MILLENNIUM
HOTELS AND RESORTS

MILLENNIUM ▪ COPTHORNE ▪ KINGSGATE

ANNUAL REPORT 2013

FINANCIAL SUMMARY

For the year ended 31 December 2013

Dollars in thousands (unless otherwise stated)

	2009	2010	2011	2012	**2013**
Revenue	107,951	114,489	99,460	105,187	119,209
Profit before income tax	20,536	14,566	33,505	59,559	41,130
Profit/(loss) attributable to equity holders of the parent	12,372	(10,123)	20,619	46,079	27,107
Earnings per share (cents per share)	3.54c	(2.90c)	5.90c	13.19c	7.76c
Total dividends per share (cents per share)	1.20c	1.20c	1.20c	2.40c	1.20c
Net asset backing per share (excluding non-controlling interests) (cents per share)	121.6cps	118.0cps	119.9cps	126.8cps	133.4cps
Total assets	610,759	630,757	660,348	686,110	719,151
Group equity	425,082	412,604	419,127	443,278	466,427

This report is dated 21 March 2014 and is signed on behalf of the Board of Millennium & Copthorne Hotels New Zealand by:

HR Wong
Chairman

BK Chiu
Managing Director

CONTENTS & CALENDAR

Annual Report Issued
21 March 2014

Dividend Paid
16 May 2014

Annual Meeting
Late May 2014

Half Year End
30 June 2014

Interim Results
August 2014

Financial Year End
31 December 2014

CHAIRMAN'S REVIEW

Newly refurbished rooms at Millennium Hotel Queenstown

Financial Performance & Financial Position

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

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

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

New Zealand Hotel Operations

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

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

Canterbury Update

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

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

CDL Investments New Zealand Limited ("CDLI")

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

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

Offshore Operations – Australia & China

In Australia, short term leasing of

Copthorne Hotel & Apartments Queentown Lakeview - an amazing location

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 2013.

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

FY2013 marked the completion of the commercial component of the Chengdu Cityspring project. The entire Chengdu Cityspring project is thus deemed successfully developed and completed. The SOHO units that are available for sale are substantially sold while those currently available for rental are substantially leased as well. The first phase of the196-room M Hotel Chengdu, which also forms part of the Chengdu Cityspring project, soft opened on 20 September 2013 and is managed by the M&C group. Phase two renovation work of the hotel comprising mainly certain ancillary facilities to the hotel will be completed in FY2014. FSCL will continue to evaluate the feasibility of embarking on phase three of the M Hotel Chengdu development which involves the conversion of existing bare shell commercial space into additional hotel rooms and ancillary facilities.

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

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

FSCL capital call

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

The additional investment in FSCL will take the form of new preference shares in FSCL. MCK intends to

Copthorne Hotel Auckland City

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

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

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

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

Dividend Announcement

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

Outlook

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

Management and staff

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

HR Wong
Chairman

From right to left: Alison Smith Director of Sales, Conferences and Incentives, MCK Sales Staff Lisa Tully and Michele Weston, Diane Kerins General Manager Millennium Hotel & Resort Manuels Taupo at Convene Auckland 2013

Our guests from China celebrate the Chinese New Year at Copthorne Hotel and Resort Queenstown Lakefront

MANAGING DIRECTOR'S REVIEW

General Manager Pipiana Whiston (centre) and Jolene Gray from Millennium Hotel Rotorua at the opening of the Kauaka Stream Restoration Project

2013 marked the second year after the Canterbury earthquakes, incidents which impacted our hotel operations significantly. To have 20% of our revenue taken away so suddenly was indeed a crisis for the Company. While our insurance claims have been largely completed, the single biggest challenge for our hotel operations has been reorganising the structure of our operations and how we do business. I am pleased to report that this reorganisation has been done and, as the saying goes, we cut our coat according to the cloth. The virtue of a strong balance sheet certainly helped MCK through this crisis. Our land company CDL Investments New Zealand Limited (CDLI) had an excellent year in 2013 as did the returns from our diversification into the property market in China with FSCL. Both contributed significantly to our results.

It was pleasing to see improvements in our hotel performance last year and one key indicator is revenue per available room, known in the industry as REVPAR. In 2013, we saw an increase in REVPAR by 6% year on year indicating the gains that we have been able to achieve. Our hotels in Auckland, Rotorua and Queenstown reported growth as we focused on those markets which were growing. The investments we have made in market development and long term customer relationships have their rewards. I would like to take this opportunity to thank our long standing customers for the support they have given to our MCK team. We are looking to make further gains, improving on what we have achieved so far, to ensure that we have sustainably profitable operations across our New Zealand network.

Product improvement is a critical part of our product and service differentiation. In Queenstown, new hotel inventory there made market competition even more intense. We undertook a soft refurbishment at Millennium Hotel Queenstown which paid immediate dividends in terms of increased conference and incentive business. We are pleased to report that the conversion of Kingsgate Hotel, Terraces, Queenstown to Copthorne Hotel & Apartments Queenstown Lakeview has delivered rewards. These two Queenstown hotels and the third being Copthorne Hotel & Resort Queenstown Lakefront directly opposite the Millennium Hotel Queenstown continue to present opportunities for productivity improvements together.

Since 2007 we have embarked on the improvement of our hotels notably the upgrade and conversion of Kingsgate hotels to the Copthorne brand where it made business sense starting with the then-Kingsgate Hotel Wellington Oriental Bay. In late 2012 we upgraded the Kingsgate Hotel Rotorua to Copthorne Hotel Rotorua and once again our sales and marketing teams rose to the occasion and grew the hotel's revenue, occupancy and REVPAR in 2013. We have commenced a refurbishment of the Kingsgate Hotel Palmerston North to bring the Tower Block to a four star Copthorne standard and expect to complete the works and the rebranding in the first half of 2014. The remaining wings of the hotel and the land along Ferguson Street will be part of a redevelopment plan phased over the next three years.

Planning work is in progress for what will be the company's largest undertaking to rebuild the Copthorne Hotel Auckland Harbour City to a Millennium Hotel. When complete, MCK will have completed its major rebuilding program into a strong network of high quality hotels from the Bay of Islands to Queenstown with these key hotels as its growth platform.

Suzie Pottinger, Front Office Manager and Sam Williams, Head Porter at the Copthorne Hotel Commodore

Our e-commerce strategy includes further investment in our technology platforms to enhance our guests' experience and sales generation across all digital, mobile and e-commerce channels. MCK recently upgraded its property management system to the OPERA system and globally the Millennium & Copthorne network selected WindsurferCRS to replace its central reservations system. Both of these are now live and give us the ability to improve our distribution and revenue management across both our owned / operated properties and our franchised hotels.

New Zealand as a destination and its geographical location is dependent on international inbound air services. The increase in air traffic between Australia and Queenstown has benefited the region with more leisure and business tourism. Increased frequency from Asia, notably from China, has helped change the outlook for tourism. The national carrier's partnership with other airlines into New Zealand is another positive move that recognises the country's tourism dependence on inbound capacity and that one airline can't bring them all.

The Chinese inbound market continues to be a key driver for New Zealand tourism as a whole and demand continues to be strong, reflecting the level of interest, the improved access between the two countries and the promotional activities of Tourism New Zealand, Air New Zealand and members of the hotel industry. MCK has benefited from this growth over the past 5 years and will continue to develop this market as well as South-East Asia both within New Zealand and abroad. These markets have different needs and wants from our traditional customers.

As a nation, we must aspire to ensuring that our welcome to our visitors, irrespective of their origin, and that their whole New Zealand experience is so memorably unique that everyone will recommend us, be it by word of mouth, print or by way of digital media. Proudly delivering consistently outstanding service is not tantamount to servility. It is about ensuring that "kiwi hospitality" reaches new levels with the hospitality industry.

Sales activity within CDLI remains steady and we were pleased with the results achieved by our majority-owned subsidiary. In particular, our Auckland, Canterbury and Hamilton subdivisions continued to sell well, reflecting the reputation of CDLI and its product. Plans for Prestons Road, Christchurch and a new subdivision at Greville Road, on the North Shore, Auckland have been implemented to ensure the company's pipeline of housing sections over the next three to five years. The outlook for the next few years remains positive and CDLI will make meaningful contributions to our own results.

The fact that we are a property company with hotel assets allows us to maintain a diversifed portfolio of assets at home. The indications for the New Zealand economy over the medium term are encouraging. We will therefore concentrate our attention on increasing revenue and profit from our core business segments.

Our staff at each of our Millennium, Copthorne and Kingsgate hotels continue to make a difference with their resilience and customer focus. I would like to extend my thanks to them and our corporate staff for their dilgence during 2013.

BK Chiu

Managing Director

Copthorne Hotels, a sponsor of the State Ocean Swim Series- Oriental Bay, Wellington

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 2013 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 2013 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

MCK is conscious of the environmental impact of its operations and is proud to participate in the Qualmark Green process. At our hotels, we have initiatives to mitigate energy, water and waste usage, contribute to community conservation activities and monitor the resources we use.

ENVIROGOLD

Millennium Hotel Queenstown
Millennium Hotel Rotorua
Copthorne Hotel & Resort Queenstown Lakefront
Copthorne Hotel & Apartments Queenstown Lakeview
Copthorne Hotel & Resort Solway Park Wairarapa

ENVIROSILVER

Copthorne Hotel & Resort Bay of Islands
Copthorne Hotel Auckland City
Copthorne Hotel Auckland HarbourCity
Copthorne Hotel Rotorua
Copthorne Hotel Wellington Oriental Bay
Kingsgate Hotel Hamilton
Kingsgate Hotel Wellington
Kingsgate Hotel Te Anau

ENVIROBRONZE

Millennium Hotel & Resort Manuels Taupo
Kingsgate Hotel Dunedin
Kingsgate Hotel Greymouth
Kingsgate Hotel The Avenue Wanganui
Kingsgate Hotel Whangarei

HOTEL OWNERSHIP

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

Alfresco dining at Copthorne Hotel and Resort Solway Park, Wairarapa

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 . MCK 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 as follows:

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 looks at control and oversight of the company's businesses, risk management and compliance, management performance, approving and monitoring financial and other reports and capital expenditure and shareholder reporting. The Board approves MCK's budgets, business plans as well as significant projects and has statutory obligations for certain other matters, such as the payments of distributions and the issue of shares.

ATTENDANCES OF DIRECTORS

Board meetings are generally 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

During 2013, 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 currently has an Audit Committee, a Continuous Disclosure Committee and a Due Diligence Committee. Other ad-hoc committees are 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 2013, the members of this Committee were Messrs. Bobb (Chair), McKenzie and Chiu.

Attendance at Audit Committee

Director Meetings	Attended
R Bobb (Chair)	2/2
B K Chiu	2/2
GA McKenzie	2/2

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 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;
- Developing mechanisms designed to identify potential material information (e.g. agenda item on management meetings); and
- 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.

Due Diligence Committee

In November 2013, MCK's Board formed a Due Diligence Committee consisting of the members of the Audit Committee to oversee due diligence issues relating to the issue of redeemable preference shares to the market in February 2014 and other related matters. The Committee works with Management and MCK's external legal, taxation and financial advisors to ensure that all legal and other obligations are complied with and discharged.

The Committee will continue to meet and discharge business during 2014.

DirectorMeetings	Attended
GA McKenzie (Chair)	11/11
R Bobb	11/11
B K Chiu	11/11

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:

- 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;
- 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) does not allow the direct compensation of its audit partners for selling non-audit services to MCK;
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 was 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

MCK 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.

MCK is 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 58% of the Company's permanent workforce and 3 of the 10 (2012: 2 of 9) Senior Management positions are held by women (30%) (2012: 22%). At the hotel level, 4 of the Company's 13 (2012: 6 of 16) owned or leased and operated hotels are managed by women (31%) (2012: 38%). There are currently no women on the Company's Board (2012: nil).

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;
- 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 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 2013

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

Statement of Comprehensive Income

For the year ended 31 December 2013

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

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

Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries

Statement of Changes in Equity

For the year ended 31 December 2013

Group

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

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

Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries

Statement of Changes in Equity

For the year ended 31 December 2013

Group

Attributable to equity holders of the Group

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

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

Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries

Statement of Changes in Equity

For the year ended 31 December 2013

Parent

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

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

Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries

Statement of Financial Position

As at 31 December 2013

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

For and on behalf of the Board

R BOBB, DIRECTOR

14 February 2014

BK CHIU, MANAGING DIRECTOR

14 February 2014

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

Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries

Statement of Cash Flows

For the year ended 31 December 2013

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

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

Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries

Statement of Cash Flows – continued

For the year ended 31 December 2013

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

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

Significant accounting policies

Millennium & Copthorne Hotels New Zealand Limited is a company domiciled in New Zealand registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange. Millennium & Copthorne Hotels New Zealand Limited (the "Company") is an issuer in terms of the Financial Reporting Act 1993. The financial statements of the Company for the year ended 31 December 2013 comprise the Company and its subsidiaries (together referred to as the "Group"). The registered office is located at Level 13, 280 Centre, 280 Queen Street, Auckland, New Zealand.

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

(a) Statement of compliance

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

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

(b) Basis of preparation

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

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

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

(c) Change in accounting policies

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

(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. Installment payments from third parties are not recognised in the profit and loss until full settlement is agreed with the third parties.

(h) Property, plant and equipment

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

Capital expenditure on major projects is recorded separately within property, plant and equipment as capital work in progress. Once the project is complete the balance is transferred to the appropriate property, plant and equipment categories. Capital work in progress is not depreciated.

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

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

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

Significant accounting policies - continued

(h) Property, plant and equipment - continued

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

Building core	50 years or lease term if shorter
Building surfaces and finishes	30 years or lease term if shorter
Plant and machinery	15 - 20 years
Furniture and equipment	10 years
Soft furnishings	5 - 7 years
Computer equipment	5 years
Motor vehicles	4 years

No residual values are ascribed to building surfaces and finishes. Residual values ascribed to building core depend on the nature, location and tenure of each property.

(i) Investment in subsidiaries

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

(j) Development properties

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

(k) Intangible assets

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

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

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

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

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

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

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

The estimated useful lives utilised are as follows:

Management contracts	12 years
Leasehold interests	10 – 27 years

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Significant accounting policies – continued

(m) Trade and other receivables

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

(n) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

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

(o) Impairment

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

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

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

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

(i) Calculation of recoverable amount

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

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

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

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

(p) Interest-bearing loans and borrowings

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

(q) Employee long-term service benefits

The Group's net obligation in respect of long-term service benefits, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using their expected remuneration and an assessment of likelihood the liability will arise.

(r) Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(s) Trade and other payables

Trade and other payables are stated at cost.

Significant accounting policies – continued

(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.

(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.

Significant accounting policies – continued

(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 2013, and have not been applied in preparing these financial statements.

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

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

(z) Comparatives

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

Index

1. Segment reporting

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

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

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

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

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

Geographical areas
The Group operates in the following main geographical areas:
- New Zealand.
- Australia.
- Asia (predominantly China).

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

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

Operating segments

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

1. **Segment reporting -** continued

Geographical areas

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

2. **Other income**

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

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

3. **Administration and other operating expenses**

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

4. Personnel expenses

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

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

5. Net finance income

Recognised in the income statement

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

Recognised in other comprehensive income

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

6. Income tax expense

Recognised in the income statement

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

6. Income tax expense – continued

Reconciliation of tax expense

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

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

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

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

7. Imputation credits

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

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

8. Capital and reserves

Share capital

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

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

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

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

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

8. Capital and reserves - continued

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

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

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

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

9. Earnings per share

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

Profit attributable to ordinary shareholders

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

Weighted average number of ordinary shares

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

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

Earnings per share for continuing and discontinued operations
There were no discontinued operations during the year.

10. Property, plant and equipment

Group

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

10. Property, plant and equipment - continued

Parent

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

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

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

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

10. Property, plant and equipment – continued

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

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

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

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

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

Group

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

Parent

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

10. **Property, plant and equipment** – continued

Canterbury Earthquake

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

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

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

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

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

11. **Development properties**

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

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

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

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

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

12. Intangible assets

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

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

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

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

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	2013	2012	2013	2012
Other operating expenses	-	461	-	461

Impairment

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

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

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

13. Investment in associates

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

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

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

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

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

	Group			
	2013		2012	
Dollars in Thousands	First Sponsor Capital Limited	Prestons Road Limited	First Sponsor Capital Limited	Prestons Road Limited
Current assets	750,564	4,849	509,581	4,070
Non-current assets	176,868	-	235,759	-
Current liabilities	(217,384)	(4,843)	(175,127)	(4,064)
Non-current liabilities	(159,312)	-	(185,382)	-
Non-controlling interests	(5,585)	-	(10,511)	-
Net assets (100%)	**545,151**	**6**	**374,320**	**6**
Group interests *	34.00%	33.33%	34.21%	33.33%
Group's interest * of net assets	185,329	2	128,057	2
Carrying amount in associates	185,329	2	128,057	2
Revenues	153,855	-	142,915	-
Profit (100%)	28,678	-	29,975	-
Other comprehensive income "OCI" (100%)	31,107	-	(1,354)	-
Group interests *	34.00%	33.33%	34.21%	33.33%
Group's share * of profits	9,751	-	10,103	-
Group's share * of OCI	10,575	-	(463)	-
Group's share * of profits and OCI	20,326	-	9,640	-

13. Investment in associates - continued

Movements in the carrying value of associates:

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

14. Cash and cash equivalents

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

15. Trade and other receivables

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

16. Inventories

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

17. Current tax assets and liabilities

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

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

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

Parent

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

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

19. Provisions

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

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

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

20. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

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

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

Movement in deferred tax balances during the year

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

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

Movement in deferred tax balances during the year

	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)
Trade and other payables	(197)	(1,172)	-	(1,369)
	21,456	**467**	**(3,171)**	**18,752**

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

21. Trade and other payables

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

22. Financial instruments

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

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

Liquidity risk
Liquidity risk represents the Group's ability to meet its contractual obligations. The Group evaluates its liquidity requirements on an ongoing basis. In general, the Group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

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

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

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

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

Market risk

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

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

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

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

22. **Financial instruments** – continued

(i) Interest rate risk - continued
Effective interest and re-pricing analysis – continued

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

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

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

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

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

22. Financial instruments - continued

(ii) Foreign currency risk - continued
Fair values - continued

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

Estimation of fair values
The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table :

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

23. Operating leases

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

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

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

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

24. Capital commitments

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

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

25. Related parties

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

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

25. Related parties - continued

Total remuneration for key management personnel

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

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

26. Group entities

Control of the Group
Millennium & Copthorne Hotels New Zealand Limited is a 70.22% owned subsidiary of CDL Hotels Holdings New Zealand Limited which is a wholly owned subsidiary of Millennium & Copthorne Hotels plc in the United Kingdom. The ultimate parent company is Hong Leong Investment Holdings Pte Ltd in Singapore.

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

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

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

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

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

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

26. Group entities - continued

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

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

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

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

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

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

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

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

26. Group entities - continued

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

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

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

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

27. Accounting estimates and judgements

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

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

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

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

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

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

27. Accounting estimates and judgements - continued

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

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

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

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

28. Subsequent events

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

Independent auditor's report

To the shareholders of Millennium and Copthorne Hotels New Zealand Limited

Report on the company and group financial statements

We have audited the accompanying financial statements of Millennium and Copthorne Hotels New Zealand Limited ("the company") and the group, comprising the company and its subsidiaries, on pages FIN 1 to FIN 35. The financial statements comprise the statements of financial position as at 31 December 2013, the income statements and statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, for both the company and the group.

Directors' responsibility for the company and group financial statements

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

Auditor's responsibility

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

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

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

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

Opinion

In our opinion the financial statements on pages FIN 1 to FIN 35:

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

Report on other legal and regulatory requirements

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

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

KPMG

14 February 2014

Auckland

REGULATORY DISCLOSURES

20 LARGEST ORDINARY SHAREHOLDERS (as at 28 February 2014) (Listing Rule 10.4.5(b)

Rank	Shareholder	No. of Securities	%
1	CDL HOTELS HOLDINGS NEW ZEALAND LIMITED	245,493,635	70.22
2	BNP PARIBAS NOMINEES (NZ) LIMITED - NZCSD	20,072,134	5.74
3	NATIONAL NOMINEES NEW ZEALAND LIMITED - NZCSD	12,429,150	3.56
4	CUSTODIAL SERVICES LIMITED	8,813,829	2.52
5	ACCIDENT COMPENSATION CORPORATION - NZCSD	7,815,884	2.24
6	HSBC NOMINEES (NEW ZEALAND) LIMITED A/C STATE STREET -NZCSD	7,499,281	2.15
7	CUSTODIAL SERVICES LIMITED	5,427,228	1.55
8	HSBC NOMINEES (NEW ZEALAND) LIMITED - NZCSD	5,174,537	1.48
9	CITIBANK NOMINEES (NEW ZEALAND) LIMITED - NZCSD	4,572,080	1.31
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	1,999,579	0.57
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	SITA SINGH	500,000	0.14
19	VINCENT WEE ENG YEO	500,000	0.14
20	JPMORGAN CHASE BANK NA NZ BRANCH-SEGREGATED CLIENTS ACCT - NZCSD	497,833	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 – ORDINARY SHARES (as at 28 February 2014)

Range	Total Holders	Number of shares	Percentage of Issued Capital
100 – 199	3	393	0.00
200 –- 499	2	700	0.00
500 – 999	29	16,307	0.00
1,000 – 1,999	643	777,072	0.22
2,000 – 4,999	521	1,507,682	0.43
5,000 – 9,999	265	1,797,724	0.51
10,000 – 49,999	274	4,953,625	1.42
50,000 – 99,999	42	2,640,540	0.76
100,000 – 499,999	36	6,755,799	1.93
500,000 – 999,999	5	2,834,272	0.81
1,000,000+	8	328,313,952	93.91
Total		**349,598,066**	**100.00**

DOMICILE OF ORDINARY SHAREHOLDERS (as at 28 February 2014)

	Number	Number of shares	Percentage of Issued Capital
New Zealand	1712	339,269,972	93.65
Overseas holders	116	10,328,094	6.35
Total	**1828**	**349,598,066**	**100.00**

WAIVERS FROM NZX LIMITED

On 17 July and 18 December 2013, NZX Limited granted the Company waivers from NZSX Listing Rule 9.2.1 in respect of requirement in that Rule to obtain prior shareholder approval in relation to the acquisition by two of its subsidiaries of new preference shares in the Company's associate company First Sponsor Capital Limited (FSCL). The Company and FSCL are "Related Parties" for the purposes of the NZSX Listing Rules because the Company, FSCL and a number of the Company's subsidiaries have common directors. The waivers were granted because, among other reasons, negotiations between the Company and FSCL in relation to each transaction were undertaken on an arm's length basis and FSCL had no ability to influence MCK's decision to enter into each transaction.

SUBSTANTIAL SECURITY HOLDERS

According to notices given to the Company under the Securities Markets Act 1988, as at 28 February 2014, 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	25,933,253	Ordinary Shares	7.43

CDL Hotels Holdings New Zealand Limited is a wholly owned subsidiary of Millennium & Copthorne Hotels plc.
As at 28 February 2014, 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 2013, the Company's Directors were Messrs. HR Wong, BK Chiu, VWE Yeo, R Bobb and GA McKenzie. No directors resigned during 2013, nor were any appointed during 2013.

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 2013, 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 2013.

DIRECTORS' AND ASSOCIATED PERSONS SHAREHOLDINGS (as at 31 December 2013)

Director	2012	2013
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	Nil	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 2013 was:

Director	Remuneration
HR Wong (*)	Nil
B K Chiu (*)	545,706
VWE Yeo	35,000
R Bobb	46,000
GA McKenzie	50,500

(*) 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.

INTERESTS REGISTER (continued)

GENERAL DISCLOSURES OF INTEREST (section 140(2), Companies Act 1993)
As at 31 December 2013, 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 / Legal Representative of:	Beijing Fortune Hotel Co. Ltd.	
Chairman / Director of:	CDL Investments New Zealand Limited	M&C Business Trust Management Limited
	M&C REIT Management Limited	
Director / President of:	The Philippine Fund Ltd	
Director / Representative Director of:	CDL Hotels (Korea) Ltd	
Executive Director / Chief Executive Officer of:	Millennium & Copthorne Hotels plc	
Director of:	Birkenhead Holdings Pty Ltd	Birkenhead Investments 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	Millennium & Copthorne Hotels Pty Ltd
Quantum Limited		
CDL Entertainment & Leisure Pte 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 Hospitality Holdings (Asia) Limited	M&C Hospitality International Limited
M&C Hotel Enterprises (Asia) Limited	M&C Hotel Investments Pte. Ltd	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
President / 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	
CDL HBT Oceanic Holdings Pte Ltd	CDL HBT Oceanic Ltd	CDL HBT Oceanic Maldives Private
CDL HBT Oceanic Two Ltd	CDLHT (BVI) One Ltd	CDLHT MTN PTE. LTD
CDLHT Oceanic Holdings Pte Ltd	CDLHT Oceanic Ltd	CDLHT Oceanic Two Ltd
CDLHT Oceanic Maldives Private	CDLHT Sancuary Limited	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
Star Securities Australia Pty Ltd
Trans National Properties Ltd

Consultant to:
Richard A Bobb Chartered Accountants

G A MCKENZIE

Director of:
CMO Energy NZ
GMACK Consulting Ltd
Luxottica Retail New Zealand Ltd
McHarry Holdings 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 2013 are as follows:

Remuneration and value of other benefits	Number. of employees
100,000 – 110,000	3
110,001 – 120,000	1
120,001 – 130,000	3
130,001 – 140,000	3
140,001 – 150,000	1
150,001 – 160,000	2
160,001 – 170,000	3
180,001 – 190,000	1
210,001 – 220,000	1
220,001 – 230,000	1
540,001 – 550,000	1

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

The Company and its subsidiaries made donations to charity totalling $7,282.94 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:

	2012 ($'000)		2013 ($'000)	
	New Zealand	Australia	New Zealand	Australia
Annual Audit	289	25	276	25
KPMG Other Services	219	nil	311	nil

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

The Company's subsidiaries and their directors as at 31 December 2013 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	67.25%	Holding Company
CDL Land New Zealand Ltd	HR Wong, BK Chiu, DJ Lindsay, JB Pua	67.25%	Property Investment & Development Company
Context Securities Ltd	BK Chiu, JB Pua	100%	Investment Holding Company
First Sponsor Capital Limited	HR Wong, CHL Ho, Kwek Eik Sheng, First Sponsor Management Limited, TTAP Limited	34.00%	Investment Holding Company
Hospitality Group Ltd	BK Chiu, T Ito, NP McKissack, JB Pua, W Stone	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, JGD Tuuta, 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.

--Mr. JGD Tuuta was appointed as director of Quantum on 4 February 2013.

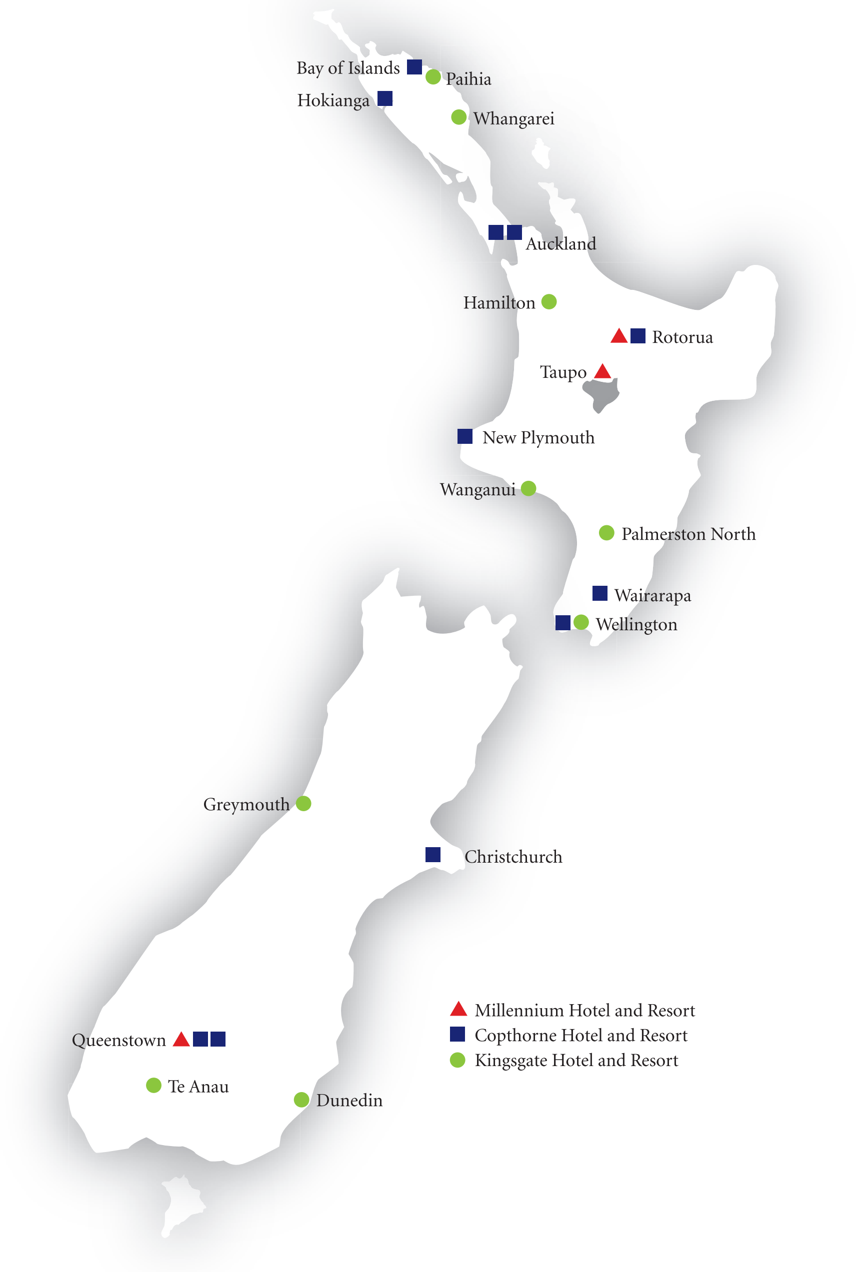
--Mr. S J Wallace resigned as a director of Hospitality Group Limited on 16 April 2013.

--The following persons received remuneration as Directors of the Company's subsidiaries during 2013: VWE Yeo ($30,000), R L Challinor ($35,000), J Henderson

This page has been left blank intentionally.

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)
Ali Mehdi	(National Revenue Manager)
Boon Pua	(Vice President Finance)
Kim-Marie Rixson	(Director, Human Resources)
Alison Smith	(National Director of Sales, Conferences and Incentives)
Josie Wilson	(National Distribution & Revenue Manager)

REGISTERED OFFICE & CONTACT DETAILS

Level 13, 280 Queen Street, Auckland, New Zealand
PO Box 5640, Wellesley Street, Auckland 1141
Telephone: (09) 353 5010
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

Head Office
Head Office Tel: (09) 353 5010
Level 13, 280 Queen Street
PO Box 5640, Wellesley St, Auckland

Sales
Auckland, Wellington and Christchurch
Email: sales.marketing@millenniumhotels.co.nz
International Sales Tel: (09) 353 5085
Corporate Sales Auckland Tel: (09) 353 5010
Corporate Sales Wellington Tel: (04) 382 0770

National Conference Office
Ph: 0800 4 MEETINGS (0800 4 633 846)
Email: meetings@millenniumhotels.co.nz
www.meetingsnz.co.nz

Central Reservations
Ph: 0800 808 228
Email: central.res@millenniumhotels.co.nz