to NZSX Listing Rule 10.5.5(j), MCK reports that women comprise 57% of the Company's permanent workforce and 2 of the 9 Senior Management positions are held by women (22%). At the hotel level, 6 of the Company's 16 owned or leased and operated hotels are managed by women (38%). There are currently no women on the Company's Board.

INTERNAL CONTROLS AND RISK MANAGEMENT:

MCK has a series of internal controls in place covering such areas as financial monitoring and reporting, human resources and risk management. The primary responsibility for monitoring and reporting against internal controls and remedying any deficiencies lies with Management. MCK has an internal audit function to conduct audits and reviews of the Company's operations. MCK also keeps current insurances appropriate to its business with global insurers with a high prudential rating.

SHAREHOLDER COMMUNICATIONS:

MCK is committed to providing shareholders and stakeholders with information on its activities and performance. MCK does this through a number of channels including:

- announcements in accordance with continuous disclosure as required under the NZSX Listing Rules; and
- publication of the company's annual and interim reports which are sent to all shareholders and also made available through the company's website www.millenniumhotels.co.nz; and
- encouraging shareholders to attend the Annual Meeting to hear the Chairman and the Managing Director provide updates on the company's performance, ask questions of the Board and vote on the resolutions to be determined at the meeting.

OCCUPATIONAL HEALTH AND SAFETY:

We are tertiary accredited under the Workplace Safety Management Programme (WSMP) with ACC (Accident Compensation Corporation) and have been since 2001. Tertiary accreditation recognises best practice across all aspects of workplace health and safety.

MILLENNIUM HOTELS & RESORTS
THROUGHOUT NEW ZEALAND

Millennium Hotel Rotorua
Cnr Eruera Hinemarua Streets, Rotorua
Phone +64 7 347 1234
Fax +64 7 348 1234
millennium.rotorua@millenniumhotels.co.nz

Millennium Hotel & Resort Manuels Taupo
243 Lake Terrace, Taupo
Phone +64 7 378 5110
Fax +64 7 378 5341
millennium.taupo@millenniumhotels.co.nz

Millennium Hotel Queenstown
Cnr Frankton Road & Stanley Street, Queenstown
Phone +64 3 450 0150
Fax +64 3 441 8889
millennium.queenstown@millenniumhotels.co.nz

Copthorne Hotel & Resort Bay of Islands
Tau Henare Drive, Paihia
Phone +64 9 402 7411
Fax +64 9 402 8200
copthorne.bayofislands@millenniumhotels.co.nz

Copthorne Hotel & Resort Hokianga
S.H 12 Omapere, Hokianga
Phone +64 9 405 8737
Fax +64 9 405 8801
copthorne.hokianga@millenniumhotels.co.nz

Copthorne Hotel Auckland HarbourCity
196-200 Quay Street, Auckland
Phone +64 9 375 9030
Fax +64 9 307 8159
copthorne.harbourcity@millenniumhotels.co.nz

Copthorne Hotel Auckland City
150 Anzac Avenue, Auckland
Phone +64 9 379 8509
Fax +64 9 379 8582
copthorne.aucklandcity@millenniumhotels.co.nz

Copthorne Hotel Rotorua
Fenton Street, Rotorua
Phone +64 7 348 0199
Fax +64 7 346 1973
copthorne.rotorua@millenniumhotels.co.nz

Copthorne Hotel Grand Central New Plymouth
42 Powderham Street, New Plymouth
Phone +64 6 758 7495
Fax +64 6 758 7496
copthorne.newplymouth@millenniumhotels.co.nz

Copthorne Hotel & Resort Solway Park Wairarapa
High Street, South Masterton
Phone +64 6 370 0500
Fax +64 6 370 0501
reservations@solway.co.nz

Copthorne Hotel Wellington Oriental Bay
100 Oriental Parade, Wellington
Phone +64 4 385 0279
Fax +64 4 384 5324
copthorne.orientalbay@millenniumhotels.co.nz

Copthorne Hotel Commodore Christchurch Airport
449 Memorial Avenue, Christchurch
Phone +64 3 358 8129
Fax +64 3 358 2231
copthorne.commodore@millenniumhotels.co.nz

Copthorne Hotel & Resort Queenstown Lakefront
Cnr Adelaide Street and Frankton Road, Queenstown
Phone +64 3 442 8123
Fax +64 3 442 7472
copthorne.lakefront@millenniumhotels.co.nz

Copthorne Hotel & Apartments Queenstown Lakeview
88 Frankton Road, Queenstown
Phone +64 3 442 7950
Fax +64 3 442 8066
copthorne.lakeview@millenniumhotels.co.nz

Kingsgate Hotel Autolodge Paihia
104 Marsden Road, Paihia
Phone +64 9 402 7416
Fax +64 9 402 8348
kingsgate.paihia@millenniumhotels.co.nz

Kingsgate Hotel Whangarei
9 Riverside Drive, Whangarei
Phone +64 9 430 4080
Fax +64 9 438 4320
kingsgate.whangarei@millenniumhotels.co.nz

Kingsgate Hotel Hamilton
100 Garnett Avenue, Te Rapa, Hamilton
Phone +64 7 849 0860
Fax +64 7 849 0660
kingsgate.hamilton@millenniumhotels.co.nz

Kingsgate Hotel The Avenue Wanganui
379 Victoria Avenue, Wanganui
Phone +64 6 349 0044
Fax +64 6 345 3250
kingsgate.wanganui@millenniumhotels.co.nz

Kingsgate Hotel Palmerston North
110 Fitzherbert Avenue, Palmerston North
Phone +64 6 356 8059
Fax +64 6 356 8604
kingsgate.palmerston@millenniumhotels.co.nz

Kingsgate Hotel Wellington
24 Hawkstone Street, Thorndon, Wellington
Phone +64 4 473 2208
Fax +64 4 473 3892
kingsgate.wellington@millenniumhotels.co.nz

Kingsgate Hotel Greymouth
32 Mawhera Quay, Greymouth
Phone +64 3 768 5085
Fax +64 3 768 5844
kingsgate.greymouth@millenniumhotels.co.nz

Kingsgate Hotel Brydone Oamaru
115 Thames Street, Oamaru
Phone +64 3 433 0480
Fax +64 3 433 0470
kingsgate.oamaru@millenniumhotels.co.nz

Kingsgate Hotel Te Anau
20 Lakefront Drive, Te Anau
Phone +64 3 249 7421
Fax +64 3 249 8037
kingsgate.teanau@millenniumhotels.co.nz

Kingsgate Hotel Dunedin
10 Smith Street, Dunedin
Phone +64 3 477 6784
Fax +64 3 474 0115
kingsgate.dunedin@millenniumhotels.co.nz

MILLENNIUM
HOTELS AND RESORTS

MILLENNIUM ▪ COPTHORNE ▪ KINGSGATE

Financial Statements – Contents

Regulatory Disclosures and Statutory Information – Contents

Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries

Income Statement

For the year ended 31 December 2012

DOLLARS IN THOUSANDS	Note	Group 2012	Group 2011	Parent 2012	Parent 2011
Hotel revenue		75,796	84,979	34,316	37,401
Rental income		2,935	3,084	-	-
Property sales		26,456	11,397	-	-
Revenue		**105,187**	**99,460**	**34,316**	**37,401**
Cost of sales		(46,145)	(42,757)	(13,586)	(15,694)
Gross profit		**59,042**	**56,703**	**20,730**	**21,707**
Other income	2	29,665	17,894	26,448	7,995
Administration expenses	3	(20,705)	(28,611)	(6,779)	(9,574)
Other operating expenses	3	(18,616)	(18,195)	(7,916)	(8,258)
Operating profit		**49,386**	**27,791**	**32,483**	**11,870**
Finance income	5	2,552	3,127	5,368	3,054
Finance costs	5	(2,482)	(1,985)	(1,176)	(431)
Net finance income		**70**	**1,142**	**4,192**	**2,623**
Share of profit of associate	13	10,103	4,572	-	-
Profit before income tax		**59,559**	**33,505**	**36,675**	**14,493**
Income tax expense	6	(8,832)	(8,478)	(5,828)	(3,603)
Profit for the year		**50,727**	**25,027**	**30,847**	**10,890**
Attributable to:					
Owners of the parent		46,079	20,619	30,847	10,890
Non-controlling interests		4,648	4,408	-	-
Profit for the year		**50,727**	**25,027**	**30,847**	**10,890**
Basic earnings per share (cents)	9	13.19	5.90		
Diluted earnings per share (cents)	9	13.19	5.90		

Statement of Comprehensive Income

For the year ended 31 December 2012

DOLLARS IN THOUSANDS	Note	Group 2012	Group 2011	Parent 2012	Parent 2011
Profit for the year		**50,727**	**25,027**	**30,847**	**10,890**
Other comprehensive income					
Foreign exchange translation movements	5	(10,105)	(43)	-	-
- Tax credit on foreign exchange translation movements	6,20	478	291	-	-
Revaluation/impairment of property, plant and equipment	10	(19,756)	(4,175)	(4,742)	(2,434)
- Tax credit/(expense) on revaluation/impairment of property, plant and equipment	6,20	6,330	(328)	3,171	(752)
Share of post acquisition reserves in associate	13	162	(6,735)	-	-
Total comprehensive income for the year		**27,836**	**14,037**	**29,276**	**7,704**
Total comprehensive income for the year attributable to :					
Owners of the parent		28,342	10,714	29,276	7,704
Non-controlling interests		(506)	3,323	**-**	**-**
Total comprehensive income for the year		**27,836**	**14,037**	**29,276**	**7,704**

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 Changes in Equity

For the year ended 31 December 2012

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	-	-	(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
Acquisition of 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.

Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries

Statement of Changes in Equity

For the year ended 31 December 2012

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 2011	430,330	96,243	8,784	(122,668)	(85)	412,604	98,264	510,868
Movement in exchange translation reserve	-	-	790	-	-	790	(542)	248
Revaluation of property, plant & equipment	-	(4,115)	-	-	-	(4,115)	(388)	(4,503)
Share of post acquisition reserves in associate	-	-	-	(6,580)	-	(6,580)	(155)	(6,735)
Total other comprehensive income/(loss)	-	(4,115)	790	(6,580)	-	(9,905)	(1,085)	(10,990)
Profit for the year	-	-	-	20,619	-	20,619	4,408	25,027
Total comprehensive income/(loss) for the year	-	(4,115)	790	14,039	-	10,714	3,323	14,037
Transactions with owners, recorded directly in equity:								
Dividends paid to:								
Owners of the parent	-	-	-	(4,191)	-	(4,191)	-	(4,191)
Non-controlling interests	-	-	-	-	-	-	(1,466)	(1,466)
Supplementary dividends	-	-	-	(130)	-	(130)	-	(130)
Foreign investment tax credits	-	-	-	130	-	130	-	130
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	-	301	301
Balance at 31 December 2011	**430,330**	**92,128**	**9,574**	**(112,820)**	**(85)**	**419,127**	**100,422**	**519,549**

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 Changes in Equity

For the year ended 31 December 2012

Parent

DOLLARS IN THOUSANDS	Share Capital	Revaluation Reserve	Accumulated Losses	Treasury Stock	Total Equity
Balance at 1 January 2012	430,330	53,564	(181,194)	(85)	302,615
Revaluation/impairment of property, plant and equipment	-	(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**
Balance at 1 January 2011	430,330	56,750	(187,893)	(85)	299,102
Revaluation of property, plant and equipment	-	(3,186)	-	-	(3,186)
Total other comprehensive loss	-	(3,186)	-	-	(3,186)
Profit for the year	-	-	10,890	-	10,890
Total comprehensive income/(loss) for the year	-	(3,186)	10,890	-	7,704
Transactions with owners, recorded directly in equity:					
Dividends paid to shareholders	-	-	(4,191)	-	(4,191)
Supplementary dividends	-	-	(130)	-	(130)
Foreign investment tax credits	-	-	130	-	130
Balance at 31 December 2011	**430,330**	**53,564**	**(181,194)**	**(85)**	**302,615**

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 Financial Position

As at 31 December 2012

DOLLARS IN THOUSANDS	Note	Group 2012	Group 2011	Parent 2012	Parent 2011
SHAREHOLDERS' EQUITY					
Issued capital	8	430,330	430,330	430,330	430,330
Reserves		13,033	(11,118)	(102,545)	(127,630)
Treasury stock	8	(85)	(85)	(85)	(85)
Equity attributable to owners of the parent		**443,278**	**419,127**	**327,700**	**302,615**
Non-controlling interests		98,516	100,422	-	-
Total equity		**541,794**	**519,549**	**327,700**	**302,615**
Represented by:					
NON CURRENT ASSETS					
Property, plant and equipment	10	284,535	324,523	144,564	169,351
Development properties	11	124,193	143,034	-	-
Intangible assets	12	2,823	3,284	2,823	3,284
Loans due from related parties	26	-	-	42,546	42,546
Investments in subsidiaries		-	-	133,466	131,045
Investment in associates	13	128,059	124,951	-	-
Total non-current assets		**539,610**	**595,792**	**323,399**	**346,226**
CURRENT ASSETS					
Cash and cash equivalents	14	109,508	36,314	56,375	263
Trade and other receivables	15	15,362	18,235	4,328	6,929
Trade receivables due from related parties	26	-	-	9,512	8,027
Loans due from related parties	26	-	-	4,800	6,000
Inventories	16	1,454	1,495	418	452
Development properties	11	20,176	8,512	-	-
Total current assets		**146,500**	**64,556**	**75,433**	**21,671**
Total assets		**686,110**	**660,348**	**398,832**	**367,897**
NON CURRENT LIABILITIES					
Interest-bearing loans and borrowings	18	65,579	63,277	25,670	27,619
Provisions	19	676	437	676	437
Provision for deferred taxation	20	41,171	49,030	18,752	21,456
Total non-current liabilities		**107,426**	**112,744**	**45,098**	**49,512**
CURRENT LIABILITIES					
Trade and other payables	21	23,560	14,495	12,849	3,964
Trade payables due to related parties	26	465	461	465	461
Loans due to related parties	26	9,500	7,230	9,500	7,230
Provisions	19	2,243	4,168	2,243	3,843
Income tax payable	17	1,122	1,701	977	272
Total current liabilities		**36,890**	**28,055**	**26,034**	**15,770**
Total liabilities		**144,316**	**140,799**	**71,132**	**65,282**
NET ASSETS		**541,794**	**519,549**	**327,700**	**302,615**

For and on behalf of the Board

R BOBB, DIRECTOR

22 February 2013

BK CHIU, MANAGING DIRECTOR

22 February 2013

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 2012

		Group		Parent	
DOLLARS IN THOUSANDS	Note	2012	2011	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash was provided from:					
Receipts from customers		118,162	107,560	45,137	36,705
Receipts from insurers		19,496	10,166	18,068	5,700
Interest received		2,463	2,086	2,433	1,060
Dividends received	5	2	4	2,935	1,994
Cash was applied to:					
Payments to suppliers and employees		(84,964)	(89,801)	(37,015)	(30,527)
Payments to insurers		-	(724)	-	-
Interest paid		(2,554)	(2,003)	(1,149)	(367)
Income tax paid		(10,383)	(5,433)	(4,585)	(2,734)
Net cash inflow from operating activities		**42,222**	**21,855**	**25,824**	**11,831**
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash was provided from:					
Receipts from insurers from the disposal of property, plant and equipment		37,589	7,115	36,651	-
Repayments from subsidiaries		-	-	1,200	200
Cash was applied to:					
Purchase of property, plant and equipment	10	(4,819)	(5,114)	(1,272)	(3,668)
Purchase of investments in subsidiaries		-	-	(2,421)	(1,994)
Purchase of investment in associate	13	-	(39,674)	-	-
Net cash inflow/(outflow) from investing activities		**32,770**	**(37,673)**	**34,158**	**(5,462)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash was applied to:					
Repayment of borrowings	18	-	(59,197)	(1,949)	(46,966)
Drawdown of borrowings	18	2,302	74,585	-	74,585
Loans advanced to subsidiaries	26	-	-	-	(37,801)
Loans received from parent company	26	2,270	3,730	2,270	3,730
Dividends paid to shareholders of Millennium & Copthorne Hotels New Zealand Ltd	8	(4,191)	(4,191)	(4,191)	(4,191)
Dividends paid to non-controlling shareholders		(1,822)	(427)	-	-
Net cash inflow/(outflow) from financing activities		**(1,441)**	**14,500**	**(3,870)**	**(10,643)**
Net increase/(decrease) in cash and cash equivalents		**73,551**	**(1,318)**	**56,112**	**(4,274)**
Add opening cash and cash equivalents		36,314	38,422	263	4,537
Exchange rate adjustment		(357)	(790)	-	-
Closing cash and cash equivalents	14	**109,508**	**36,314**	**56,375**	**263**

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 – continued

For the year ended 31 December 2012

DOLLARS IN THOUSANDS	Note	Group 2012	Group 2011	Parent 2012	Parent 2011
RECONCILIATION OF NET PROFIT FOR THE YEAR TO CASH FLOWS FROM OPERATING ACTIVITIES					
Profit for the year		50,727	25,027	30,847	10,890
Adjusted for non cash items:					
Impairment of intangibles	12	461	-	461	-
(Gain)/loss on sale of property, plant and equipment	2,3	(613)	(26)	48	-
Gain on disposal of damaged property	2,10	(18,402)	(5,452)	(18,402)	-
Depreciation	10	6,563	7,562	3,108	3,239
Unrealised foreign exchange losses		5	7	-	-
Share of profit of associate	13	(10,103)	(4,572)	-	-
Income tax expense	6	8,832	8,478	5,828	3,603
		37,470	**31,024**	**21,890**	**17,732**
Adjustments for movements in working capital:					
Decrease/(increase) in trade & other receivables		2,714	(672)	2,441	(2,991)
Decrease/(increase) in inventories		41	29	34	(30)
Decrease/(increase) in development properties		4,997	(1,497)	-	-
Increase in trade & other payables		9,861	255	8,701	815
Increase/(decrease) in related parties		4	134	(1,481)	(530)
Cash generated from operations		**55,087**	**29,273**	**31,585**	**14,996**
Interest expense	5	(2,482)	(1,985)	(1,176)	(431)
Income tax paid		(10,383)	(5,433)	(4,585)	(2,734)
Cash inflows from operating activities		**42,222**	**21,855**	**25,824**	**11,831**

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

Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries
Notes to the Financial Statements for the year ended 31 December 2012

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 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 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 22 February 2013.

(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.

(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.

Significant accounting policies – continued

(e) Foreign currency - continued

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.

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. Instalment 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 permanent diminution in value, 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)).

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

Significant accounting policies - continued

(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 in use. 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.

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.

Significant accounting policies - continued

(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.

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.

(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 2012, and have not been applied in preparing these financial statements.

- *NZ IFRS 9 – Financial Instruments (effective after 1 January 2015)*
- *NZ IFRS 10 – Consolidated Financial Statements (effective after 1 January 2013)*
- *NZ IFRS 11 – Joint Arrangements (effective after 1 January 2013)*
- *NZ IFRS 12 – Disclosure of Interests in Other Entities (effective after 1 January 2013)*
- *NZ IFRS 13 – Fair Value Measurement (effective after 1 January 2013)*
- *NZ IAS 19 – Employee Benefits (effective after 1 January 2013)*
- *NZ IAS 27 – Separate Financial Statements (effective after 1 January 2013)*
- *NZ IAS 28 – Investments in Associates and Joint Ventures (effective after 1 January 2013)*

The adoption of these standards is not expected to have a material impact on the Group's or Company's financial statements except for NZ IFRS 10 – Consolidated Financial Statements, NZ IFRS 13 – Fair Value Measurement and NZ IAS 28 - Investments in Associates and Joint Ventures, which will affect disclosures.

(z) Comparatives

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

Notes to the Financial Statements for the year ended 31 December 2012

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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 (pre-dominantly 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.

Operating segments

Dollars In Thousands	Hotel Operations 2012	Hotel Operations 2011	Residential Land Development 2012	Residential Land Development 2011	Residential & Commercial Property Development 2012	Residential & Commercial Property Development 2011	Group 2012	Group 2011
External revenue	75,796	84,979	26,456	11,397	2,935	3,084	105,187	99,460
Finance income	794	421	568	298	1,190	2,408	2,552	3,127
Finance expense	(730)	(1,266)	-	-	(1,752)	(719)	(2,482)	(1,985)
Depreciation and amortisation	(6,521)	(7,510)	(4)	(5)	(38)	(47)	(6,563)	(7,562)
Segment profit before income tax	37,909	21,710	12,926	5,359	(1,379)	1,864	49,456	28,933
Share of profit of associates	-	-	-	-	10,103	4,572	10,103	4,572
Profit before income tax	37,909	21,710	12,926	5,359	8,724	6,436	59,559	33,505
Income tax expense	(6,962)	(5,165)	(3,622)	(1,571)	1,752	(1,742)	(8,832)	(8,478)
Other material/non-cash items:								
Business interruption insurance income	11,263	12,442	-	-	-	-	11,263	12,442
Gain on disposal of damaged property	18,402	5,452	-	-	-	-	18,402	5,452
Earthquake provisions	-	(2,356)	-	-	-	-	-	(2,356)
Segment assets	362,950	347,489	108,028	99,160	87,073	88,748	558,051	535,397
Investment in associates	-	-	2	2	128,057	124,949	128,059	124,951
Total assets	362,950	347,489	108,030	99,162	215,130	213,697	686,110	660,348
Segment liabilities	(94,141)	(85,018)	(275)	(345)	(7,607)	(4,705)	(102,023)	(90,068)
Tax liabilities	(40,445)	(46,794)	(1,287)	(834)	(561)	(3,103)	(42,293)	(50,731)
Total liabilities	(134,586)	(131,812)	(1,562)	(1,179)	(8,168)	(7,808)	(144,316)	(140,799)
Capital expenditure	4,810	5,103	2	7	7	4	4,819	5,114

1. **Segment reporting** - continued

Geographical areas

Dollars In Thousands	New Zealand 2012	New Zealand 2011	Australia 2012	Australia 2011	Asia 2012	Asia 2011	Group 2012	Group 2011
External revenue	102,252	96,376	2,935	3,084	-	-	105,187	99,460
Finance income	1,409	803	1,143	1,285	-	1,039	2,552	3,127
Finance expense	(2,481)	(1,982)	(1)	(3)	-	-	(2,482)	(1,985)
Depreciation and amortisation	(6,525)	(7,515)	(38)	(47)	-	-	(6,563)	(7,562)
Segment profit before income tax	49,212	27,640	244	1,293	-	-	49,456	28,933
Share of profit of associates	-	-	-	-	10,103	4,572	10,103	4,572
Profit before income tax	49,212	27,640	244	1,293	10,103	4,572	59,559	33,505
Income tax expense	(8,686)	(8,125)	(146)	(353)	-	-	(8,832)	(8,478)
Other material/non-cash items:								
Business interruption insurance income	11,263	12,442	-	-	-	-	11,263	12,442
Gain on disposal of damaged property	18,402	5,452	-	-	-	-	18,402	5,452
Earthquake provisions	-	(2,356)	-	-	-	-	-	(2,356)
Segment assets	472,307	447,893	85,744	87,504	-	-	558,051	535,397
Investment in associates	2	2	-	-	128,057	124,949	128,059	124,951
Total assets	472,309	447,895	85,744	87,504	128,057	124,949	686,110	660,348
Segment liabilities	(100,137)	(89,067)	(1,886)	(1,001)	-	-	(102,023)	(90,068)
Tax liabilities	(40,216)	(48,106)	(2,077)	(2,625)	-	-	(42,293)	(50,731)
Total liabilities	(140,353)	(137,173)	(3,963)	(3,626)	-	-	(144,316)	(140,799)
Capital expenditure	4,812	5,110	7	4	-	-	4,819	5,114

2. **Other income**

Dollars In Thousands	Note	Group 2012	Group 2011	Parent 2012	Parent 2011
Business interruption insurance income		11,263	12,442	8,046	7,995
Gain on disposal of damaged property	10	18,402	5,452	18,402	-
		29,665	**17,894**	**26,448**	**7,995**

The business interruption insurance income relates to the three Christchurch properties affected by the earthquakes. The current year gain on disposal of damaged property relates to the settlement of material damage claims with insurers regarding Copthorne Hotel Christchurch Central, which is due to be demolished in the near future. The 2011 gain on disposal of damaged property relates to the settlement of material damage claims with insurers regarding Copthorne Hotel Christchurch City, which was demolished in the second half of the 2011.

3. **Administration and other operating expenses**

Dollars In Thousands	Note	Group 2012	Group 2011	Parent 2012	Parent 2011
Depreciation	10	6,563	7,562	3,108	3,239
Auditors remuneration					
Audit fees		341	331	121	122
Tax compliance and advisory		219	323	(134)	20
Directors fees	25	334	334	151	151
Lease and rental expenses	23	2,667	6,472	518	2,593
Provision for bad debts					
Debts written off		46	26	8	15
Movement in doubtful debt provision		-	(30)	(15)	(11)
Impairment loss on goodwill	12	461	-	461	-
Net (gain)/loss on disposal of property, plant and equipment		613	(26)	(48)	-
Insurance excess costs of Christchurch earthquake	19	-	1,067	-	343
Other		28,077	30,747	10,525	11,360
		39,321	**46,806**	**14,695**	**17,832**

4. **Personnel expenses**

Dollars In Thousands	Group 2012	Group 2011	Parent 2012	Parent 2011
Wages and salaries	30,922	34,345	9,997	11,835
Employee related expenses and benefits	4,847	5,682	1,894	2,315
Contributions to defined contribution plans	333	340	83	91
Decrease in liability for long-service leave	(45)	(71)	-	-
	36,057	**40,296**	**11,974**	**14,241**

4. **Personnel expenses** - continued

The personnel expenses are included in cost of sales, administration expenses and other operating expenses in the income statement. Total personnel expenses for 2011 include $0.8 million of redundancy costs associated with the closure of the Groups' three hotels in Christchurch.

5. Net finance income

Recognised in the income statement

	Group		Parent	
Dollars In Thousands	2012	2011	2012	2011
Interest income	2,550	2,067	2,433	1,060
Dividend income	2	4	2,935	1,994
Net foreign exchange gain	-	1,056	-	-
Finance income	2,552	3,127	5,368	3,054
Interest expense	(2,482)	(1,985)	(1,176)	(431)
Finance costs	(2,482)	(1,985)	(1,176)	(431)
Net finance income recognised in the income statement	**70**	**1,142**	**4,192**	**2,623**

Recognised in other comprehensive income

	Group		Parent	
Dollars In Thousands	2012	2011	2012	2011
Foreign exchange translation movements	(10,105)	(43)	-	-
Net finance income recognised in other comprehensive income	**(10,105)**	**(43)**	**-**	**-**

6. Income tax expense

Recognised in the income statement

	Group		Parent	
Dollars In Thousands	2012	2011	2012	2011
Current tax expense				
Current year	10,051	8,170	5,428	3,711
Adjustments for prior years	(168)	(116)	(67)	(100)
	9,883	8,054	5,361	3,611
Deferred tax expense				
Origination and reversal of temporary difference	84	941	467	(211)
Adjustments for prior years	(1,135)	(517)	-	203
	(1,051)	424	467	(8)
Total income tax expense in income statement	**8,832**	**8,478**	**5,828**	**3,603**

Reconciliation of tax expense

	Group		Parent	
Dollars In Thousands	2012	2011	2012	2011
Profit before income tax	59,559	33,505	36,675	14,493
Income tax at the company tax rate of 28% (2011: 28%)	16,677	9,381	10,269	4,058
Adjusted for:				
Non-deductible expenses	195	2	129	-
Imputation credits	-	-	(822)	(558)
Tax rate difference (if different from 28% above)	(21)	8	-	-
Tax exempt revenues	(4,677)	(225)	(1,545)	-
Non-assessable gain on disposal of damaged property	(5,153)	-	(5,153)	-
Tax arising from investment in associate	97	(55)	-	-
Tax adjustment on depreciation recoverable	3,017	-	3,017	-
(Over)/under provided in prior years	(1,303)	(633)	(67)	103
Total income tax expense	**8,832**	**8,478**	**5,828**	**3,603**
Effective tax rate	15%	25%	16%	25%

The tax adjustment on depreciation recoverable is related to the disposal of Copthorne Hotel 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 2012.

Deferred tax recognised in other comprehensive income

	Group		Parent	
Dollars In Thousands	2012	2011	2012	2011
Relating to revaluation of property, plant and equipment	(6,330)	328	(3,171)	752
Relating to foreign currency translation of foreign subsidiaries	(478)	(291)	-	-
	(6,808)	37	(3,171)	752

7. Imputation credits

Dollars In Thousands	Group 2012	Group 2011
Imputation credits available for use in subsequent reporting periods	43,846	34,248

The KIN Holdings Group has A$9.6 million (2011: A$9.5 million) franking credits available as at 31 December 2012.

8. Capital and reserves

Share capital

	Group and Parent			
	2012 Shares	2012 $000's	2011 Shares	2011 $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 2012, the authorised share capital consisted of 349,598,066 ordinary shares (2011: 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.

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

Dollars In Thousands	Parent 2012	Parent 2011
Ordinary Dividend – 1.2 cents per qualifying ordinary share (2011: 1.2 cents)	4,191	4,191
Supplementary Dividend – 0.2118 cents per qualifying ordinary share (2011: 0.2118 cents)	129	130
	4,320	4,321

After 31 December 2012 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 (2011: 1.2 cents)	4,191
Special Dividend – 1.2 cents per qualifying ordinary share (2011: nil)	4,191
Supplementary Dividend – 0.2118 cents per qualifying ordinary share (2011: 0.2118 cents)	259
Total Dividends	8,641

9. Earnings per share

Basic earnings per share
The calculation of basic earnings per share at 31 December 2012 was based on the profit attributable to ordinary shareholders of $46,079,000 (2011: $20,619,000) and weighted average number of ordinary shares outstanding during the year ended 31 December 2012 of 349,268,439 (2011: 349,268,439), calculated as follows:

Profit attributable to ordinary shareholders

Dollars In Thousands	Group 2012	Group 2011
Profit for the year	50,727	25,027
Profit attributable to non-controlling interests	(4,648)	(4,408)
Profit attributable to ordinary shareholders	46,079	20,619

9. **Earnings per share** - continued

Weighted average number of ordinary shares

	Group 2012	Group 2011
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.

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 2011	103,644	179,682	24,010	103,691	161	3,876	415,064
Acquisitions	-	88	5	945	12	4,064	5,114
Repairs completed by insurers	-	-	2,559	-	-	-	2,559
Disposals	-	-	(2,559)	(9,078)	(31)	-	(11,668)
Transfers between categories	-	2,763	484	(191)	-	(3,056)	-
Transfer from accumulated depreciation following revaluation	-	(127)	(249)	-	-	-	(376)
Movements in foreign exchange	-	-	-	(12)	(1)	-	(13)
Impairment	-	(1,700)	-	-	-	-	(1,700)
Revaluation surplus/(deficit)	(5,118)	2,684	(41)	-	-	-	(2,475)
Balance at 31 December 2011	**98,526**	**183,390**	**24,209**	**95,355**	**141**	**4,884**	**406,505**
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**
Depreciation and impairment losses							
Balance at 1 January 2011	-	(6,284)	(1,841)	(74,068)	(152)	-	(82,345)
Depreciation charge for the year	-	(1,741)	(214)	(5,600)	(7)	-	(7,562)
Disposals	-	-	-	7,509	31	-	7,540
Transfers between categories	-	(1,267)	(186)	1,456	(3)	-	-
Transfer accumulated depreciation against cost following revaluation	-	127	249	-	-	-	376
Movements in foreign exchange	-	-	-	8	1	-	9
Balance at 31 December 2011	**-**	**(9,165)**	**(1,992)**	**(70,695)**	**(130)**	**-**	**(81,982)**
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)**
Carrying amounts							
At 1 January 2011	103,644	173,398	22,169	29,623	9	3,876	332,719
At 31 December 2011	**98,526**	**174,225**	**22,217**	**24,660**	**11**	**4,884**	**324,523**
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**

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 2011	66,759	94,549	52,339	54	333	214,034
Acquisitions	-	88	313	12	3,255	3,668
Disposals	-	-	(132)	(15)	-	(147)
Transfer from accumulated depreciation	-	(127)	-	-	-	(127)
Revaluation surplus/(deficit)	(5,118)	2,684	-	-	-	(2,434)
Balance at 31 December 2011	**61,641**	**97,194**	**52,520**	**51**	**3,588**	**214,994**
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	480	(508)	-	-	-	(28)
Balance at 31 December 2012	**59,106**	**82,076**	**43,804**	**58**	**297**	**185,341**
Depreciation and impairment losses						
Balance at 1 January 2011	-	(5,065)	(37,555)	(54)	-	(42,674)
Depreciation charge for the year	-	(986)	(2,253)	-	-	(3,239)
Disposals	-	-	128	15	-	143
Transfers between categories	-	(568)	569	(1)	-	-
Transfer accumulated depreciation against cost following revaluation	-	127	-	-	-	127
Balance at 31 December 2011	**-**	**(6,492)**	**(39,111)**	**(40)**	**-**	**(45,643)**
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)**
Carrying amounts						
At 1 January 2011	66,759	89,484	14,784	-	333	171,360
At 31 December 2011	**61,641**	**90,702**	**13,409**	**11**	**3,588**	**169,351**
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**

The Directors consider the value of the hotel assets with a net book value of $285 million (2011: $325 million) to be within a range of $302 to $322 million (2011: $337 to $357 million). This is substantiated by valuations completed by Bower Valuations Limited, registered valuers, in December 2010, 2011 and 2012, in respect of hotel assets in Millennium & Copthorne Hotels New Zealand Limited of $175 million (2011: $210 million) and in respect of hotel assets in Quantum Limited of $147 million (2011: $147 million).

During 2012 two (2011: three) 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 $28,000 (2011: $2.48 million deducted) has been deducted from the carrying values of land and buildings.

During 2012 two (2011: 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.
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 $28,000 (2011: $2.43 million deducted) has been deducted from the carrying values of land and buildings.

The Group's hotel properties are fair valued by independent valuers. The basis of the valuation is the net present value of the future earnings of the assets. The major 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 Directors consider the net book value of the hotels not valued by independent valuers in 2012 to approximate their fair value as at 31 December 2012.

During the year, the Group's hotels which were not subject to external professional valuations were tested for impairment. Based on these tests a total of $19.73 million (2011: $1.70 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. In estimating future cash flows, management has to make judgements on 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 2.0% to 7.1% (2011: 0.5% to 8.4%) over the five years projection. Pre-tax discount rates ranging between 8.25% and 10.50% (2011: 7.25% to 14.50%) were applied to the future cash flows of the individual hotels based on the specific circumstances of the property.

10. Property, plant and equipment – continued

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 2011	45,794	106,382	24,366	29,623	9	3,876	210,050
At 31 December 2011	**45,794**	**106,225**	**24,455**	**24,660**	**11**	**4,884**	**206,029**
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**

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 2011	37,594	55,660	14,784	0	333	108,371
At 31 December 2011	**37,594**	**54,194**	**13,409**	**11**	**3,588**	**108,796**
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**

CANTERBURY EARTHQUAKE

The Canterbury region and Christchurch city suffered two earthquakes on 4 September 2010 and 22 February 2011. 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 repairs. 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. The hotel closed down for structural engineering assessment. The insurers have concluded 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 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.

As a result of the 4 September 2010 earthquake, the Copthorne Hotel Christchurch City closed to effect repairs to guest rooms and public areas together with a refurbishment of the same and reopened for business on 12 February 2011. These repairs, totalling $2.56 million were capitalised from work in progress to leasehold land and buildings.

The 22 February 2011 earthquake severely damaged and closed down the hotel. The Canterbury Earthquake Recovery Authority assessed and issued a demolition notice for the hotel. The demolition was completed in November 2011. The newly repaired assets which were completed for the 12 February 2011 reopening were damaged and the total of $2.56 million was written off to the income statement. A settlement was reached with the landlord and insurers in regards to the property. The carrying value of the leased property of $1.52 million was disposed resulting in a net sum of $5.45 million as a gain on disposal of the damaged property in the income statement in November 2011.

11. Development properties

Dollars In Thousands	Group 2012	Group 2011	Parent 2012	Parent 2011
Development land	83,261	88,258	-	-
Residential development	61,108	63,288	-	-
	144,369	151,546	-	-
Less expected to settle within one year	(20,176)	(8,512)	-	-
	124,193	**143,034**	-	-
Development land recognised in cost of sales	11,384	4,130	-	-

Development land is carried at the lower of cost and net realisable value. No interest (2011: $nil) has been capitalised during the year. The value of development land held at 31 December 2012 was determined by an independent registered valuer, DM Koomen SPINZ, of Extensor Advisory Limited as $157.9 million (2011: $162.7 million).

The fair value of development land is determined by the independent valuer. 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 inputs and assumptions 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.

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 2012 was determined by D Sukkar AAPI of Property Logic Valuers (2011: R Laoulach of Landmark White (NSW) Pty Ltd), registered valuers as $78.2 million (A$61.9 million) (2011: $78.4 million (A$59.9 million)).

The fair value of the residential development is determined by the independent valuer. The basis of the valuation is gross realisations 'as is' assuming individual sales of unsold units. The major inputs and assumptions that are used in the valuation model that require judgement include interest rates, consumer confidence, unemployment and external economic factors.

12. **Intangible assets**

	Group		
Dollars In Thousands	**Goodwill**	**Leasehold Interests**	**Total**
Cost			
Balance at 1 January 2011	6,522	23,191	29,713
Balance at 31 December 2011	**6,522**	**23,191**	**29,713**
Balance at 1 January 2012	6,522	23,191	29,713
Balance at 31 December 2012	**6,522**	**23,191**	**29,713**
Amortisation and impairment losses			
Balance at 1 January 2011	(3,238)	(23,191)	(26,429)
Balance at 31 December 2011	**(3,238)**	**(23,191)**	**(26,429)**
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)**
Carrying amounts			
At 1 January 2011	3,284	-	3,284
At 31 December 2011	**3,284**	**-**	**3,284**
At 1 January 2012	3,284	-	3,284
At 31 December 2012	**2,823**	**-**	**2,823**

The above goodwill is attributed to the following cash generating units: Copthorne Hotel Auckland Harbourcity $2.82 million (2011: $2.82 million) and Kingsgate Hotel Greymouth $nil (2011: $0.46 million).

	Parent		
Dollars In Thousands	**Goodwill**	**Leasehold Interests**	**Total**
Cost			
Balance at 1 January 2011	6,522	391	6,913
Balance at 31 December 2011	**6,522**	**391**	**6,913**
Balance at 1 January 2012	6,522	391	6,913
Balance at 31 December 2012	**6,522**	**391**	**6,913**
Amortisation and impairment losses			
Balance at 1 January 2011	(3,238)	(391)	(3,629)
Balance at 31 December 2011	**(3,238)**	**(391)**	**(3,629)**
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)**
Carrying amounts			
At 1 January 2011	3,284	-	3,284
At 31 December 2011	**3,284**	**-**	**3,284**
At 1 January 2012	3,284	-	3,284
At 31 December 2012	**2,823**	**-**	**2,823**

The above goodwill is attributed to the following cash generating units: Copthorne Hotel Auckland Harbourcity $2.82 million (2011: $2.82 million) and Kingsgate Hotel Greymouth $nil (2011: $0.46 million).

12. **Intangible assets -** continued

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

	Group		Parent	
Dollars In Thousands	2012	2011	2012	2011
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. Pre-tax discount rates ranging between 8.50% and 14.00% (2011: 9.00% and 14.50%) were applied to the future cash flows. Average annual growth rates appropriate to the hotels range from 2.0% to 2.1% (2011: -0.2% to 4.3%) over the five years projection.

In the 2012 review of goodwill, in the case of Kingsgate Hotel Greymouth, the goodwill was tested and found to be impaired. An impairment loss of $0.46 million was charged to the profit and loss. No impairment was found in respect of Copthorne Hotel Auckland Harbourcity. In the 2011 review of goodwill no impairment was found in respect of either hotel.

13. Investment in associates

The Group's share of profit of its associate, First Sponsor Capital Limited ("FSCL") for the year was $10.10 million (2011: $4.57 million). Prestons Road Limited has no revenue or expenses, therefore the Group's share of profit of its associate was nil (2011: nil).

The principal activities of FSCL and its subsidiaries are investment holding, property development and sales, property investments, real estate financing and the manufacture and sale of confectionery.

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:

Dollars In Thousands	Ownership	Current Assets	Non-current Assets	Total Assets	Current Liabilities	Non-current Liabilities	Total Liabilities	Revenues	Expenses	Profit
2012										
First Sponsor Capital Limited	34.21%	509,581	235,759	745,340	(175,127)	(185,382)	(360,509)	142,915	(112,940)	29,975
Prestons Road Limited	33.33%	4,070	-	4,070	(4,064)	-	(4,064)	-	-	-
2011										
First Sponsor Capital Limited	34.21%	592,595	235,649	828,244	(430,296)	(20,992)	(451,288)	16,632	(4,705)	11,927
Prestons Road Limited	33.33%	3,688	-	3,688	(3,682)	-	(3,682)	-	-	-

Movements in the carrying value of associates:

	Group			
	First Sponsor Capital Ltd		Prestons Road Ltd	
Dollars In Thousands	2012	2011	2012	2011
Balance at 1 January	124,949	84,870	2	2
Investment in associate	-	39,674	-	-
Share of post acquisition movement in foreign exchange reserves for the year	(7,157)	2,568	-	-
Share of post acquisition capital reserves	162	(6,735)	-	-
Share of profit for the year	10,103	4,618	-	-
Gain/(loss) on change in interest	-	(46)	-	-
Balance at 31 December	**128,057**	**124,949**	**2**	**2**

14. Cash and cash equivalents

	Group		Parent	
Dollars In Thousands	2012	2011	2012	2011
Term deposits	106,368	32,363	56,300	-
Cash	4,136	4,814	75	263
Bank overdrafts	(996)	(863)	-	-
	109,508	**36,314**	**56,375**	**263**

15. Trade and other receivables

	Group		Parent	
Dollars In Thousands	2012	2011	2012	2011
Trade receivables	5,491	4,702	2,524	2,452
Insurance receivables	1,027	4,824	687	3,680
Other trade receivables and prepayments	8,844	8,709	1,117	797
	15,362	**18,235**	**4,328**	**6,929**

16. Inventories

	Group		Parent	
Dollars In Thousands	2012	2011	2012	2011
Consumables	650	670	306	337
Finished goods	804	825	112	115
	1,454	**1,495**	**418**	**452**
Inventory recognised in cost of sales	5,725	6,377	2,291	2,521

17. Current tax assets and liabilities

	Group		Parent	
Dollars In Thousands	2012	2011	2012	2011
Income tax payable	(1,122)	(1,701)	(977)	(272)

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

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

					31 December 2012		31 December 2011	
Dollars in Thousands	Currency	Interest Rate	Maturity	Facility Total	Face Value	Carrying Amount	Face Value	Carrying Amount
Secured bank loan	NZD	3.380%	31 Oct 2014	12,500	12,500	12,500	12,500	12,500
Secured bank loan	NZD	3.342%	31 Oct 2014	12,500	12,500	12,500	12,500	12,500
Secured bank loan	NZD	3.360%	31 Oct 2014	10,000	10,000	10,000	10,000	10,000
Revolving credit	NZD	3.200%	31 Oct 2014	20,000	4,909	4,909	658	658
Secured bank loan	NZD	3.300%	1 July 2014	10,000	10,000	10,000	10,000	10,000
Secured bank loan	NZD	3.350%	1 July 2014	10,000	10,000	10,000	10,000	10,000
Revolving credit	NZD	3.200%	1 July 2014	25,000	5,670	5,670	7,619	7,619
TOTAL				**100,000**	**65,579**	**65,579**	**63,277**	**63,277**
Non-current					65,579	65,579	63,277	63,277

Parent

					31 December 2012		31 December 2011	
Dollars in Thousands	Currency	Interest Rate	Maturity	Facility Total	Face Value	Carrying Amount	Face Value	Carrying Amount
Secured bank loan	NZD	3.300%	1 July 2014	10,000	10,000	10,000	10,000	10,000
Secured bank loan	NZD	3.350%	1 July 2014	10,000	10,000	10,000	10,000	10,000
Revolving credit	NZD	3.200%	1 July 2014	25,000	5,670	5,670	7,619	7,619
TOTAL				**45,000**	**25,670**	**25,670**	**27,619**	**27,619**
Non-current					25,670	25,670	27,619	27,619

18. Interest-bearing loans and borrowings - continued

Terms and debt repayment schedule
The bank loans are secured over land and buildings with a carrying amount of $253.00 million (2011: $268.29 million) - refer to note 10. The bank loans have no fixed term of repayment before maturity. The Group's facility matures on 1 July 2014 and 31 October 2014 and the Parent Company's facility matures on 1 July 2014.

19. Provisions

	Group		Parent	
Dollars In Thousands	Earthquake provisions	FF&E and Site Restoration	Earthquake provisions	FF&E
Balance at 1 January 2011	4,920	558	3,500	383
Provisions made during the year	2,356	54	343	54
Provisions used during the year	(3,283)	-	-	-
Balance at 31 December 2011	**3,993**	**612**	**3,843**	**437**
Non-current	-	437	-	437
Current	3,993	175	3,843	-
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	-

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.

The Group's three hotel properties and the Parent's two hotel properties affected by the Canterbury earthquakes are fully insured for material damage. Total material damages estimated at $4.92 million for the Group and $3.50 million for the Parent were provided in 2010 after the 4 September 2010 earthquake. The provision recorded relates to both cash amounts payable to the insurance companies of the Group of $3.06 million (Parent: $3.06 million) and amounts provided on the basis of engineering reports for damaged assets which are expected to be reimbursed under insurance policies of $1.856 million (Parent: $1.86 million). As a result of the 22 February 2011 earthquake an additional provision for material damage excess was booked for $1.07 million (Group) and $0.34 million (Parent). In relation to the demolition of Copthorne Hotel Christchurch City a provision for demolition costs was booked at $0.15 million (Group). During 2012 provisions were utilised on settlement of the material damage claim for Copthorne Hotel Christchurch Central. The balance of the earthquake provisions as at 31 December 2012 solely relate to Millennium Hotel Christchurch.

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	2012	2011	2012	2011	2012	2011
Property, plant and equipment	-	-	42,481	47,157	42,481	47,157
Development properties	(1,197)	(1,210)	-	-	(1,197)	(1,210)
Provisions	(990)	(1,052)	-	-	(990)	(1,052)
Employee benefits	(636)	(637)	-	-	(636)	(637)
Trade and other payables	(1,962)	(707)	-	-	(1,962)	(707)
Net investment in foreign operations	-	-	3,475	5,479	3,475	5,479
Net tax (assets) / liabilities	**(4,785)**	**(3,606)**	**45,956**	**52,636**	**41,171**	**49,030**

	Parent					
	Assets		Liabilities		Net	
Dollars In Thousands	2012	2011	2012	2011	2012	2011
Property, plant and equipment	-	-	20,790	22,531	20,790	22,531
Provisions	(669)	(878)	-	-	(669)	(878)
Employee benefits	-	-	-	-	-	-
Trade and other payables	(1,369)	(197)	-	-	(1,369)	(197)
Net tax (assets) / liabilities	**(2,038)**	**(1,075)**	**20,790**	**22,531**	**18,752**	**21,456**

20. Deferred tax assets and liabilities - continued

Movement in deferred tax balances during the year

	Group			
Dollars In Thousands	**Balance 1 Jan 11**	**Recognised in income**	**Recognised in equity**	**Balance 31 Dec 11**
Property, plant and equipment	48,309	(1,480)	328	47,157
Development properties	(1,197)	(42)	29	(1,210)
Provisions	(1,875)	821	2	(1,052)
Employee benefits	(731)	92	2	(637)
Trade and other payables	(542)	(165)	-	(707)
Net investment in foreign operations	4,605	1,198	(324)	5,479
	48,569	**424**	**37**	**49,030**

	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**

Movement in deferred tax balances during the year

	Parent			
Dollars In Thousands	**Balance 1 Jan 11**	**Recognised in income**	**Recognised in equity**	**Balance 31 Dec 11**
Property, plant and equipment	22,570	(791)	752	22,531
Provisions	(1,724)	846	-	(878)
Employee benefits	-	-	-	-
Trade and other payables	(134)	(63)	-	(197)
	20,712	**(8)**	**752**	**21,456**

	Parent			
Dollars In Thousands	**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)
Employee benefits	-	-	-	-
Trade and other payables	(197)	(1,172)	-	(1,369)
	21,456	**467**	**(3,171)**	**18,752**

21. Trade and other payables

	Group		Parent	
Dollars In Thousands	**2012**	**2011**	**2012**	**2011**
Trade payables	1,575	1,576	398	479
Insurance settlements received in advance	4,822	-	4,331	-
Employee entitlements	2,039	2,146	-	-
Non-trade payables and accrued expenses	15,124	10,773	8,120	3,485
	23,560	**14,495**	**12,849**	**3,964**

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.

22. **Financial instruments** - continued

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 the 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 $0.15 million (2011: $0.30 million). All other credit risk exposure relates to New Zealand.

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 $0.15 million (2011: $0.39 million), assuming all other variables remained constant. For the Parent this would have reduced profit before tax by $0.12 million (2011: $0.35 million), 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		**2012**				**2011**			
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	1.14% to 5.10%	110,433	56,856	53,577	1.23% to 6.08%	37,103	37,103	-
Secured bank loans *	18	3.20% to 3.38%	(65,579)	(65,579)	-	3.20% to 3.56%	(63,277)	(63,277)	-
Bank overdrafts *	14	2.94%	(996)	(996)	-	3.06%	(863)	(863)	-

Parent		**2012**				**2011**			
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	2.50% to 4.60%	56,354	14,054	42,300	2.50%	242	242	-
Secured bank loans *	18	3.20% to 3.35%	(25,670)	(25,670)	-	3.20% to 3.38%	(27,619)	(27,619)	-

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

(ii) Foreign currency risk
The Group owns 61.30% of KIN Holdings Limited and 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 US Dollars. 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.

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		Carrying amount	Fair value	Carrying amount	Fair value
Dollars In Thousands	Note	2012	2012	2011	2011
LOANS AND RECEIVABLES					
Cash and cash equivalents	14	109,508	109,508	36,314	36,314
Trade and other receivables	15	15,362	15,362	18,235	18,235
Trade receivables due from related parties	26	-	-	-	-
OTHER LIABILITIES					
Secured bank loans	18	(65,579)	(65,579)	(63,277)	(63,277)
Trade and other payables	21	(23,560)	(23,560)	(14,495)	(14,495)
Trade payables due to related parties	26	(465)	(465)	(461)	(461)
Loans due to related parties	26	(9,500)	(9,500)	(7,230)	(7,230)
		25,766	**25,766**	**(30,914)**	**(30,914)**
Unrecognised (losses) / gains			-		-

Parent		Carrying amount	Fair value	Carrying amount	Fair value
Dollars In Thousands	Note	2012	2012	2011	2011
LOANS AND RECEIVABLES					
Cash and cash equivalents	14	56,375	56,375	263	263
Trade and other receivables	15	4,328	4,328	6,929	6,929
Trade receivables due from related parties	26	9,512	9,512	8,027	8,027
Loans due from related parties	26	47,346	47,346	48,546	48,546
OTHER LIABILITIES					
Secured bank loans	18	(25,670)	(25,670)	(27,619)	(27,619)
Trade and other payables	21	(12,849)	(12,849)	(3,964)	(3,964)
Trade payables due to related parties	26	(465)	(465)	(461)	(461)
Loans due to related parties	26	(9,500)	(9,500)	(7,230)	(7,230)
		69,077	**69,077**	**24,491**	**24,491**
Unrecognised (losses) / gains			-		-

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 amount for these balances approximate their fair value because of the short maturities of these items.
(b) Borrowings. The carrying amount 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	2012	2011	2012	2011
Less than one year	889	3,662	94	2,452
Between one and five years	2,819	9,861	376	7,131
More than five years	2,025	2,228	658	460
	5,733	**15,751**	**1,128**	**10,043**

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.

The operating lease commitments reduced in 2012 when the lease for Kingsgate Hotel Parnell (Group) terminated in July 2012 and the rental abatement for Millennium Hotel Christchurch started in March 2012 when engineering repairs commenced.

During the year ended 31 December 2012, $2.67 million was recognised as an expense in the income statement in respect of operating leases (2011: $6.47 million). Operating lease expenses for the Parent were $0.52 million in 2012 (2011: $2.59 million).

24. Capital commitments

As at 31 December 2012, the Group had entered into contractual commitments to purchase property, plant and equipment for $7.08 million (2011: $6.11 million).

As at 31 December 2012, the Parent had entered into contractual commitments to purchase property, plant and equipment for $0.58 million (2011: $1.52 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% (2011: 0.71%) of the voting shares of the Company. Loans to directors for the year ended 31 December 2012 amounted to $nil (2011: $nil). Key management personnel include the Board and the Executive Team.

Total remuneration for key management personnel

	Group		Parent	
Dollars In Thousands	2012	2011	2012	2011
Non-executive directors	334	334	151	151
Executive director	499	497	499	497
Executive officers	585	571	585	571
	1,418	**1,402**	**1,235**	**1,219**

Non-executive directors receive director's fees only. Executive directors 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 directors 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.

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	Group 2012	Group 2011
Trade payables due to related parties			
Millennium & Copthorne Hotels plc	Recharge of expenses	(414)	(454)
CDL Hotels Holdings New Zealand Ltd	Recharge of expenses	(51)	(7)
		(465)	**(461)**
Loans due to related parties			
CDL Hotels Holdings New Zealand Ltd	Inter-company loan	(9,500)	(7,230)
		(9,500)	**(7,230)**

No debts with related parties were written off or forgiven during the year. No interest was charged on these advances during 2012 and 2011. There are no set repayment terms. During this period costs amounting to $250,000 (2011: $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 3.22% (2011: 3.20%). The loan is repayable on demand.

During the year consulting fees of $14,000 (2011: $13,000) 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 $4.80 million (2011: $6.00 million) and from MCHNZ Investments Limited of $42.55 million (2011: $42.55 million). Net interest on advances of $219,000 (2011: $268,000) was charged to Context Securities Limited during the year and $1.75 million (2011: $716,000) was charged to MCHNZI Investments during the year. The average interest rate charged during the year to Context Securities Limited was 4.42% (2011: 4.44%) and for MCHNZ Investments Limited it was 4.08% (2011: 4.10%) respectively. Both these two loans are repayable on demand.

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

Dollars In Thousands	Nature of balance	Parent 2012	Parent 2011
Trade receivables due from related parties			
Millennium & Copthorne Hotels plc	Recovery of expenses	-	-
Context Securities Ltd	Prepaid expenses	3,469	3,668
MCHNZ Investments Ltd	Inter-company account	5,572	3,570
Quantum Ltd	Management fees	471	789
		9,512	**8,027**
Loans receivable due from related parties			
Context Securities Limited	Inter-company loan	4,800	6,000
MCHNZ Investments Ltd	Inter-company loan	42,546	42,546
		47,346	**48,546**
Trade payables due to related parties			
Millennium & Copthorne Hotels plc	Recharge of expenses	(414)	(454)
CDL Hotels Holdings New Zealand Ltd	Recharge of expenses	(51)	(7)
		(465)	**(461)**
Loans due to related parties			
CDL Hotels Holdings New Zealand Ltd	Inter-company loan	(9,500)	(7,230)
		(9,500)	**(7,230)**

No debts with related parties were written off or forgiven during the year. No interest was charged on trade receivables and trade payables balances during 2011 and 2012. The loan due to related parties currently has an interest rate of 3.22% (2011: 3.20%) and the loan due from related parties has an interest rate of 4.05% (2011: 4.08%). These loans are repayable on demand.

During the year dividend income of $2.42 million (2011: $1.99 million) was received from CDL Investments New Zealand Limited and $514,000 (2011: $nil) was received from Quantum Group Ltd. The dividends received from CDL Investments New Zealand Limited were reinvested into 6,587,862 shares (at a strike price of $0.3675 per share) under the Dividend Reinvestment Plan.

Management fees of $837,000 (2011: $963,000) were charged to Quantum Limited during the year.

26. Group entities - continued

Although the Group owns less than half of the voting power of Bay of Islands Joint Venture, it is able to govern the financial and operating policies of the company by virtue of an agreement with the other investors of the Joint Venture. Consequently, the Group consolidates its investment in the company.

Associate companies
The associate companies included in the financial statements of Millennium & Copthorne Hotels New Zealand Limited as at 31 December 2012 are:

	Principal Activity	Holding % by MCHNZ Investments Limited 2012	Holding % by MCHNZ Investments Limited 2011
First Sponsor Capital Limited	Investment Holding	34.21	34.21
		Holding % by CDL Land New Zealand Limited 2012	Holding % by CDL Land New Zealand Limited 2011
Prestons Road Limited	Service Provider	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.

Subsidiary companies
The principal subsidiary companies of Millennium & Copthorne Hotels New Zealand Limited included in the consolidation as at 31 December 2012 are:

	Principal Activity	Group holding % 2012	Group holding % 2011
Context Securities Limited	Investment Holding	100.00	100.00
MCHNZ Investments Limited	Investment Holding	100.00	100.00
Millennium & Copthorne Hotels Limited	Dormant	100.00	100.00
All Seasons Hotels & Resorts Limited	Dormant	100.00	100.00
Copthorne Hotel & Resort Bay of Islands Joint Venture	Hotel Operations	49.00	49.00
Quantum Limited	Holding Company	70.00	70.00
100% owned subsidiaries of Quantum Limited are:			
QINZ Holdings (New Zealand) Limited	Holding Company		
Kingsgate Hotels and Resorts Limited	Dormant/Franchise Holder		
Hospitality Group Limited	Holding Company		
100% owned subsidiaries of Hospitality Group Limited are:			
Hospitality Leases Limited	Lessee Company/Hotel Operations		
QINZ Anzac Avenue Limited	Hotel Owner		
Hospitality Services Limited	Hotel Operations/Franchise Holder		
CDL Investments New Zealand Limited	Holding Company	66.83	66.28
100% owned subsidiaries of CDL Investments New Zealand Limited are:			
CDL Land New Zealand Limited	Property Investment and Development		
KIN Holdings Limited	Holding Company	61.30	61.30
100% owned subsidiaries of KIN Holdings Limited are:			
Kingsgate International Corporation Limited	Holding Company		
Kingsgate Holdings Pty Limited	Holding Company		
Kingsgate Investments Pty Limited	Residential Apartment Developer		
Kingsgate International Pty Limited	Holding Company		
Kingsgate Hotels Pty Limited	Dormant		
Birkenhead Holdings Pty Limited	Holding Company		
Birkenhead Investments Pty Limited	Deregistered 27 June 2012		
Birkenhead Services Pty Limited	Dormant/Service Company		
Hotelcorp New Zealand Limited	Holding Company		

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

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.

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 two (2011: two) properties affected by the Christchurch earthquakes. In assessing the two properties 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 $144.37 million (2011: $151.55 million) while the fair value determined by independent valuers is $233.00 million (2011: $241.00 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 the year end, FSCL entered into an agreement with a third party to inter alia, dispose of its entire 70% equity interest in a subsidiary which developed the Fogang Cityspring project. The residential component of Fogang Cityspring has been substantially sold and a commercial centre has been retained for rental as an investment property. The implied sale consideration for the commercial centre is more than double that of its historical cost but below its carrying book value.

The transaction is considered an adjusting event and hence the full financial impact was recorded in December 2012.

Independent auditor's report

To the shareholders of Millennium & Copthorne Hotels New Zealand Limited

Report on the company and group financial statements

We have audited the accompanying financial statements of Millennium & Copthorne Hotels New Zealand Limited ("the company") and the group, comprising the company and its subsidiaries, on pages FIN 1 to FIN 33. The financial statements comprise the statements of financial position as at 31 December 2012, 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 and general accounting services. 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 33:

- 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 2012 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 & Copthorne Hotels New Zealand Limited as far as appears from our examination of those records.

KPMG.

22 February 2013

Auckland

REGULATORY DISCLOSURES

20 LARGEST SHAREHOLDERS (as at 1 March 2013) (Listing Rule 10.5.5(b))

Rank	Shareholder	No. of Securities	%
1	CDL Hotels Holdings New Zealand Limited	245,493,635	70.22
2	HSBC Nominees (New Zealand) Limited - NZCSD	15,809,753	4.52
3	National Nominees New Zealand Limited - NZCSD	13,565,397	3.88
4	Accident Compensation Corporation - NZCSD <ACCI40>	10,544,073	3.02
5	Zeta Beta Limited	9,813,829	2.81
6	HSBC Nominees (New Zealand) Limited A/C State Street -NZCSD	6,282,984	1.80
7	SKY HILL LIMITED	5,287,228	1.51
8	Tecity Management Pte Limited	5,171,037	1.48
9	Citibank Nominees (New Zealand) Limited - NZCSD	4,497,080	1.29
10	Leng Beng Kwek	3,000,000	0.86
11	Amalgamated Dairies Limited	2,268,147	0.65
12	Hong Ren Wong	2,000,000	0.57
13	TEA Custodians Limited - NZCSD	1,946,005	0.56
14	Kay Hong Chiam	1,219,500	0.35
15	Joan Lesley Thompson	750,000	0.21
16	Geok Loo Goh	556,300	0.16
17	Stephen John Lobb + Nicoletta Maria Bartoli	527,972	0.15
18	JP Morgan Chase Bank NA - NZCSD	503,833	0.14
19	Sita Singh	500,000	0.14
20	Vincent Wee Eng Yeo	500,000	0.14

NZCSD is the New Zealand Central Securities Depositary and provides a custodial depositary service to its clients and does not have a beneficial interest in the shares held in its name.

HOLDINGS SIZE (as at 28 February 2013)

Range	Total Holders	Number of shares	Percentage of Issued Capital
100 – 199	3	393	0.00
200 –- 499	1	300	0.00
500 – 999	28	15,385	0.00
1,000 – 1,999	665	806,080	0.23
2,000 – 4,999	548	1,589,634	0.45
5,000 – 9,999	275	1,857,551	0.53
10,000 – 49,999	303	5,426,388	1.55
50,000 – 99,999	45	2,847,570	0.81
100,000 – 499,999	39	6,786,857	1.94
500,000 – 999,999	5	2,834,272	0.81
1,000,000+	9	327,433,636	93.66
Total	**1921**	**349,598,066**	**100.00**

DOMICILE OF SHAREHOLDERS (as at 28 February 2013)

	Number	Number of shares	Percentage of Issued Capital
New Zealand	1799	318,909,129	91.22
Australia	65	486,014	0.14
Others	57	30,202,923	8.64
Total	**1921**	**349,598,066**	**100.00**

WAIVERS FROM NZX LIMITED

None obtained in the period under review.

SUBSTANTIAL SECURITY HOLDERS

According to notices given to the Company under the Securities Markets Act 1988, as at 1 March 2013, the substantial security holders in the Company are noted below:

	Securities	Class	%
CDL Hotels Holdings New Zealand Limited	245,493,635	Ordinary Shares	70.22
Aberdeen Asset Management Asia Limited	18,154,753	Ordinary Shares	5.198

CDL Hotels Holdings New Zealand Limited is a wholly owned subsidiary of Millennium & Copthorne Hotels plc.
As at 1 March 2013, the total number of issued voting securities of Millennium & Copthorne Hotels New Zealand Limited (all of which are ordinary shares) was 349,598,066 and this includes 329,627 shares held by the Company as treasury stock.

STATUTORY INFORMATION

DIRECTORS (section 211 (1)(i) Companies Act 1993)
As at 31 December 2012, the Company's Directors were Messrs. HR Wong, BK Chiu, VWE Yeo, R Bobb and GA McKenzie. No new directors were appointed during 2012.

INTERESTS REGISTER (sections 189 (1) (c) and 211(1)(e) Companies Act 1993)
The Company maintains an Interests Register as required under the Companies Act 1993. For the period under review, the following entries were recorded:

USE OF COMPANY INFORMATION (section 145 Companies Act 1993)
During 2012, the Board did not receive any notices from any Directors of the Company requesting the use of company information which they would have received in their capacity as Directors which would not otherwise have been available to them.

SHARE DEALING (section 148, Companies Act 1993)
No share dealings by Directors occurred during 2012.

DIRECTORS' AND ASSOCIATED PERSONS SHAREHOLDINGS (as at 31 December 2012)

Director	2011	2012
HR Wong	2,000,000	2,000,000
B K Chiu	Nil	Nil
VWE Yeo	500,000	500,000
R Bobb	Nil	Nil
GA McKenzie	n/a	Nil

REMUNERATION (section 161 and 211(1)(f), Companies Act 1993)
The total remuneration and value of other benefits earned received by each of the Directors of the Company for the year ending 31 December 2012 was:

Director	Remuneration
HR Wong (*)	Nil
B K Chiu (*)	499,096
VWE Yeo	35,000
R Bobb	42,000
GA McKenzie	38,500

(*) Mr. H R Wong is Chief Executive and Executive Director of Millennium & Copthorne Hotels plc and did not receive remuneration as a director of the Company or of any of the Company's subsidiaries. Mr. B K Chiu is an employee of the Company and did not receive remuneration as a director of the Company or of any of the Company's subsidiaries.

INDEMNITY AND INSURANCE (section 162, Companies Act 1993)
In accordance with the Company's constitution, the Company has insured all its Directors and the Directors of its subsidiaries against liabilities to other parties (except the Company or a related party of the Company) that may arise from their positions as Directors. The insurance does not cover liabilities arising from criminal actions.

GENERAL DISCLOSURES OF INTEREST (section 140(2), Companies Act 1993)
As at 31 December 2012, the Directors of the Company have made general disclosures of interest in the following companies:

HR WONG

Chairman /President/ Director of: Grand Plaza Hotel Corporation
Chairman / Director of: Beijing Fortune Hotel Co. Ltd.; CDL Investments New Zealand Limited; M&C Business Trust Management Limited; M&C REIT Management Limited
Director / President of: The Philippine Fund Ltd
Executive Director / Chief Executive Officer of: Millennium & Copthorne Hotels plc

Director of:
Birkenhead Holdings Pty Ltd
Birkenhead Investments Pty Ltd
Birkenhead Services Pty Ltd
CDL Hotels Holdings New Zealand Limited
CDL Land New Zealand Limited
Hotelcorp New Zealand Ltd
KIN Holdings Limited
Kingsgate Holdings Pty Ltd
Kingsgate Hotel Pty Ltd
Kingsgate International Corporation Limited
Kingsgate Investments Pty. Ltd
Kingsgate International Pty Ltd
Millennium & Copthorne Hotels Pty Ltd
Quantum Limited
CDL Entertainment & Leisure Pte Ltd
CDL Hotels (Korea) Ltd
CDL Hotels (Labuan) Limited
CDL Hotels (Singapore) Pte Ltd
CDL Hotels Japan Pte. Ltd
CDLHT MTN PTE. LTD
Chancery Ltd
City Hotels Pte Ltd
Copthorne Orchid Hotel Singapore Pte Ltd
First Sponsor Capital Limited
First Sponsor Group Limited
Harbour Land Corporation
Harrow Entertainment Pte Ltd
Hospitality Holdings Pte Ltd
Idea Valley Group Limited
International Design Link Pte Ltd
London Britannia Hotel Limited
M&C (India) Holdings Pte Ltd
M&C (Mauritius) Holdings Limited
M&C Holdings (Thailand) Limited
M&C Hotels Holdings Ltd
M&C Hotels Holdings Japan Pte. Ltd
M&C Hotels Holdings USA Limited
M&C Hotels Japan Pte. Ltd
Millennium & Copthorne Hotel Holdings (Hong Kong) Ltd
Millennium & Copthorne Hotels (Hong Kong) Ltd
Millennium & Copthorne International Limited
Millennium & Copthorne Middle East Holdings Limited
Newbury Investments Pte Ltd
Republic Hotels Suzhou Pte Ltd
Republic Iconic Hotel Pte Ltd
RHR Capital Pte. Ltd
Rogo Realty Corporation
TOSCAP Limited
Zatrio Pte Ltd.
Zillion Holdings Ltd

Member of Board of / Commissioner of: PT. Millennium Sirih Jakarta Hotel
Member of Management Board: ATOS Holding AG

VWE YEO

Executive Director / Chief Executive Officer of: M&C Business Trust Management Limited; M&C REIT Management Limited

Director of:
CDL Hotels Holdings New Zealand Limited
CDL Investments New Zealand Limited
KIN Holdings Ltd
Kingsgate International Corporation Ltd
CDLHT (BVI) One Ltd
CDLHT MTN PTE. LTD
CDLHT Sunrise Limited
CDLHT Sunshine Limited
CDLHT Two Ltd
CES Education Holdings Pte Ltd
Fena Estate Company Limited
Hospitality Holdings Pte Ltd
Hospitality Ventures Pte Ltd
Sanctuary Sands Maldives Private Limited
Sun Four Investments Limited
Sun One Investments Limited
Sun Three Investments Limited
Sun Two Investments Limited
Sunshine Hotels Australia Pty Ltd

BK CHIU
Chairman / Director of: Quantum Ltd; Waitangi Resort Joint Venture Committee

Director of:
All Seasons Hotels & Resorts Ltd
CDL Land New Zealand Ltd
CDL Land New Zealand Ltd
Context Securities Ltd
Hospitality Group Ltd
Hospitality Leases Ltd
Hospitality Services Ltd
Kingsgate Hotels & Resorts Ltd
MCHNZ Investments Limited
Millennium & Copthorne Hotels Ltd
QINZ Holdings (New Zealand) Ltd
QINZ (Anzac Avenue) Ltd

R BOBB
Director of:
Bobb Management Pty Ltd
Birkenhead Holdings Pty Ltd
Birkenhead Investments Pty Ltd
Bobb Nominees Pty Ltd
Continental Investments Pty Ltd
Furscarbo Pty Ltd
Hotelcorp New Zealand Pty Ltd
Kingsgate Hotel Pty Ltd
Kingsgate Holdings Pty Ltd
Kingsgate International Pty Ltd
Kingsgate Investments Pty Ltd
Melmark Securities Pty Ltd.
Millennium & Copthorne Hotels Pty Ltd.
RAB Capital Pty Ltd
Selwan Holdings Pty Ltd
Trans National Properties Ltf
Consultant to: Richard A Bobb Chartered Accountants

GENERAL DISCLOSURES OF INTEREST (continued)

G A MCKENZIE

Director of:

Luxottica Retail New Zealand Ltd
CMO Energy NZ
McHarry Holdings Ltd
GMACK Consulting Ltd
Redbank Energy (NZ) Limited

EMPLOYEE REMUNERATION (section 211(1) (g) Companies Act 1993)

The number of employees or former employees of the Company and its subsidiaries (excluding publicly listed subsidiaries) who received remuneration and any other benefits in their capacity as employees, the value of which was or exceeded $100,000 per annum in 2012 are as follows:

Remuneration and value of other benefits	Number. of employees
100,000 – 110,000	4
110,001 – 120,000	2
120,001 – 130,000	5
130,001 – 140,000	1
140,001 – 150,000	4
150,001 – 160,000	1
160,001 – 170,000	2
170,001 – 180,000	1
180,001 – 190,000	3
490,001 – 500,000	1

DONATIONS (section 211(1)(h) and (2)

The Company and its subsidiaries made donations to charity totaling $1,806 during the year.

AUDIT FEES (section 211(1)(j) and (2)

During the period under review, the following amounts were payable to the external auditors KPMG:

	2011 ($'000)		2012 ($'000)	
	New Zealand	**Australia**	**New Zealand**	**Australia**
Annual Audit	278	25	289	25
KPMG Other Services	303	7	219	nil

SUBSIDIARY COMPANIES AND DIRECTORS section 211(2) of the Companies Act 1993

The Company's subsidiaries and their directors as at 31 December 2012 are listed below:

NAME	DIRECTORS	OWNERSHIP	ACTIVITY
All Seasons Hotels and Resorts Ltd	BK Chiu, JB Pua	100%	Non-trading
Birkenhead Holdings Pty Ltd	HR Wong, R Bobb, JB Pua	61.30%	Holding Company (Australia)
Birkenhead Investments Pty Ltd	HR Wong, R Bobb, CHL Ho, JB Pua	61.30%	Shopping Centre Owner (Australia)
CDL Investments New Zealand Ltd (▼)	HR Wong, RL Challinor, BK Chiu, J Henderson, VWE Yeo	66.83%	Holding Company
CDL Land New Zealand Ltd	HR Wong, BK Chiu, DJ Lindsay, JB Pua	66.83%	Property Investment & Development Company
Context Securities Ltd	BK Chiu, JB Pua	100%	Investment Holding Company
First Sponsor Capital Limited	HR Wong, CHL Ho, First Sponsor Management Limited, TTAP Limited	34.21%	Investment Holding Company
Hospitality Group Ltd	BK Chiu, T Ito, NP McKissack, JB Pua, W Stone, SJ Wallace	70%	Holding Company
Hospitality Leases Ltd	BK Chiu, NP McKissack, W Stone	70%	Lessee Company
Hospitality Services Ltd	BK Chiu, KF Luxon, NP McKissack, JB Pua, W Stone, JGD Tuuta	70%	Hotel Management Company
Hotelcorp New Zealand Ltd	HR Wong, R Bobb, JB Pua	61.30%	Holding Company (Australia)
KIN Holdings Ltd	HR Wong, CHL Ho, HK Ho, VWE Yeo	61.30%	Holding company
Kingsgate Holdings Pty Ltd	HR Wong, R Bobb, JB Pua	61.30%	Holding Company
Kingsgate Hotels And Resorts Ltd	BK Chiu, NP McKissack, JB Pua, W Stone	70%	Franchise Holder
Kingsgate Hotels Ltd	JB Pua	61.30%	Non-trading
Kingsgate Hotel Pty Ltd	HR Wong, R Bobb, JB Pua	61.30%	Non-trading (Australia)
Kingsgate Investments Pty Ltd	HR Wong, R Bobb, CHL Ho, JB Pua	61.30%	Residential Apartment Owner (Australia)
Kingsgate International Corporation Ltd	HR Wong, CHL Ho, VWE Yeo	61.30%	Holding Company
Kingsgate International Pty Ltd	HR Wong, R Bobb, CHL Ho, JB Pua	61.30%	Holding Company
MCHNZ Investments Ltd	BK Chiu, T Ito, JB Pua,	100%	Investment Holding Company
Millennium & Copthorne Hotels Ltd	BK Chiu, JB Pua	100%	Non-trading
Millennium & Copthorne Hotels Pty Ltd	HR Wong, R Bobb, JB Pua	61.30%	Non-trading (Australia)
QINZ (Anzac Avenue) Ltd	BK Chiu, NP McKissack, JB Pua, W Stone	70%	Hotel Owner
QINZ Holdings (New Zealand) Ltd	BK Chiu, NP McKissack, JB Pua, W Stone	70%	Holding Company
Quantum Ltd	BK Chiu, KF Luxon, NP McKissack, JB Pua, W Stone, HR Wong	70%	Holding company

(▼) Listed on the New Zealand Stock Exchange

--Where the directors of the Company's subsidiaries are employees of the Company, they do not receive any remuneration or other benefits as a director. Their remuneration and other benefits are received as employees and are included in the relevant banding under Employee Remuneration.

--On 2 March 2012, Messrs. JE Paki and RT Charters retired as directors of Quantum Limited and Messrs. W Stone and NP McKissack were appointed to the board in their place.

--On 18 June 2012, Mr. JE Paki retired from his position as director on Hospitality Group Limited, Hospitality Leases Limited, Hospitality Services Limited, QINZ (Anzac Avenue) Limited and QINZ Holdings New Zealand Limited. Mr. RT Charters also retired as a director of Hospitality Services Limited on the same day. Mr. W Stone was appointed as a director of Hospitality Group Limited, Hospitality Leases Limited, Hospitality Services Limited, Kingsgate Hotels & Resorts Limited, QINZ (Anzac Avenue) Limited and QINZ Holdings New Zealand Limited. Mr. NP McKissack was appointed as an alternate director for Mr. Stone on the boards of Hospitality Group Limited, Hospitality Leases Limited, Hospitality Services Limited, Kingsgate Hotels & Resorts Limited, QINZ (Anzac Avenue) Limited and QINZ Holdings New Zealand Limited. Mr. JGD Tuuta was also appointed as alternate director for Messrs. Stone and McKissack on the board of Hospitality Services Limited

-- On 14 September 2012 Mr. MJ Taplin retired as a director of Hospitality Group Limited and Mr. SJ Wallace was appointed to fill that vacancy on the same day.

--On 16 September 2012, Ms. AM Williams retired as a director of Quantum Limited

--On 17 September 2012 Mr. M J Taplin retired as a director of Quantum Limited and Hospitality Services Limited.

--Mr. KF Luxon was appointed as a director of Hospitality Services Limited and Quantum Limited on 31 December 2012.

--The following persons received remuneration as Directors of the Company's subsidiaries during 2012: VWE Yeo ($30,000), R L Challinor ($35,000), J Henderson ($30,000), W Stone ($10,000), N McKissack ($10,000).

MILLENNIUM
HOTELS AND RESORTS

MILLENNIUM ▪ COPTHORNE ▪ KINGSGATE

BOARD OF DIRECTORS

Wong Hong Ren	(Chairman)
BK Chiu	(Managing Director)
Vincent Yeo	(Non-Executive Director)
Richard Bobb	(Independent Director)
Graham McKenzie	(Independent Director)

SENIOR MANAGEMENT

Greg Borrageiro	(Director, Information Technology)
Brendan Davies	(Director, International Sales & Marketing)
Kieran Davis	(Director, Property Management)
Takeshi Ito	(Group Company Secretary)
Karl Luxon	(Vice President Operations)
Gavin Mascarenhas	(Marketing Manager, New Zealand)
Boon Pua	(Vice President Finance)
Alison Rogers	(National Director of Sales, Conferences and Incentives)
Helen Williams	(Director, Human Resources)

REGISTERED OFFICE & CONTACT DETAILS

Level 13, 280 Queen Street, Auckland, New Zealand
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Facsimile: (09) 309 3244
Website: www.millenniumhotels.com
e-mail: sales.marketing@millenniumhotels.co.nz

AUDITORS

KPMG, Auckland

BANKERS

ANZ Bank New Zealand Limited
Hong Kong & Shanghai Banking Corporation Limited

SOLICITORS

Bell Gully

SHARE REGISTRAR

Computershare Investor Services Limited,
Level 2, 159 Hurstmere Road, Takapuna,
Private Bag 92119, Auckland 1020, New Zealand
Telephone: +64 9 488 8700
Facsimile: +64 9 488 8787
email: enquiry@computershare.co.nz

STOCK EXCHANGE LISTING:

New Zealand Exchange (NZX)
Company Code: MCK

MILLENNIUM
HOTELS AND RESORTS

MILLENNIUM ▪ COPTHORNE ▪ KINGSGATE

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