MILLENNIUM
HOTELS AND RESORTS

More than Meets the Eye

ANNUAL REPORT 2015

MILLENNIUM & COPTHORNE HOTELS NEW ZEALAND LIMITED ANNUAL REPORT 2015

Front and inside cover: Bay of Islands. Image courtesy of NorthlandNZ.com

FINANCIAL SUMMARY

$136.5m	**$21.7m**
Revenue	Profit after tax and NCI
2.8cps	**$590.0m**
Dividend (cents per share)	Total Assets
$389.3m	**245.9cps**
Group Equity	Net Asset Backing Per Share

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CALENDAR

Annual Report Issued	24 March 2016
Dividend Paid	20 May 2016
Annual Meeting	Late May 2016
Half Year End	30 June 2016
Interim Results	July/August 2016
Financial Year End	31 December 2016

This report is dated 24 March 2016 and is signed on behalf of the Board of Millennium & Copthorne Hotels New Zealand by:

HR Wong
Chairman

BK Chiu
Managing Director

CHAIRMAN'S REVIEW

Financial Performance & Financial Position

The Directors of Millennium & Copthorne Hotels New Zealand Limited ("MCK") are pleased to report a profit attributable to owners of the parent of $21.7 million (2014: $30.2 million which included a one-off gain of $17.6 million) for the year ended 31 December 2015. MCK's revenue for the year increased to $136.5 million (2014: $130.1 million). The increases in revenue and profit on a like-for-like basis is pleasing given the closure of Copthorne Hotel Auckland Harbourcity for refurbishment from July 2015.

Profit before tax and non-controlling interests totaled $40.0 million (2014: $45.0 million which included a one-off gain of $17.6 million). The key contributors to profit were CDL Investments New Zealand Limited's (CDLI) land development and the company's core New Zealand hotels businesses.

Shareholders' funds excluding non-controlling interests as at 31 December 2015 totaled $389.3 million (2014: $371.4 million). Total assets at 31 December 2015 were $590.0 million (2014: $585.4 million). Net asset backing (with land and building revaluations and before distributions) as at 31 December 2015 has increased to 245.9 cents per share (2014: 234.6 cents per share).

Earnings per share increased to 13.70 cents per share (2014: 9.54 cents per share).

New Zealand Hotel Operations

Increased occupancy from higher visitor numbers and improved demand has resulted in further increases in average room rates and gross operating profits across MCK's portfolio of New Zealand hotels. Revenue for the hotels increased by 3.6% to $86.1 million (2014: $83.1 million) and revenue per available room (RevPAR) increased by 14.7% over 2014. Occupancy also increased to 77.1% in 2015 (2014: 73.7%). The Board is pleased with the efficiencies made which has enabled these increases to be achieved.

Millennium Hotel Queenstown and Copthorne Hotel Rotorua continued to make gains after completion of their refurbishment projects. The performance of these hotels and Copthorne Hotel, Oriental Bay Wellington reflected the fact that New Zealand remains a popular destination for Chinese, United States and European visitors.

As announced in July 2015, Copthorne Hotel Auckland Harbourcity was closed for a refurbishment program which is expected to be completed by the first quarter of 2017. The hotel will be extensively refurbished and its operations will be appropriately repositioned to reflect the new look and the investment which will be made to the property.

Canterbury Update

The lease on Millennium Hotel Christchurch ended in November 2015. MCK's insurance claim for its chattels and property is in the process of being finalized and we expect the claim to be settled in the first half of 2016. MCK is studying development options for its former Copthorne Hotel Christchurch Central site.

CDL Investments New Zealand Limited ("CDLI")

CDLI continued to perform strongly and announced another increased operating profit after tax for the year ended 31 December 2015 of $17.5 million (2014: $14.7 million) and reported an increase in its section sales from 248 in 2014 to 255 in 2015 reflecting ongoing demand for residential sections across CDLI's geographically diverse portfolio.

CDLI maintained its ordinary dividend at 2.2 cents per share. MCK's stake in CDLI reduced slightly to 66.91% as a result of MCK taking its dividend in cash and not shares.

Australia Update

In Australia, short term leasing of the units at the Zenith Residences continued during the year with occupancy of over 95% recorded. No sales of the owned units were made last year.

Progress in resolving the litigation affecting a wholly-owned subsidiary is being made with a view to resolution during the year.

Dividend Announcement

MCK has resolved to declare and pay all shareholders a fully imputed ordinary dividend of 2.8 cents per ordinary share (2014: 2.4 cents per share) which represents a 17% increase over the 2014 dividend per ordinary share). This increased dividend reflects the increased operational profitability in 2015 as well as the Board's confidence in the future consistent profitability from MCK's core operations.

The dividend, payable to all shareholders, will be paid on 20 May 2016. The record date will be 13 May 2016.

Outlook

2016 will be an exciting year for the company as we continue work on the refurbishment of Copthorne Hotel Auckland Harbourcity. We are looking forward to showcasing to our customers and stakeholders one of the best locations in New Zealand.

The benefits of MCK's recent refurbishment programme of its hotels are also showing results on our top and bottom lines with increases in occupancy, average rate and gross profit. Tourism in New Zealand is experiencing positive growth in visitor numbers and we expect current trends to continue in the near term. As a result of this, we believe that MCK can deliver consistent results and returns over that time.

Management and staff

On behalf of the Board, I thank the Company's management and staff for their work and commitment to the Company during the last twelve months.

Wong Hong Ren
Chairman

Top: *(left)* Vanilla Cheesecake with Roasted Pineapple and a White Chocolate and Coconut Mousse, *(right)* Chef's Tasting Platter of Fresh Oysters, Edgewater Restaurant, Millennium Hotel and Resort Manuels Taupo. **Bottom:** Bar Zazu, Millennium Hotel Rotorua.

SUSTAINABILITY AT OUR HOTELS

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

ENVIRO-GOLD

Millennium Hotel Queenstown

Copthorne Hotel & Resort Queenstown Lakefront

Copthorne Hotel & Apartments Queenstown Lakeview

Copthorne Hotel & Resort Solway Park Wairarapa

ENVIRO-SILVER

Millennium Hotel Rotorua

Copthorne Hotel & Resort Bay of Islands

Copthorne Hotel Auckland City

Copthorne Hotel Rotorua

Copthorne Hotel Wellington Oriental Bay

Kingsgate Hotel Te Anau

ENVIRO-BRONZE

Millennium Hotel & Resort Manuels Taupo

Kingsgate Hotel Dunedin

Kingsgate Hotel Greymouth

Worm Farm at Copthorne Hotel and Resort Queenstown Lakefront.

Millennium Hotel Rotorua supporting the opening of Rotorua's Green Corridor, an inner city cycle path linking existing cycleways to the east and west.

MANAGING DIRECTOR'S REVIEW

2015 may be remembered for many things including the fact that the tourism industry in New Zealand became the country's biggest export earner.

If you are travelling around New Zealand, this is immediately evident from the number of foreign visitors at our airports, enjoying the attractions up and down New Zealand and staying in hotels, motels and camping grounds across the country. From an attraction and accommodation point of view, owners and guests should both be smiling. Our own 2015 results have reflected this.

With increased demand comes increased expectations. The international visitor today is arguably more demanding and quite different from than say ten or fifteen years ago and tourism generally needs to look at how it can add value to the visitor experience. Increasing migration numbers to both NZ and Australia have also seen the growth of friends and families visiting or vacationing in New Zealand. Indeed, adding value for all visitors regardless of origin and making New Zealand a higher-value destination is something the tourism industry should be focused on. The goal posts are changing and we need to reach new levels of excellence.

In the 2014 Annual Report, I referred to Millennium & Copthorne Hotels New Zealand's own refurbishment programmes. Over the years, we have sought to continue the investment in our properties even when the industry was not so buoyant. That programme is now delivering increased guest numbers and better customer feedback and shareholders too are now seeing the benefits through increased dividends which we believe are sustainable. Under these buoyant conditions, our feet remain on the ground. Our balance sheet remains strong and our investment horizon spans across generations. We do not want to end up victims of boom and bust cycles.

The dynamics of the hotel industry continue to evolve and change with breathtaking speed. Amongst the many challenges we face are the availability of skilled human resources in our hotels, keeping up with the latest technology and the changing expectations and needs of guests from different countries. Access to instant online news of disasters and conflicts also impact on tourist arrivals to New Zealand.

The question as to how to manage our business optimally and make sound business decisions alongside our industry stakeholders in good times as well as bad without jeopardising our collective future is a tricky one. It calls for the industry as a whole and its stakeholders, including national and local authorities, to make sober and informed comments and policies. There is a place for exuberance but not hubris nor complacency. There should be tempered realism and policies to encourage sustainable growth but not misplaced notions and skeletal analysis such as build-it-and-they-will-come projects with tax and ratepayers funds.

People, Planet, Profit – at MCK these are certainly not mutually exclusive. First it must be a state of mind, a conviction – "we believe". Our philosophy is to grow our own talent and skills by providing opportunities for employees'

Millennium Hotel Rotorua is an active supporter of the Wingspan Birds of Prey Trust, where the hotel supports a Karearea falcon named 'Millennium', or 'Milly' for short. Wingspan aims to restore populations of this native NZ falcon.

Welcoming Olympic Gold Medallist, Lisa Carrington, to Millennium Hotel Rotorua.

"We should ask ourselves how we can move up to the next level from simple conservation of power and water practices to techniques of true recycling....it is the consistent implementation of these initiatives in our kitchens, food and beverage operations, housekeeping, laundry and offices that determines success. If we do these right things right first time, the accountability to our environment will evolve as part of our culture at MCK".

aspirations and growth in their careers. The employer-employee relationship is not a zero sum game. It is a two-way street with MCK being mindful on matters from wages to health and safety to career opportunities. Equally, the employee's dedication and commitment to be of service to our guests and diners, to new and better ways of doing things, to improved productivity and to benefit directly from these improvements is critical. It is not a zero sum equation.

How does our industry live up to being "100% Pure New Zealand"? We cannot indulge in green spin or tokenism. We should ask ourselves how we can move up to the next level from simple conservation of power and water practices to techniques of true recycling, diversion from landfills and contribute to the reduction of plastic into the environment. We know that the technology is available and while knowledge is power, it is the consistent implementation of these initiatives in our kitchens, food and beverage operations, housekeeping, laundry and offices that determines success. If we do these right things right first time, the accountability to our environment will evolve as part of our culture at MCK. It is a virtuous circle!

With regard to our own steel, concrete and optic fibres, the refurbishment of Copthorne Hotel Auckland Harbourcity, our most significant project for several years, will be our focus this year. Very soon we will be able to confirm the name and branding of the refurbished hotel as well as the new room and public area designs. We are looking forward to introducing a new guest experience to Auckland which will make this property stand out and be the preferred choice to stay at.

Our people have continued to make a difference and some of our outstanding individuals are featured in this report. We celebrate their success and we will continue to retain, recruit and develop our talent pool and knowledge base across our organisation.

I would like to pay special thanks to all of our staff across all of our Millennium, Copthorne and Kingsgate hotels but in particular our General Managers and Operations team for their work in 2015 to ensure that we delivered on our market plans and budgets. There is still much we can do and I am confident that we have the people and the tools to achieve more positive results in 2016 and beyond.

B K Chiu
Managing Director

MCK team photo at TRENZ 2015, Millennium Hotel Rotorua.

DIRECTORS' PROFILES

WONG HONG REN (Chairman & Non-Executive Director)

Mr. Wong is currently the Chief Executive of City e-Solutions Limited and was Executive Director and Chief Executive Officer of Millennium & Copthorne Hotels plc until February 2015. He is widely experienced in investment analysis, international capital markets and mergers and acquisitions transactions as well as post-acquisition management re-organisation matters. He is also Chairman of CDL Investments New Zealand Limited and M&C REIT Management Limited.

Mr. Wong was last re-elected to the Board at the 2014 annual meeting of shareholders.

B K CHIU (Managing Director & Member of the 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.

ALOYSIUS LEE (Non-Executive Director)

Aloysius Lee Tse Sang is currently Executive Director and Group Chief Executive Officer of Millennium & Copthorne Hotels plc. Mr Lee was previously the Chief Executive Officer of South Beach Consortium Pte Ltd., a joint venture established by City Developments Limited and other parties to create a mixed use real estate development in Singapore. Prior to that, Mr Lee held senior leadership positions at Shui On Land, Hong Kong Telecom, Star Cruises and Singapore Airlines. He is a fellow of both the Chartered Management Institute and the Chartered Institute of Marketing, and holds a Masters degree in Business Administration from the University of Hong Kong. He also has management qualifications from Harvard University and the University of Hawaii.

Mr. Lee was elected to the Board at the 2015 annual meeting of shareholders.

KEVIN HANGCHI (Non-Executive Director – appointed with effect 1 January 2016)

Mr. Hangchi is currently Senior Vice President, Hong Leong Management Services Pte. Limited. He has global transactional experience across many of the Hong Leong Group's entities including listings and public offerings, mergers and acquisitions as well as capital markets issuances and banking facilities. Mr. Hangchi has been called to the English and Singaporean bars and holds an honours degree in Accountancy and Law from the University of Southampton.

Mr. Hangchi will be required to stand for election at the 2016 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 2014 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 2015 annual meeting of shareholders.

2015: A YEAR OF ACHIEVEMENTS

BEEF AND LAMB EXCELLENCE AWARDS 2016

Five Millennium and Copthorne Restaurants were acknowledged for their consistently high standard of beef and lamb cuisine at the 20th Anniversary of the Beef and Lamb Excellence Awards held in December 2015.

2016 Winners:
Millennium Hotel Taupo, Edgewater Restaurant
Copthorne Hotel Palmerston North, Jimmy Cook's
Copthorne Hotel Solway Park, Wairarapa, The Grill
Copthorne Hotel Wellington, One80˚ Restaurant
Pictured: Johnny Coulter, Copthorne Hotel Queenstown Lakefront, Impressions Restaurant

ALISON SMITH, CINZ OUTSTANDING CONTRIBUTOR 2015

Alison Smith, Director of Sales, Conference and Incentives, Australia and New Zealand received the CINZ Outstanding Contributor for 2015 award, held at the annual conference dinner at the Isaac Theatre Royal in Christchurch city on September 29th, 2015.

PETER DANN, APPRENTICE CHEF OF THE YEAR 2015

Peter Dann, a third year apprentice chef at Copthorne Hotel Palmerston North, was awarded by ServiceIQ as the 2015 Apprentice Chef of the Year.

Image courtesy of www.serviceiq.org.nz

MCK together with its external solicitors Bell Gully received the Capital Markets Deal of the Year and International Deal of the Year at the 2015 New Zealand Law Awards held in November. The awards recognized the work of the M&C New Zealand senior management team and their external legal advisors on their 2014 distribution in specie (DIS) transactions.

HOTEL OWNERSHIP

MILLENNIUM & COPTHORNE HOTELS NEW ZEALAND LIMITED

OWNED

Millennium Hotel Rotorua

Copthorne Hotel & Resort Bay of Islands (49%)

Copthorne Hotel Auckland HarbourCity (closed for refurbishment)

Copthorne Hotel & Resort Queenstown Lakefront

Kingsgate Hotel Greymouth

Kingsgate Hotel Te Anau

QUANTUM LIMITED

OWNED

Millennium Hotel Queenstown

Copthorne Hotel Auckland City

Copthorne Hotel Rotorua

Copthorne Hotel Palmerston North

Copthorne Hotel Wellington Oriental Bay

Copthorne Hotel & Apartments Queenstown Lakeview

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

Kingsgate Hotel The Avenue Wanganui

HOSPITALITY SERVICES LIMITED

MANAGED/FRANCHISED

Kingsgate Hotel Autolodge Paihia

Copthorne Hotel Wellington Oriental Bay

CORPORATE GOVERNANCE

Cape Reinga, Northland. Image courtesy of NorthlandNZ.com

As an NZX Main Board 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 adopted the corporate governance practices prescribed in the NZX Corporate Governance Best Practice Code (NZX Code) in Appendix 16 to the NZX Main Board and Debt Market Listing Rules (the Listing Rules), except where specifically noted otherwise below, and has had regard to the Corporate Governance Principles and Guidelines from the Financial Markets Authority.

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)	2/3
B K Chiu	3/3
ATS Lee	2/2
VWE Yeo	3/3
R Bobb	3/3
G A McKenzie	3/3

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 2015, MCK's Board consisted of Messrs. H R Wong (Chairman / Non-Executive Director), B K Chiu (Managing Director), A T S Lee (Non-Executive Director), V W E Yeo (Non-Executive Director), R Bobb (Independent Director) and G A McKenzie (Independent Director). Mr. Lee was appointed to the Board on 1 April 2015 and Mr. Yeo retired as a director on 31 December 2015. In December 2015, MCK announced that Mr. Kevin Hangchi would replace Mr. Yeo on the Board. MCK's Constitution and the Listing Rules require 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 must 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 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 (Listing Rules 3.3.1 and 3.3.2). The Board has determined that Messrs Bobb and McKenzie are both Independent Directors as neither has a Disqualifying Relationship (as that term is defined in the Listing Rules). Messrs Wong, Chiu, Lee, Yeo and Hangchi are not considered by the Board 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 as constituted as required.

Audit Committee

Pursuant to 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 2015, the members of this Committee were Messrs. Bobb (Chair), McKenzie and Chiu. As Mr. Chiu is MCK's Managing Director, MCK does not comply with the requirement under the NZX Code which states that the Audit Committee should comprise solely of non-executive directors of the company.

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 Listing Rules and the Financial Markets Conduct Act 2013.

MCK's Board has adopted a continuous disclosure policy (the 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 MCK's continuous disclosure committee (the **Disclosure Committee**). A quorum of the Disclosure 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 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 the Policy);
- Ensuring that all employees and directors within the Group whom the Committee considers appropriate receive a copy of the 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 from the 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 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 a 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 Listing Rules as soon as practicable after it becomes aware of the existence of material information, unless it determines:
  - a a reasonable person would not expect the information to be disclosed; and
  - b the information is confidential and its confidentiality is maintained; and
  - c 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 Listing Rules to release material information to NZX to the extent 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 leaked or inadvertently disclosed information is not price sensitive, the Disclosure Committee should consider whether the information should be released to NZX via its market announcement platform in order to provide investors with equal access.
- All external communications by MCK must comply with this Policy, any media policy and the Company's rules with respect to confidential information. No material information is to be disclosed to such persons before it is released to NZX.
- Slides and presentations used in briefings should be released to NZX for immediate release to the market.

MCK requires all of its Directors and employees to comply with the Policy. The Disclosure Committee is responsible for ensuring that the Policy is complied with and for investigating any breach of the Policy. A deliberate or reckless breach of the Policy may result in the summary dismissal of the employee who deliberately or recklessly breaches the Policy, and a breach of the Policy or any relevant law may also attract civil or criminal legal penalties.

CODE OF ETHICS

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

- All Directors shall undertake their duties with due care and diligence at all times and will conduct themselves honestly and with integrity. All Directors shall not do anything, or cause anything to be done, 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 of our employees are expected to act in the best interests of the Company and to enhance the reputation of the Company. Guidance is provided to management and employees by way of code of conduct policies. The Company believes in fair dealing with its customers and suppliers, shareholders, employees and other stakeholders and external third parties.

MCK has a current Insider Trading Policy which applies to Directors and Officers and a Whistleblowing Policy which extends to all management and employees. The Whistleblowing Policy facilitates the disclosure and impartial investigation of any serious wrongdoing. This policy advises employees of their right to disclose serious wrongdoing, and sets out the Company's internal procedures for receiving and dealing with such disclosures. The policy is consistent with, and facilitates, the Protected Disclosures Act 2000 and is supported by the Board.

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 Chartered Accountants Australia New Zealand (CAANZ);
- has not, within two years prior to the commencement of the audit, had as a member of its audit engagement team MCK's Managing Director, Vice President Finance, Financial Controller, or any member of the Company's management who act in a financial oversight role.
- does not allow the direct compensation of its audit partners for selling non-audit services to MCK.

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

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

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

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

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

MCK's Audit Committee shall pre-approve all audit and related services that are to be provided by the auditor. Aside from core external audit services, it is appropriate for the MCK's auditors to provide the following services:

- due diligence (but not valuations) on proposed transactions;
- review of financial information where third party verification is required or deemed necessary (outside the normal audit process);
- completion audits / reviews;
- financial model preparation or review;
- accounting policy advice (including opinions on compliance with New Zealand and international Generally Accepted Accounting Practice);

From top to bottom: Director of Sales, Conference and Incentives, Alison Smith, with TV Chef, Annabelle White, at M&C's Easy Peasy Christmas Dinner Day, MCK Team photo at Millennium Hotels and Resorts Corporate Bowls Day, Michele, Joshua and Courtney from Millennium Hotel Rotorua supporting a joint project with DOC to clear rubbish from the bird sanctuary opposite the hotel.

- 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 CAANZ.

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 NZX Main Board Listing Rule 10.4.5(j), set out below is a quantitative breakdown of the gender composition of the Company's directors, officers, hotel managers and other permanent employees as at 31 December 2015:

Gender composition by number and percentage

Position	2014		2015	
	Male	Female	Male	Female
Directors	5 (100%)	0 (0%)	6 (100%)	0 (0%)
Officers*	6 (67%)	3 (33%)	6 (67%)	3 (33%)
Hotel managers	11 (85%)	2 (15%)	10 (83%)	2 (17%)
Permanent employees	383 (40%)	564 (60%)	366 (39%)	582 (61%)

* Officers comprise the Company's Managing Director's direct reports.

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

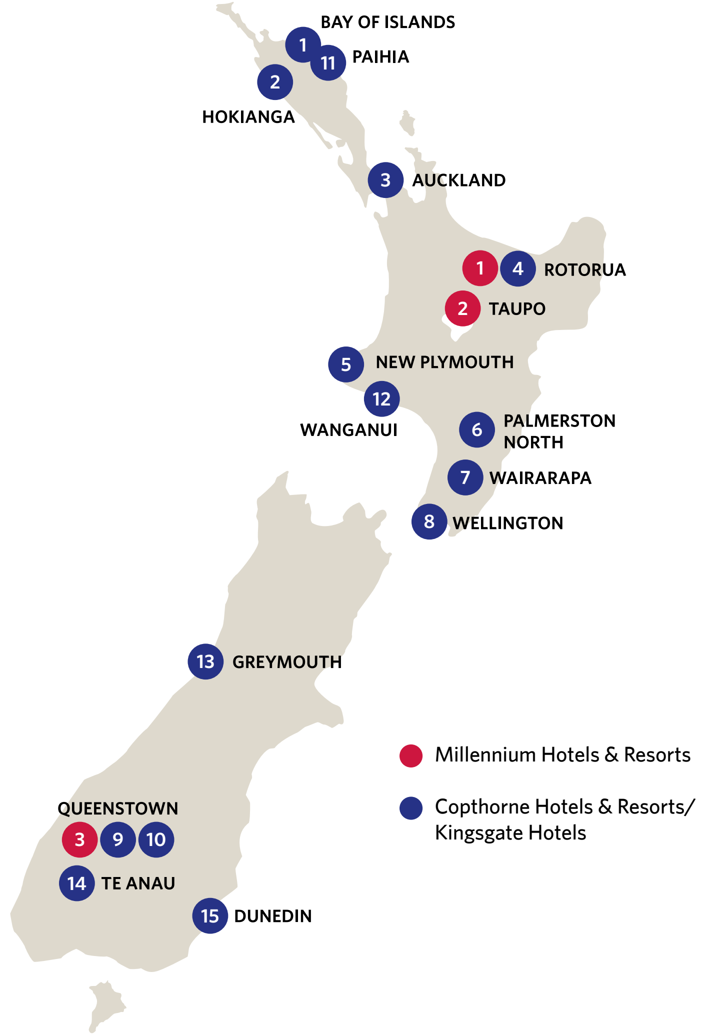
MCK is committed to providing shareholders and stakeholders with information on its activities and performance. MCK does this through a number of channels including:

- announcements in accordance with continuous disclosure as required under the 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 IN NEW ZEALAND



MILLENNIUM COLLECTION

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

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

3. 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 COLLECTION

1. 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

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

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

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

5. 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

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

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

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

9. Copthorne Hotel & Resort Queenstown Lakefront
Cnr Adelaide Street and Frankton Road, Queenstown
Phone +64 3 450 0260
Fax +64 3 442 7472
copthorne.lakefront@millenniumhotels.co.nz

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

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

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

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

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

15. 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
More than Meets the Eye

Financial Statements – Contents

Regulatory Disclosures and Statutory Information – Contents


One80° Restaurant, Copthorne Hotel Wellington Oriental Bay

Millennium & Copthorne Hotels New Zealand Limited

Consolidated Income Statement

For the year ended 31 December 2015

DOLLARS IN THOUSANDS	Note	Group 2015	Group 2014
Hotel revenue		86,094	83,086
Rental income		2,848	2,818
Property sales		47,599	44,160
Revenue		**136,541**	**130,064**
Cost of sales		(58,465)	(58,377)
Gross profit		**78,076**	**71,687**
Other income	2	-	18,138
Administration expenses	3	(20,602)	(26,645)
Other operating expenses	3	(17,592)	(18,799)
Operating profit		**39,882**	**44,381**
Finance income	5	3,406	4,236
Finance costs	5	(3,271)	(3,245)
Net finance income		**135**	**991**
Share of profit/(loss) of associate	13	-	(370)
Profit before income tax		**40,017**	**45,002**
Income tax expense	6	(11,645)	(9,422)
Profit for the year		**28,372**	**35,580**
Attributable to:			
Owners of the parent		21,670	30,191
Non-controlling interests		6,702	5,389
Profit for the year		**28,372**	**35,580**
Basic earnings per share (cents)	9	13.70	9.54
Diluted earnings per share (cents)	9	13.70	9.54

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2015

DOLLARS IN THOUSANDS	Note	Group 2015	Group 2014
Profit for the year		**28,372**	**35,580**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Revaluation/impairment of property, plant and equipment	10	3,255	17,793
- Tax expense on revaluation/impairment of property, plant and equipment	6, 21	(817)	(600)
		2,438	**17,193**
Items that are or may be reclassified to profit or loss			
Foreign exchange translation movements	5	1,532	(6,727)
- Tax credit on foreign exchange translation movements	5, 6	25	417
Share of post-acquisition reserves in associate	13	-	(933)
		1,557	**(7,243)**
Total comprehensive income for the year		**32,367**	**45,530**
Total comprehensive income for the year attributable to :			
Owners of the parent		25,858	39,766
Non-controlling interests		6,509	5,764
Total comprehensive income for the year		**32,367**	**45,530**

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

Millennium & Copthorne Hotels New Zealand Limited

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

Group

DOLLARS IN THOUSANDS	Share Capital	Revaluation Reserve	Exchange Reserve	Accumulated Losses	Treasury Stock	Total	Non-controlling Interests	Total Equity
	Attributable to equity holders of the Group							
Balance at 1 January 2015	383,266	94,110	(4,116)	(101,874)	(26)	371,360	78,347	449,707
Movement in exchange translation reserve, net of tax	-	-	1,750	-	-	1,750	(193)	1,557
Revaluation/impairment of property, plant & equipment, net of tax	-	2,438	-	-	-	2,438	-	2,438
Share of post-acquisition reserves in associate	-	-	-	-	-	-	-	-
Total other comprehensive income/(loss)	-	2,438	1,750	-	-	4,188	(193)	3,995
Profit for the year	-	-	-	21,670	-	21,670	6,702	28,372
Total comprehensive income for the year	-	2,438	1,750	21,670	-	25,858	6,509	32,367
Transactions with owners, recorded directly in equity:								
Movement in fair value on assets held for sale	-	-	-	1	-	1	-	1
Dividends paid to:								
Owners of the parent	-	-	-	(3,797)	-	(3,797)	-	(3,797)
Non-controlling interests	-	-	-	-	-	-	(2,820)	(2,820)
Supplementary dividends	-	-	-	(109)	-	(109)	-	(109)
Foreign investment tax credits	-	-	-	109	-	109	-	109
Movement in non-controlling interests without a change in control	-	-	-	(4,129)	-	(4,129)	(26,484)	(30,613)
Balance at 31 December 2015	**383,266**	**96,548**	**(2,366)**	**(88,129)**	**(26)**	**389,293**	**55,552**	**444,845**

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

Millennium & Copthorne Hotels New Zealand Limited

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

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 2014	430,330	78,308	1,177	(43,303)	(85)	466,427	100,755	567,182
Movement in exchange translation reserve, net of tax	-	-	(15,244)	-	-	(15,244)	(1,017)	(16,261)
Reclassification of exchange translation reserve to profit or loss arising from disposal of associate	-	-	9,951	-	-	9,951	-	9,951
Revaluation/impairment of property, plant & equipment, net of tax	-	15,802	-	-	-	15,802	1,391	17,193
Share of post-acquisition reserves in associate	-	-	-	(934)	-	(934)	1	(933)
Total other comprehensive income/(loss)	-	15,802	(5,293)	(934)	-	9,575	375	9,950
Profit for the year	-	-	-	30,191	-	30,191	5,389	35,580
Total comprehensive income for the year	-	15,802	(5,293)	29,257	-	39,766	5,764	45,530
Transactions with owners, recorded directly in equity:								
Redeemable preference shares issued	111,231	-	-	-	-	111,231	-	111,231
Capital reduction in subsidiary	-	-	-	-	-	-	(2,470)	(2,470)
Cancellation of shares and distribution in specie	(158,295)	-	-	(90,430)	59	(248,666)	-	(248,666)
Dividends paid to:								
Owners of the parent	-	-	-	(6,287)	-	(6,287)	-	(6,287)
Non-controlling interests	-	-	-	-	-	-	(2,473)	(2,473)
Supplementary dividends	-	-	-	(198)	-	(198)	-	(198)
Foreign investment tax credits	-	-	-	198	-	198	-	198
Movement in non-controlling interests without a change in control	-	-	-	8,889	-	8,889	(23,229)	(14,340)
Balance at 31 December 2014	**383,266**	**94,110**	**(4,116)**	**(101,874)**	**(26)**	**371,360**	**78,347**	**449,707**

Millennium & Copthorne Hotels New Zealand Limited

Consolidated Statement of Financial Position

As at 31 December 2015

DOLLARS IN THOUSANDS	Note	Group 2015	Group 2014
SHAREHOLDERS' EQUITY			
Issued capital	8	383,266	383,266
Reserves		6,053	(11,880)
Treasury stock	8	(26)	(26)
Equity attributable to owners of the parent		**389,293**	**371,360**
Non-controlling interests		55,552	78,347
Total equity		**444,845**	**449,707**
Represented by:			
NON CURRENT ASSETS			
Property, plant and equipment	10	316,634	309,148
Development properties	11	140,637	122,738
Intangible assets	12	2,823	2,823
Investment in associates	13	2	2
Total non-current assets		**460,096**	**434,711**
CURRENT ASSETS			
Cash and cash equivalents	14	14,021	24,022
Short term bank deposits		59,955	83,572
Trade and other receivables	15	16,131	16,849
Trade receivables due from related parties	25	27	-
Inventories		1,252	1,256
Development properties	11	38,247	24,652
Assets held for sale	16	319	298
Total current assets		**129,952**	**150,649**
Total assets		**590,048**	**585,360**
NON CURRENT LIABILITIES			
Interest-bearing loans and borrowings	17	72,500	61,500
Provision for deferred taxation	19	42,881	41,865
Total non-current liabilities		**115,381**	**103,365**
CURRENT LIABILITIES			
Interest-bearing loans and borrowings	17	27	6,921
Trade and other payables	20	20,571	20,967
Trade payables due to related parties	25	667	504
Loans due to related parties	25	3,800	-
Provisions	18	3,000	3,000
Income tax payable		1,757	896
Total current liabilities		**29,822**	**32,288**
Total liabilities		**145,203**	**135,653**
NET ASSETS		**444,845**	**449,707**

For and on behalf of the Board

R BOBB, DIRECTOR, 19 February 2016

BK CHIU, MANAGING DIRECTOR, 19 February 2016

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

Millennium & Copthorne Hotels New Zealand Limited

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

DOLLARS IN THOUSANDS	Note	Group 2015	Group 2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from customers		137,611	127,497
Receipts from insurers		-	57
Interest received		3,100	4,127
Dividends received	5	3	2
Cash was applied to:			
Payments to suppliers and employees		(112,372)	(95,018)
Purchase of development land		(8,697)	(4,522)
Interest paid		(3,353)	(2,428)
Income tax paid		(10,563)	(9,349)
Net cash inflow from operating activities		**5,729**	**20,366**
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was (applied to)/provided from:			
Proceeds from the sale of property, plant and equipment		20	-
Return of surplus capital from associate	13	-	4,309
Purchase of property, plant and equipment	10	(10,926)	(6,691)
Purchase of investments in subsidiaries		(31,000)	(14,250)
Purchase of investment in associate	13	-	(58,510)
Investments in short term bank deposits		23,617	(83,572)
Net cash outflow from investing activities		**(18,289)**	**(158,714)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was (applied to)/provided from:			
Repayment of borrowings	17	(11,894)	(138,378)
Drawdown of borrowings	17	16,000	125,921
Loans advanced from parent company	25	3,800	-
Repayment of loan from parent company		-	(9,500)
Proceeds from the issuance of new shares net of issuance costs	8	-	111,231
Dividends paid to shareholders of Millennium & Copthorne Hotels New Zealand Ltd	8	(3,797)	(6,287)
Dividends paid to non-controlling shareholders		(2,820)	(2,473)
Net cash inflow from financing activities		**1,289**	**80,514**
Net decrease in cash and cash equivalents		**(11,271)**	**(57,834)**
Add opening cash and cash equivalents		24,022	82,085
Exchange rate adjustment		1,270	(229)
Closing cash and cash equivalents	14	**14,021**	**24,022**

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

Millennium & Copthorne Hotels New Zealand Limited

Consolidated Statement of Cash Flows – continued

For the year ended 31 December 2015

DOLLARS IN THOUSANDS	Note	Group 2015	Group 2014
RECONCILIATION OF NET PROFIT FOR THE YEAR TO CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		28,372	35,580
Adjusted for non-cash items:			
Gain on distribution in specie	2	-	(17,643)
Gain on sale of property, plant and equipment	3	(58)	(209)
Depreciation	10	6,662	9,051
Unrealised foreign exchange losses		71	722
Share of loss/(profit) of associate	13	-	370
Income tax expense	6	11,645	9,422
		46,692	**37,293**
Adjustments for movements in working capital:			
(Increase)/decrease in trade & other receivables		789	(3,112)
Decrease in inventories		4	123
Increase in development properties		(30,933)	(10,332)
Increase/(decrease) in trade & other payables		2,791	8,299
(Decrease)/increase in related parties		127	(33)
Cash generated from operations		**19,470**	**32,238**
Interest expense	5	(3,178)	(2,523)
Income tax paid		(10,563)	(9,349)
Cash inflows from operating activities		**5,729**	**20,366**

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 Financial Markets Conduct Reporting Entity in terms of the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013. The financial statements of the Company for the year ended 31 December 2015 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; and development and sale of residential units in Australia.

(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).

From 1 April 2014, the new Financial Reporting Act 2013 ("FRA 2013") came into force and replaced the Financial Reporting Act 1993. This is effective for all for-profit entities with reporting periods beginning on or after 1 April 2014 and this became effective for the Group's 31 December 2015 year end. The change in legislation has no material impact on the Group's obligation to prepare general purpose financial statements. The Group is subject to the Financial Markets Conduct Act 2013.

In addition to the change in legislation the External Reporting Board of New Zealand ("XRB") has released a new accounting standards framework which establishes the financial standards to be applied to entities with statutory financial reporting obligations. The Group is currently reporting under NZ IFRS. Under the new XRB framework the Group continues to apply NZ IFRS as applicable for Tier 1 for-profit entities. This has no material impact on the preparation and disclosures included in the financial statements.

The financial statements were authorised for issuance on 19 February 2016.

(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 26 - 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. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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 or joint control, over the financial and operating policies. Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income (OCI) of equity-accounted investees, until the date on which 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.

Significant accounting policies - continued

(e) Foreign currency

Foreign currency transactions
Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance date are translated to New Zealand dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to New Zealand dollars at foreign exchange rates ruling at the dates the fair value was determined.

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

(f) Financial instruments

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

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

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 (u).

(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.

Significant accounting policies – continued

(h) Property, plant and equipment - continued

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.

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) 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. All holding costs incurred after completion of development are expensed as incurred. 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.

(j) 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 (n)).

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 (n)).

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:

Leasehold interests	10 – 27 years

(k) 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.

Millennium & Copthorne Hotels New Zealand Limited
Notes to the Consolidated Financial Statements for the year ended 31 December 2015

Significant accounting policies – continued

(l) Trade and other receivables

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

(m) 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.

(n) Impairment

The carrying amounts of the Group's assets other than development properties (see accounting policy (i)), inventories (see accounting policy (m)) and deferred tax assets (see accounting policy (v)), 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.

(o) 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.

(p) 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.

(q) 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.

(r) Trade and other payables

Trade and other payables are stated at cost.

Significant accounting policies – continued

(s) 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.

(t) 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.

(u) 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.

(v) 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.

Millennium & Copthorne Hotels New Zealand Limited
Notes to the Consolidated Financial Statements for the year ended 31 December 2015

Significant accounting policies – continued

(w) 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.

(x) 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 2015, and have not been applied in preparing these financial statements.

- *NZ IFRS 9 - Financial Instruments (effective after 1 January 2018)*
- *NZ IFRS 15 - Revenue from Contracts with Customers (effective 1 January 2018)*
- *IFRS 16 - Leases (effective 1 January 2019)*

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

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1. Segment reporting

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

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

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

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

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

Geographical areas
The Group operates in the following main geographical areas:

- New Zealand.
- Australia.
- Asia (up to July 2014).

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.

Operating segments

	Hotel Operations		Residential Land Development		Residential & Commercial Property Development		Group	
Dollars In Thousands	2015	2014	2015	2014	2015	2014	2015	2014
External revenue	86,094	83,086	47,599	44,160	2,848	2,818	136,541	130,064
Finance income	2,105	2,126	852	1,358	449	752	3,406	4,236
Finance expense	(3,266)	(1,225)	-	(12)	(5)	(2,008)	(3,271)	(3,245)
Depreciation and amortisation	(6,649)	(9,034)	(2)	(1)	(11)	(16)	(6,662)	(9,051)
Segment profit/(loss) before income tax	14,766	11,046	24,159	20,537	1,092	13,789	40,017	45,372
Share of (loss)/profit of associates	-	-	-	-	-	(370)	-	(370)
Profit before income tax	14,766	11,046	24,159	20,537	1,092	13,419	40,017	45,002
Income tax (expense)/credit	(4,604)	(4,346)	(6,686)	(5,827)	(355)	751	(11,645)	(9,422)
Other material/non-cash items:								
Business interruption insurance income	-	495	-	-	-	-	-	495
Gain on distribution in specie	-	-	-	-	-	17,643	-	17,643
Segment assets	385,370	380,568	142,678	130,467	61,998	74,323	590,046	585,358
Tax assets	-	-	-	-	-	-	-	-
Investment in associates	-	-	2	2	-	-	2	2
Total assets	385,370	380,568	142,680	130,469	61,998	74,323	590,048	585,360
Segment liabilities	(92,853)	(84,867)	(234)	(240)	(7,478)	(7,785)	(100,565)	(92,892)
Tax liabilities	(44,691)	(43,154)	(2,157)	(1,740)	2,210	2,133	(44,638)	(42,761)
Total liabilities	(137,544)	(128,021)	(2,391)	(1,980)	(5,268)	(5,652)	(145,203)	(135,653)
Capital expenditure	10,917	6,685	1	3	8	3	10,926	6,691

1. **Segment reporting -** continued

Geographical areas

Dollars In Thousands	New Zealand 2015	New Zealand 2014	Australia 2015	Australia 2014	Asia 2015	Asia 2014	Group 2015	Group 2014
External revenue	133,693	127,246	2,848	2,818	-	-	136,541	130,064
Finance income	3,000	3,546	406	690	-	-	3,406	4,236
Finance expense	(3,266)	(3,241)	(5)	(4)	-	-	(3,271)	(3,245)
Depreciation and amortisation	(6,651)	(9,035)	(11)	(16)	-	-	(6,662)	(9,051)
Segment profit/(loss) before income tax	40,173	47,517	(156)	(2,145)	-	-	40,017	45,372
Share of (loss)/profit of associates	-	-	-	-	-	(370)	-	(370)
Profit before income tax	40,173	47,517	(156)	(2,145)	-	(370)	40,017	45,002
Income tax (expense)/credit	(11,402)	(10,056)	(242)	634	-	-	(11,645)	(9,422)
Other material/non-cash items:								
Business interruption insurance income	-	495	-	-	-	-	-	495
Gain on distribution in specie	-	17,643	-	-	-	-	-	17,643
Segment assets	528,377	512,892	61,667	72,466	-	-	590,046	585,358
Tax assets	-	-	-	-	-	-	-	-
Investment in associates	2	2	-	-	-	-	2	2
Total assets	528,379	512,894	61,667	72,466	-	-	590,048	585,360
Segment liabilities	(93,121)	(85,136)	(7,444)	(7,756)	-	-	(100,565)	(92,892)
Tax liabilities	(46,881)	(44,921)	2,243	2,160	-	-	(44,638)	(42,761)
Total liabilities	(140,002)	(130,057)	(5,201)	(5,596)	-	-	(145,203)	(135,653)
Capital expenditure	10,918	6,688	8	3	-	-	10,926	6,691

2. **Other income**

Dollars In Thousands	Note	Group 2015	Group 2014
Business interruption insurance income		-	495
Gain on distribution in specie	13(f)	-	17,643
		-	18,138

There is no business interruption insurance income in the current period and in the previous period it relates to Millennium Hotel Christchurch.

3. **Administration and other operating expenses**

Dollars In Thousands	Note	Group 2015	Group 2014
Depreciation	10	6,662	9,051
Auditors remuneration			
Audit fees		322	309
Tax compliance and advisory		122	210
Directors fees	24	260	265
Lease and rental expenses	22	2,171	2,139
Provision for bad debts			
Debts written off		22	27
Movement in doubtful debt provision		(12)	(12)
Net gain on disposal of property, plant and equipment		(58)	(209)
Other		28,705	33,664
		38,194	45,444

Millennium & Copthorne Hotels New Zealand Limited
Notes to the Consolidated Financial Statements for the year ended 31 December 2015

4. **Personnel expenses**

Dollars In Thousands	Group 2015	Group 2014
Wages and salaries	32,628	31,798
Employee related expenses and benefits	4,994	5,253
Contributions to defined contribution plans	581	551
Increase/(decrease) in liability for long-service leave	28	13
	38,231	37,615

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

5. **Net finance income**

Recognised in the income statement

Dollars In Thousands	Group 2015	Group 2014
Interest income	3,381	4,234
Dividend income	3	2
Foreign exchange gain	22	-
Finance income	3,406	4,236
Interest expense	(3,178)	(2,523)
Foreign exchange loss	(93)	(722)
Finance costs	(3,271)	(3,245)
Net finance income recognised in the income statement	**135**	**991**

Recognised in other comprehensive income

Dollars In Thousands	Note	Group 2015	Group 2014
Foreign exchange translation movements		1,557	(16,678)
Reclassification of exchange translation reserve to profit and loss arising from disposal of associate	13(f)	-	9,951
Net finance income recognised in other comprehensive income		**1,557**	**(6,727)**

6. **Income tax expense**

Recognised in the income statement

Dollars In Thousands	Group 2015	Group 2014
Current tax expense		
Current year	10,757	9,909
Adjustments for prior years	664	1,416
	11,421	11,325
Deferred tax expense		
Origination and reversal of temporary difference	224	(1,903)
Adjustments for prior years	-	-
	224	(1,903)
Total income tax expense in the income statement	**11,645**	**9,422**

6. **Income tax expense** – continued

Reconciliation of tax expense

Dollars In Thousands	Group 2015	Group 2014
Profit before income tax	40,017	45,002
Income tax at the company tax rate of 28% (2014: 28%)	11,205	12,601
Adjusted for:		
Non-deductible expenses	505	639
Tax rate difference (if different from 28% above)	10	(45)
Tax exempt income	(739)	(5,302)
Tax arising from investment in associate	-	113
Under/(over) provided in prior years	664	1,416
Total income tax expense	11,645	9,422
Effective tax rate	29%	21%

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

Dollars In Thousands	Group 2015	Group 2014
Relating to revaluation of property, plant and equipment	817	600
Relating to foreign currency translation of foreign subsidiaries	(25)	(417)
	792	183

7. **Imputation credits**

Dollars In Thousands	Group 2015	Group 2014
Imputation credits available for use in subsequent reporting periods	58,614	52,767

The KIN Holdings Group has A$5.7 million (2014: A$10.2 million) franking credits available as at 31 December 2015.

8. **Capital and reserves**

Share capital

	Group 2015 Shares	Group 2015 $000's	Group 2014 Shares	Group 2014 $000's
Ordinary shares issued 1 January	105,578,290	350,048	349,598,066	430,330
Ordinary shares cancelled via distribution in specie	-	-	(244,019,776)	(80,282)
Ordinary shares issued at 31 December – fully paid	**105,578,290**	**350,048**	**105,578,290**	**350,048**
Redeemable preference shares issued following rights issue	52,739,543	33,218	174,634,366	111,766
Capitalised costs of raising capital	-	-	-	(535)
Redeemable preference shares cancelled via distribution in specie	-	-	(121,894,823)	(78,013)
Redeemable preference shares issued at 31 December – fully paid	**52,739,543**	**33,218**	**52,739,543**	**33,218**
Ordinary shares repurchased and held as treasury stock 1 January	(99,547)	(26)	(329,627)	(85)
Treasury stock cancelled via distribution in specie	-	-	230,080	59
Ordinary shares repurchased and held as treasury stock 31 December	**(99,547)**	**(26)**	**(99,547)**	**(26)**
Total shares issued and outstanding	**158,218,286**	**383,240**	**158,218,286**	**383,240**

At 31 December 2015, the authorised share capital consisted of 105,578,290 ordinary shares (2014: 105,578,290 ordinary shares) with no par value and 52,739,543 redeemable preference shares (2014: 52,739,543 redeemable preference shares) with no par value.

Millennium & Copthorne Hotels New Zealand Limited
Notes to the Consolidated Financial Statements for the year ended 31 December 2015

8. **Capital and reserves** - continued

Share capital - continued

During 2014 the Company undertook a capital raising exercise to fund further investment in First Sponsor Capital Limited, repay some debt, and fund proposed refurbishment work. On 17 February 2014 the Company announced the offer for eligible shareholders to acquire one non-voting redeemable preference share for every two ordinary shares held. The offer was oversubscribed and the application monies were received by the closing date on 19 March 2014. On 24 March 2014, 174,634,366 redeemable preference shares were allotted at $0.64 per preference share and trading commenced on 25 March 2014. The non-voting redeemable preference shares rank equally with ordinary shares with respect to all distributions made by the Company (including without limitation, to dividend payments) except for any distributions made in the context of a liquidation of the Company.

At a special meeting of the shareholders on 19 June 2014, the shareholders approved a detailed proposal to return capital to the shareholders by way of a scheme of arrangement under Part 15 of the Companies Act. This scheme involved: the cancellation of approximately 70% of the Company's ordinary and redeemable preference shares; and the distribution of substantially all of the shares in First Sponsor Group Limited to both holders of ordinary and redeemable preference shares.

On 17 July 2014, pursuant to the scheme, 244,019,776 ordinary shares were cancelled at the historical average price of $0.329 cents per share while 121,894,823 redeemable preference shares were cancelled at the issue price of $0.64 cents per share. The treasury stock were also cancelled at the same ratio with 230,080 shares cancelled at the historical average of $0.259 per share.

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

Exchange reserve
The exchange reserve comprises the foreign exchange differences arising from the translation of the financial statements of foreign operations.

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

Dollars In Thousands	Parent 2015	Parent 2014
Ordinary Dividend - 2.4 cents per qualifying ordinary share (2014: 1.2 cents)	3,797	6,287
Special Dividend - nil cents per qualifying ordinary share (2014: nil cents)	-	-
Supplementary Dividend - 0.4235 cents per qualifying ordinary share (2014: 0.2118 cents)	109	198
	3,906	6,485

After 31 December 2015 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 - 2.8 cents per qualifying share (2014: 2.4 cents)	4,430
Supplementary Dividend - 0.4941 cents per qualifying share (2014: 0.4235 cents)	127
Total Dividends	4,557

9. **Earnings per share**

Basic earnings per share
The calculation of basic earnings per share at 31 December 2015 was based on the profit attributable to ordinary and redeemable preference shareholders of $21,670,000 (2014: $30,191,000) and weighted average number of shares outstanding during the year ended 31 December 2015 of 158,218,286 (2014: 316,354,813), calculated as follows:

Profit attributable to shareholders

Dollars In Thousands	Group 2015	Group 2014
Profit for the year	28,372	35,580
Profit attributable to non-controlling interests	(6,702)	(5,389)
Profit attributable to shareholders	21,670	30,191

Weighted average number of shares

	Group 2015	Group 2014
Weighted average number of shares (ordinary and redeemable preference shares)	158,317,833	316,578,540
Effect of own shares held (ordinary shares)	(99,547)	(223,727)
Weighted average number of shares for earnings per share calculation	158,218,286	316,354,813

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

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 2014	91,240	170,938	22,898	89,732	104	1,629	376,541
Acquisitions	-	8	-	202	-	6,481	6,691
Disposals	-	-	(426)	(582)	-	-	(1,008)
Transfers between categories	(2,000)	3,093	2,653	3,116	-	(6,862)	-
Transfer from accumulated depreciation following revaluation	-	(167)	(86)	-	-	-	(253)
Movements in foreign exchange	-	-	-	(21)	-	-	(21)
Revaluation surplus/(deficit)	13,510	1,554	2,729	-	-	-	17,793
Balance at 31 December 2014	**102,750**	**175,426**	**27,768**	**92,447**	**104**	**1,248**	**399,743**
Balance at 1 January 2015	102,750	175,426	27,768	92,447	104	1,248	399,743
Acquisitions	-	-	-	71	-	10,855	10,926
Disposals	-	(4,218)	-	(4,562)	(39)	-	(8,819)
Transfers between categories	-	(2,134)	91	2,436	-	(393)	-
Transfer from accumulated depreciation following revaluation	-	(126)	-	-	-	-	(126)
Movements in foreign exchange	-	-	-	6	-	-	6
Revaluation surplus/(deficit)	336	2,919	-	-	-	-	3,255
Balance at 31 December 2015	**103,086**	**171,867**	**27,859**	**90,398**	**65**	**11,710**	**404,985**
Depreciation and impairment losses							
Balance at 1 January 2014	-	(11,436)	(2,647)	(68,657)	(82)	-	(82,822)
Depreciation charge for the year	-	(3,669)	(365)	(5,013)	(4)	-	(9,051)
Disposals	-	1	426	578	-	-	1,005
Transfers between categories	-	-	-	-	-	-	-
Transfer accumulated depreciation against cost following revaluation	-	167	86	-	-	-	253
Movements in foreign exchange	-	-	-	20	-	-	20
Balance at 31 December 2014	**-**	**(14,937)**	**(2,500)**	**(73,072)**	**(86)**	**-**	**(90,595)**
Balance at 1 January 2015	-	(14,937)	(2,500)	(73,072)	(86)	-	(90,595)
Depreciation charge for the year	-	(2,180)	(369)	(4,109)	(4)	-	(6,662)
Disposals	-	4,218	-	4,528	39	-	8,785
Transfers between categories	-	-	-	-	-	-	-
Transfer accumulated depreciation against cost following revaluation	-	126	-	-	-	-	126
Movements in foreign exchange	-	-	-	(5)	-	-	(5)
Balance at 31 December 2015	**-**	**(12,773)**	**(2,869)**	**(72,658)**	**(51)**	**-**	**(88,351)**
Carrying amounts							
At 1 January 2014	91,240	159,502	20,251	21,075	22	1,629	293,719
At 31 December 2014	**102,750**	**160,489**	**25,268**	**19,375**	**18**	**1,248**	**309,148**
At 1 January 2015	102,750	160,489	25,268	19,375	18	1,248	309,148
At 31 December 2015	**103,086**	**159,094**	**24,990**	**17,740**	**14**	**11,710**	**316,634**

10. Property, plant and equipment – continued

The Directors consider the value of the hotel assets with a net book value of $316.6 million (2014: $309.15 million) to be within a range of $316.00 to $325.00 million (2014: $309.15 to $323.20 million). This is substantiated by valuations completed by Bower Valuations Limited, registered valuers, on: 7 hotel assets valued in total at $169.47 million in December 2013; 3 hotel assets valued in total at $127.65 million in December 2014; and 3 hotel assets valued in total at $28.00 million in December 2015.

During 2015 three (2014: three) of the Group's freehold and leasehold 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 $3.26 million (2014: $17.79 million) was added to 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 2015 to approximate their fair value as at 31 December 2015. This is on the basis that the Group's hotels which were not subject to external professional valuations were tested for impairment by management. Based on these tests no value (2014: $nil) 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 1.14% to 4.04% (2014: 1.1% to 13.1%) over the five years projection. Pre-tax discount rates ranging between 7.50% and 10.75% (2014: 8.25% to 13.50%) 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 2014	40,659	79,837	17,279	21,075	22	1,629	160,501
At 31 December 2014	**38,659**	**79,268**	**19,567**	**19,375**	**18**	**1,248**	**158,135**
At 1 January 2015	38,659	79,268	19,567	19,375	18	1,248	158,135
At 31 December 2015	**38,659**	**74,954**	**19,289**	**17,743**	**14**	**11,710**	**162,369**

Copthorne Hotel Auckland Harbourcity

The Copthorne Hotel Auckland Harbourcity closed down on 24 July 2015 for a major refurbishment project valued at over $40.00 million. This project involves a complete replacement of the building services, new guest rooms and public areas. The obsolete assets were fully depreciated with the cost and accumulated depreciation, both totaling $8.61 million, removed from the asset registers. The remaining building assets of $5.65 million were transferred to work in progress for the construction phase. The capital commited at balance date is included in the total capital commitments in Note 23. The project is expected to complete in early 2017.

Canterbury Earthquake

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

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

The Copthorne Hotel Christchurch Central suffered minor damage from the 4 September 2010 earthquake and remained open for business. The 22 February 2011 earthquake severely damaged the hotel after which the insurers assessed that the hotel was uneconomic to repair. The material damage claim for Copthorne Hotel Central Christchurch was settled with the insurers on 22 November 2012. The hotel was demolished in October 2013. In relation to the land at Copthorne Hotel Central Christchurch, the Canterbury Earthquake Recovery Authority (CERA) had earmarked the land as part of a performing arts precinct in its Christchurch rebuilding blueprint. CERA has lifted the designation and there is no encumbrance on the land.

The Copthorne Hotel Christchurch City 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

Dollars In Thousands	Group 2015	Group 2014
Development land	126,551	96,965
Residential development	52,333	50,425
	178,884	147,390
Less expected to settle within one year	(38,247)	(24,652)
	140,637	122,738
Development land recognised in cost of sales	20,908	21,839

Development land is carried at the lower of cost and net realisable value. No interest (2014: $nil) has been capitalised during the year. The fair value of development land held at 31 December 2015 was determined by an independent registered valuer, DM Koomen SPINZ, of Extensor Advisory Limited as $265.01 million (2014: $205.97 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 rates 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 2015 was determined by R Laoulach AAPI of Laoulach & Company Pty Ltd (2014: L Rogers AAPI of Landmark White (Sydney) Pty Ltd), registered valuers as $76.58 million (A$72.40 million) (2014: $64.86 million (A$62.00 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

Goodwill of $2.82 million (2014: $2.82 million) in the Group is attributed to the Copthorne Hotel Auckland Harbourcity cash generating unit.

Leasehold interests held by the Group of $23.19 million are fully amortised.

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 six years based on budgets and forecasts at growth rates appropriate to the business. A pre-tax discount rate of 7.50% (2014: 8.50%) was applied to the future cash flows. Average annual revenue growth of 4.04% (2014: 2.1%) was assumed over the 5 years projection.

In the 2015 review of goodwill no impairment (2014: nil) was found in respect of Copthorne Hotel Auckland Harbourcity.

13. Investment in associates

Prestons Road Limited has no revenue or expenses, therefore the Group's share of profit of its associate was nil (2014: nil). 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.

The net assets of Prestons Road Limited not adjusted for the percentage ownership held by the Group is $6,000, with the Group's share equal to $2,000.

During 2014 the Group disposed of its investments in First Sponsor Capital Limited. The Group's share of loss of its associate, First Sponsor Group Limited ("FSGL") for 2014 was $0.37 million FSGL and its subsidiaries are principally involved in investment holding, property development and sales, hotel operations, property investments and real estate financing in China.

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13. Investment in associates - continued

Movements in the carrying value of FSGL:

Dollars In Thousands	Note	Group First Sponsor Group Ltd 2014
Balance at 1 January 2014		185,329
Amalgamation of subsidiary	13 (a)	-
Disposal of associate held by subsidiary	13 (b)	(2,470)
Distribution of shares from subsidiary	13 (b)	-
Investment in associate	13 (c)	58,510
Return of surplus capital	13 (d)	(4,309)
Movement in foreign exchange		(7,046)
Share of post-acquisition movement in foreign exchange reserves for the year		(7,322)
Share of post-acquisition capital reserves for the year		(933)
Share of loss for the year		(370)
Dilution gain		493
Disposal of associate under distribution in specie	13 (e),(f)	(221,565)
Reclassification to asset held for sale	13 (e), 16	(317)
Balance at 31 December 2014		-

Reorganisation of investments in associates before the scheme of arrangement
As preparation for the implementation of the scheme of arrangements, the Company consolidated its investments held by its subsidiaries, by way of capital reorganisation and transfer of the investments from its subsidiaries.

13 (a) On 21 March 2014, MCHNZ Investments Limited (100% owned subsidiary of the Company) amalgamated with the Company and the existing 119,299,296 FSCL preference shares and 245 FSCL ordinary shares held by MCHNZ Investments Limited were transferred to the Company, being the continuing entity.

13 (b) On 21 March 2014, KIN Holdings Limited (61.30% owned subsidiary of the Company) carried out a capital reduction and a distribution in specie exercise whereby its entire FSCL shares held were distributed to Tai Tak Asia Properties Pte Limited (non-controlling interest of 38.70%: 2,102,013 preference shares at fair value of $2.47 million) and the Company (61.30%: 3,329,545 preference shares). The Company recorded the transfer of 3,329,545 shares at fair value of $3.91 million.

Investment in associate
13 (c) On 11 February 2014 the Company received notice from FSCL of a capital call of SG$190.00 million in March 2014 to fund further expansion of its development properties in Chengdu, Sichuan Province, China. The Company increased its investments by providing additional capital of $58.51 million (SG$63.50 million) on 26 March 2014 and was issued with 50,134,440 preference shares.

In September 2013, the Group increased its investment in FSCL by providing additional capital of US$33.42 million (NZ$40.30 million 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.

Reorganisation of FSCL before the IPO
13 (d) As part of the capital reorganisation of FSGL before its Initial Public Offer (IPO), 245 ordinary shares and 172,763,281 preference shares held by the Company in FSCL were exchanged for 171,561,263 shares in FSGL on 31 March 2014. As a result surplus capital of $4.31 million was returned from FSCL. The Company ended up with 31.42% interests in FSGL at 31 March 2014.

Scheme of arrangement and the distribution in specie
13 (e) Pursuant to the scheme of arrangement which was approved by the shareholders of the Company on 19 June 2014, the cancellation of capital and the distribution in specie of the FSGL shares took effect on 17 July 2014. The implementation of the scheme resulted in:

Class of shares	Number of shares cancelled	20 day VWAP	Total value of shares cancelled ($'000)	Number of FSGL shares distributed	Fair value	Total value of FSGL shares distributed ($'000)
Ordinary	243,789,696	$0.68	$165,777	114,210,355	$1.448	$165,445
Redeemable preference	121,894,823	$0.68	$82,889	57,105,438	$1.448	$82,723
	365,684,519		$248,666	171,315,793		$248,168
Treasury stock	230,080	$0.68	$156	-	-	-
	365,914,599		$248,822	171,315,793		$248,168

- The cancellation ratio and the distribution ratio are the same for both ordinary and preference shares. For every 1,000 shares, 698 shares were cancelled and 327 FSGL shares were distributed.

13. **Investment in associates** - continued

- 243,789,696 ordinary shares amounting to $165.78 million (at 20 day volume weighted average price (VWAP) of $0.68 cents per ordinary share) were cancelled in exchange for 114,210,355 FSGL shares amounting to $165.45 million (at the fair value of $1.448 cents per share (computed at SG$1.55 at foreign exchange rate of 1.07));
- 121,894,823 redeemable preference shares amounting to $82.89 million (at 20 day volume weighted average price of $0.68 cents per ordinary share) were cancelled in exchange for 57,105,438 FSGL shares amounting to $82.72 million at the fair value of $1.448 cents per share (computed at SG$1.55 at foreign exchange rate of 1.07);
- 230,080 repurchased ordinary shares held as treasury stock were cancelled amounting to $0.16 million (at 20 day volume weighted average price of $0.68 cents per ordinary share). No FSGL shares were exchanged for the treasury stock cancelled; and
- 245,470 FSGL shares were left undistributed due to the rounding of the approved cancellation and distribution ratios. The remaining shares were then reclassified to assets held for sale.
- The distribution has been accounted for in accordance to IFRIC 17 – Distributions of non-cash assets to owners.

Gain on the distribution in specie

13 (f) The distribution of the FSGL shares at fair value over the equity accounted book value at the Group level resulted in a gain on distribution in specie which was recognised in the profit and loss. The cumulative exchange movements which were recognised in the Other Comprehensive Income were reclassified to the profit and loss and recognised in the gain. The gains on distribution are analysed as follow:

Dollars In Thousands	Note	Group 2014
Total value of the distribution	13 (e)	248,666
Less book value of FSGL shares distributed		*(221,565)
Add dilution gain in FSGL		493
Less reclassification of cumulative exchange movements from exchange translation reserves	5	(9,951)
Gain on distribution in specie	2	17,643

* at equity accounted value.

14. **Cash and cash equivalents**

Dollars In Thousands	Group 2015	Group 2014
Cash	6,514	4,875
Term deposits	7,507	19,147
Bank overdrafts	-	-
	14,021	24,022

15. **Trade and other receivables**

Dollars In Thousands	Group 2015	Group 2014
Trade receivables	6,078	6,014
Less provision for doubtful debts	(7)	(18)
Insurance receivables	-	309
Other trade receivables and prepayments	10,060	10,544
	16,131	16,849

16. **Assets held for sale**

Dollars In Thousands	Note	Group 2015	Group 2014
First Sponsor Group Limited shares	13 (e)	317	317
Add/(Less): Movement in fair value		2	(19)
Carrying value		319	298

Due to the rounding which was part of the approved cancellation and distribution ratios, 245,470 First Sponsor Group Limited shares were left undistributed in 2014. The remaining shares were therefore reclassified from investments in associates to assets held for sale with the intention to sell. At balance date, the market price of the shares was $1.30 (SG$1.26) which converted to $319,000 (2014: $298,000). As a result a provision of $2,000 (2014: $19,000 decrease) was booked to reflect the increase in fair value.

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17. **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 21.

Group

				31 December 2015		31 December 2014	
Dollars in Thousands	Currency	Interest Rate	Facility Total	Face Value	Carrying Amount	Face Value	Carrying Amount
Revolving credit	NZD	3.275%		12,500	12,500	12,500	12,500
Revolving credit	NZD	3.275%		12,500	12,500	12,500	12,500
Revolving credit	NZD	3.275%		10,000	10,000	10,000	10,000
Revolving credit	NZD	3.275%		37,500	37,500	17,000	17,000
Revolving credit	NZD	-		-	-	9,500	9,500
Overdraft	NZD	3.100%		27	27	6,921	6,921
TOTAL			105,000	72,527	72,527	68,421	68,421
Current				27	27	6,921	6,921
Non-current				72,500	72,500	61,500	61,500

Terms and debt repayment schedule

The bank loans are secured over hotel properties with a carrying amount of $283.28 million (2014: $275.68 million) – refer to Note 10. The bank loans have no fixed term of repayment before maturity. The Group facilities mature on 31 January 2017.

18. **Provisions**

Dollars In Thousands	Group Earthquake provisions	FF&E and Site Restoration	Total
Balance at 1 January 2014	2,243	742	2,985
Provisions made during the year	-	15	15
Balance at 31 December 2014	2,243	757	3,000
Non-current	-	-	-
Current	2,243	757	3,000
Balance at 1 January 2015	2,243	757	3,000
Provisions made during the year	-	-	-
Balance at 31 December 2015	2,243	757	3,000
Non-current	-	-	-
Current	2,243	757	3,000

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 2015, the earthquake provisions of $2.24 million relate to Millennium Hotel Christchurch.

19. **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	2015	2014	2015	2014	2015	2014
Property, plant and equipment	-	-	46,594	45,571	46,594	45,571
Development properties	(1,149)	(1,103)	-	-	(1,149)	(1,103)
Provisions	(2,109)	(2,248)	-	-	(2,109)	(2,248)
Employee benefits	(768)	(735)	-	-	(768)	(735)
Trade and other payables	(545)	(472)	-	-	(545)	(472)
Net investment in foreign operations	-	-	858	852	858	852
Net tax (assets) / liabilities	(4,571)	(4,558)	47,452	46,423	42,881	41,865

19. Deferred tax assets and liabilities - continued

Movement in deferred tax balances during the year

Dollars In Thousands	Group Balance 1 Jan 14	Recognised in income	Recognised in equity	Balance 31 Dec 14
Property, plant and equipment	46,078	(1,105)	600	45,573
Development properties	(1,084)	(70)	51	(1,103)
Provisions	(1,406)	(904)	60	(2,250)
Employee benefits	(657)	(78)	-	(735)
Trade and other payables	(726)	254	1	(471)
Net investment in foreign operations	1,380	-	(529)	851
	43,585	(1,903)	183	41,865

Dollars In Thousands	Group Balance 1 Jan 15	Recognised in income	Recognised in equity	Balance 31 Dec 15
Property, plant and equipment	45,573	204	817	46,594
Development properties	(1,103)	(33)	(13)	(1,149)
Provisions	(2,250)	161	(20)	(2,109)
Employee benefits	(735)	(33)	-	(768)
Trade and other payables	(471)	(75)	1	(545)
Net investment in foreign operations	851	-	7	858
	41,865	224	792	42,881

20. Trade and other payables

Dollars In Thousands	Group 2015	2014
Trade payables	1,351	1,253
Employee entitlements	2,632	2,497
Non-trade payables and accrued expenses	16,588	17,217
	20,571	20,967

21. 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, shares in listed entities, 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 $1.84 million (2014: $1.86 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 would have decreased profit before tax for the Group in the current period by $0.01 million (2014: $0.27 million increase), assuming all other variables remained constant.

21. Financial instruments - continued

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		2015				2014			
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	0.10% to 3.22%	13,961	13,961	-	0.10% to 4.25%	23,955	23,955	-
Short term bank deposits *		2.35% to 4.70%	59,955	18,755	41,200	3.07% to 4.82%	83,572	71,072	12,500
Secured bank loans *	17	3.275%	(72,500)	(72,500)	-	4.39% to 4.43%	(61,500)	(61,500)	-
Bank overdrafts *	17	3.10%	(27)	(27)	-	4.10%	(6,921)	(6,921)	-

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

(ii) Foreign currency risk
The Group owns 100.00% (2014: 61.30%) of KIN Holdings Limited and 0.04% (2014: 0.04%) of First Sponsor Group Limited. Substantially all the operations of these subsidiary groups and assets held for sale are denominated in foreign currencies. The foreign currencies giving rise to this risk are Australian Dollars and Singapore Dollars. The Group has determined that the primary risk affects the carrying values of the net investments in its foreign operations with the currency movements being recognised in the foreign currency translation reserves. The Group has not taken any measurements to manage this risk.

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

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

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

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

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

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

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

Group *Dollars In Thousands*	Note	Carrying amount 2015	Fair value 2015	Carrying amount 2014	Fair value 2014
LOANS AND RECEIVABLES					
Cash and cash equivalents	14	14,021	14,021	24,022	24,022
Short term bank deposits		59,955	59,955	83,572	83,572
Trade and other receivables	15	16,131	16,131	16,849	16,849
Trade payables due from related parties	25	27	27	-	-
OTHER LIABILITIES					
Secured bank loans and overdrafts	17	(72,527)	(72,527)	(68,421)	(68,421)
Trade and other payables	20	(20,571)	(20,571)	(20,967)	(20,967)
Trade payables due to related parties	25	(667)	(667)	(504)	(504)
Loans due to related parties	25	(3,800)	(3,800)	-	-
		(7,431)	(7,431)	34,551	34,551
Unrecognised (losses) / gains		-	-	-	-

21. **Financial instruments** - continued

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

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

22. Operating leases

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

	Group	
Dollars In Thousands	2015	2014
Less than one year	961	972
Between one and five years	3,450	3,665
More than five years	965	1,711
	5,376	6,348

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 2015, $2.17 million was recognised as an expense in the income statement in respect of operating leases (2014: $2.14 million).

23. Capital commitments

As at 31 December 2015, the Group had entered into contractual commitments for capital expenditure ($38.58 million) and development expenditure ($12.51 million) totalling $51.09 million (2014: $1.91 million capital expenditure and $20.07 million development expenditure). The majority of the capital committed relates to the refurbishment of Copthorne Hotel Auckland Harbourcity (refer to Note 10).

24. Related parties

Identity of related parties
The Group has a related party relationship with its parent, subsidiaries (see Note 25), associates and with its directors and executive officers.

Transactions with key management personnel
Directors of the Company and their immediate relatives control 0.71% (2014: 0.71%) of the voting shares of the Company. There were no loans (2014: $nil) advanced to directors for the year ended 31 December 2015. Key management personnel include the Board and the Executive Team.

Total remuneration for key management personnel

	Group	
Dollars In Thousands	2015	2014
Non-executive directors	260	265
Executive director	604	535
Executive officers	684	703
	1,548	1,503

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).

25. Group entities

Control of the Group
Millennium & Copthorne Hotels New Zealand Limited is a 75.20% (2014: 75.20%) 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.

Millennium & Copthorne Hotels New Zealand Limited
Notes to the Consolidated Financial Statements for the year ended 31 December 2015

25. **Group entities** - continued

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

		Group	
Dollars In Thousands	Nature of balance	2015	2014
Trade payables and receivables due to related parties			
Millennium & Copthorne Hotels plc	Recharge of expenses	(667)	(504)
Millennium & Copthorne International Limited	Recharge of expenses	2	-
CDL Hotels Holdings New Zealand Limited	Recharge of expenses	25	-
		(640)	(504)
Loans due to related parties			
CDL Hotels Holdings New Zealand Limited	Inter-company loan	(3,800)	-
		(3,800)	-

No debts with related parties were written off or forgiven during the year. No interest was charged on these payables during 2015 and 2014. There are no set repayment terms. During this period costs amounting to $250,000 (2014: $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 CDL Hotels Holdings New Zealand Limited is interest bearing. The interest rates were fixed and range between 2.47% and 3.06% (2014: 2.50 to 3.06%).

During the year consulting fees of $78,000 (2014: $41,000) were paid to Bobb Management Pty Ltd of which Mr. R Bobb (Director) is a shareholder and director.

Associate companies
The associate companies included in the financial statements of Millennium & Copthorne Hotels New Zealand Limited as at 31 December 2015 are:

	Principal Activity	Principal Place of Business	Holding % by CDL Land New Zealand Limited 2015	Holding % by CDL Land New Zealand Limited 2014
Prestons Road Limited	Service provider	NZ	33.33	33.33

Prestons Road Limited 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.

Subsidiary companies
The principal subsidiary companies of Millennium & Copthorne Hotels New Zealand Limited included in the consolidation as at 31 December 2015 are:

	Principal Activity	Principal Place of Business	Group Holding % 2015	Group Holding % 2014
Context Securities Limited	Investment Holding	NZ	100.00	100.00
MCHNZ Investments Limited (amalgamated with the Parent)	Investment Holding	NZ	n/a	n/a
Copthorne Hotel & Resort Bay of Islands Joint Venture	Hotel Operations	NZ	49.00	49.00
Quantum Limited	Holding Company	NZ	100.00	100.00
100% owned subsidiaries of Quantum Limited are:				
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	66.91	67.06
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	100.00	61.30
100% owned subsidiaries of KIN Holdings Limited are:				
Kingsgate Investments Pty Limited	Residential Apartment Developer	Australia		

25. Group entities - continued

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 Copthorne Hotel & Resort Bay of Islands 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 commenced until the date control ceases.

On 21 March 2014, MCHNZ Investments Limited (100% owned subsidiary of the Company) amalgamated with the Company. Quantum Limited became a wholly owned subsidiary of the Company on 30 November 2014.

On 27 February 2015, the Group acquired the 38.70% interest it did not already own in KIN Holdings Limited from Tai Tak Holdings Pte. Limited for a cash consideration of $31.00 million. The Group recognised a decrease in revenue reserves of $4.20 million and a decrease in non-controlling interests of $26.80 million. The effects of the acquisition on the equity attributable to the owners of the Company are as follow:

Dollars In Thousands	Assets and Liabilities
Ownership interest at 1 January 2015	69,652
Effect of increase in ownership interest	(12,638)
Share of comprehensive income	738
Ownership interest at 31 December 2015	57,752

26. Accounting estimates and judgements

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

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

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

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

The Group has two remaining properties affected by the Christchurch earthquakes. In assessing the property for impairment 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 land underlying the properties is not affected by liquefaction or other geological issues which prevent repairs or reinstatement of the properties.

Development property
The Group is also exposed to market fluctuations in the value of development properties. The carrying value of development properties is $178.88 million (2014: $147.39 million) while the fair value determined by independent valuers is $341.59 million (2014: $270.83 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.

KPMG

Independent auditor's report

To the shareholders of Millennium & Copthorne Hotels New Zealand Limited

We have audited the accompanying consolidated financial statements of Millennium & Copthorne Hotels New Zealand Limited and its subsidiaries ("the group") on pages FIN1 to FIN29. The financial statements comprise the consolidated statement of financial position as at 31 December 2015, the consolidated income statement and consolidated 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.

This report is made solely to the shareholders as a body. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in the auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company's shareholders as a body, for our audit work, this report or any of the opinions we have formed.

Directors' responsibility for the consolidated financial statements

The directors are responsible on behalf of the company for the preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the group's preparation and fair presentation of the consolidated financial statements 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 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 consolidated 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 group in relation to taxation compliance and advisory. Subject to certain restrictions, partners and employees of our firm may also deal with the group on normal terms within the ordinary course of trading activities of the business of the group. These matters have not impaired our independence as auditor of the group. The firm has no other relationship with, or interest in, the group.

Opinion

In our opinion, the consolidated financial statements on pages FIN1 to FIN29 comply with generally accepted accounting practice in New Zealand and present fairly, in all material respects, the consolidated financial position of Millennium & Copthorne Hotels New Zealand Limited as at 31 December 2015 and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

KPMG

19 February 2016
Auckland

REGULATORY DISCLOSURES

20 LARGEST ORDINARY SHAREHOLDERS (as at 1 March 2016) (Listing Rule 10.4.5(b)

Rank	Shareholder	No. of Securities	%
1.	CDL Hotels Holdings New Zealand Limited	74,139,077	70.22
2.	BNP Paribas Nominees (NZ) Limited- NZCSD	5,962,409	5.65
3.	HSBC Nominees (New Zealand) Limited - NSCSD	3,745,814	3.55
4.	Zeta Beta Limited	2,796,157	2.65
5.	Accident Compensation Corporation – NZCSD	2,120,767	2.01
6.	Guardian Nominees No. 2 A/C – NZCSD	2,045,116	1.94
7.	National Nominees New Zealand Limited	1,939,237	1.84
8.	HSBC Nominees (New Zealand) Limited	1,704,781	1.61
9.	Sky Hill Limited	1,641,742	1.55
10.	Citibank Nominees (New Zealand) Limited – NZCSD	1,261,768	1.20
11.	Leng Beng Kwek	906,000	0.86
12.	Amalgamated Dairies Limited	684,980	0.65
13.	Hong Ren Wong	604,000	0.57
14.	Kay Hong Chiam	475,251	0.45
15.	Custodial Services Limited	268,780	0.25
16.	JP Morgan Chase Bank NZ NZ Branch - NZCSD	190,682	0.18
17.	Stephen John Lobb & Nicoletta Maria Bartoli	179,447	0.17
18.	Geok Loo Goh	168,002	0.16
19.	ASB Nominees Limited	161,653	0.15
20.	Sita Singh	151,000	0.14

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

20 LARGEST REDEEMABLE PREFERENCE SHAREHOLDERS (as at 1 March 2016) (Listing Rule 10.4.5(b)

Rank	Shareholder	No. of Securities	%
1.	CDL Hotels Holdings New Zealand Limited	44,922,095	85.18
2.	BNP Paribas Nominees (NZ) Limited- NZCSD	2,945,671	5.59
3.	Accident Compensation Corporation – NZCSD	1,440,091	2.73
4.	Guardian Nominees No. 2 A/C – NZCSD	1,028,474	1.95
5.	Leng Beng Kwek	453,000	0.86
6.	HSBC Nominees (New Zealand) Limited	438,332	0.83
7.	Hong Ren Wong	302,000	0.57
8.	Kay Hong Chiam	211,324	0.40
9.	National Nominees New Zealand Limited	200,000	0.38
10.	Zeta Beta Limited	144,427	0.27
11.	ASB Nominees Limited	136,425	0.26
12.	Vincent Wee Eng Yeo	75,500	0.14
13.	JP Morgan Chase Bank NZ NZ Branch - NZCSD	50,000	0.09
14.	Theodore John van Geldermalsen & Margaret Gay Freemantle	40,000	0.08
15.	Howard Cedric Zindel	31,592	0.06
16.	Stephen John Lobb & Nicoletta Maria Bartoli	30,200	0.06
17.	Joan Lesley Thompson	30,200	0.06
18.	Roger Edward Hayward & Susan Elizabeth Hayward	28,909	0.05
19.	John Wilson	24,160	0.05
20.	Ling Foo Kok	20,134	0.04

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 1 March 2016)

Range	Total Holders	Number of shares	Percentage of Issued Capital
1 - 99	4	207	0.00
100 – 199	27	4,200	0.00
200 – 499	504	174,819	0.17
500 – 999	351	250,574	0.24
1,000 – 1,999	207	298,342	0.28
2,000 – 4,999	187	561,236	0.53
5,000 – 9,999	68	488,388	0.46
10,000 – 49,999	59	1,348,261	1.28
50,000 – 99,999	9	628,068	0.59
100,000 – 499,999	11	2,060,525	1.95
500,000 – 999,999	3	2,194,980	2.08
1,000,000+	4	97,568,690	92.41
Rounding	-	-	0.01
Total	**1434**		**100.00**

HOLDINGS SIZE – REDEEMABLE PREFERENCE SHARES (as at 1 March 2016)

Range	Total Holders	Number of shares	Percentage of Issued Capital
100 - 199	45	6,981	0.01
200 - 499	44	13,429	0.03
500 - 999	31	21,695	0.04
1,000 - 1,999	23	32,450	0.06
2,000 - 4,999	7	24,295	0.05
5,000 - 9,999	5	37,372	0.07
10,000 - 49,999	10	243,902	0.46
50,000 - 99,999	1	75,500	0.14
100,000 - 499,999	5	1,247,176	2.36
1,000,000 -	2	51,036,743	96.77
Rounding	-	-	0.01
Total	**173**	**52,739,543**	**100.00**

DOMICILE OF ORDINARY SHAREHOLDERS (as at 1 March 2016)

	Number	Number of shares	Percentage of Issued Capital
New Zealand	1,325	98,252,794	92.40
Overseas holders	109	7,325,496	7.60
Total	**1,434**	**105,578,290**	**100.00**

DOMICILE OF REDEEMABLE PREFERENCE SHAREHOLDERS (as at 1 March 2016)

	Number	Number of shares	Percentage of Issued Capital
New Zealand	157	51,460,747	90.75
Overseas holders	16	1,278,796	9.25
Total	**173**	**52,739,543**	**100.00**

WAIVERS FROM NZX LIMITED

On 27 March 2015, NZX Limited (**NZX**) granted the Company a waiver from NZX Main Board Listing Rule (**Listing Rule**) 5.2.3 in respect of its preference shares for a period of twelve months from 25 March 2015 (the **Preference Shares Waiver**).
Listing Rule 5.2.3 provides that a class of securities will generally not be considered for quotation unless those securities are held by at least 500 members of the public, holding at least 25% of the number of securities of the class issued, with each member holding at least a minimum holding.
NZX granted the Preference Shares Waiver on the following conditions:

(a) that the directors of the Company certify to NZX Regulation that allowing the preference shares to remain quoted is in the best interests of the holders of the preference shares;
(b) the Company clearly and prominently discloses the waiver, its conditions and the implications in its half-year and annual reports; and
(c) that the Company notifies NZX Regulation of any material change to the spread of its preference shares.

On 17 April 2015, NZX also granted the Company a waiver from Listing Rule 5.2.3 in respect of its ordinary shares for a period of twelve months from 17 April 2015 (the **Ordinary Shares Waiver**).
NZX granted the Ordinary Shares Waiver on the following conditions:

(a) that the Company clearly and prominently discloses the waiver, its conditions and the implications in its half-year and annual reports and in any offering documents relating to any offer of securities undertaken by the Company during the period of the waiver;
(b) that the Company notifies NZX Regulation of any material change to the spread of its ordinary shares; and
(c) that the Company consistently monitors the spread of its ordinary shares and provides NZX Regulation with quarterly updates during the period of the waiver.

The implication of these waivers is that the Company's preference and ordinary shares may not be widely held and there may be reduced liquidity in both classes of shares.

SUBSTANTIAL SECURITY HOLDERS

According to notices given to the Company under the Securities Markets Act 1988, as at 1 March 2016, the substantial security holders in the Company are noted below:

	Securities	Class	%
CDL Hotels Holdings New Zealand Limited	74,139,077	Ordinary Shares	70.22%
Aberdeen Asset Management Limited	5,434,524	Ordinary Shares	5.15%
Aberdeen Asset Management Asia Limited	11,896,933	Ordinary Shares	11.27%

CDL Hotels Holdings New Zealand Limited is a wholly owned subsidiary of Millennium & Copthorne Hotels plc. As at 1 March 2016, the total number of issued voting securities of Millennium & Copthorne Hotels New Zealand Limited (all of which are ordinary shares) was 105,578,290. There is no treasury stock held by the Company.
The total number of non-voting redeemable preference shares was 52,739,543. As these securities are non-voting securities, there is no requirement to provide substantial security holder notices.

STATUTORY INFORMATION

DIRECTORS (section 211 (1)(i) Companies Act 1993)
As at 31 December 2015, the Company's Directors were Messrs. HR Wong, BK Chiu, ATS Lee, R Bobb and GA McKenzie. Mr. VWE Yeo retired as a non-executive director with effect from 31 December 2015. Mr. ATS Lee was appointed on 1 April 2015. In December 2015 it was announced that Mr. K Hangchi would be appointed from 1 January 2016.

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 2015, 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 2015.

DIRECTORS' AND ASSOCIATED PERSONS SHAREHOLDINGS (as at 31 December 2015)

Director	2014	2015
HR Wong	604,000	604,000
B K Chiu	Nil	Nil
ATS Lee	Nil	Nil
VWE Yeo*	151,000	151,000
R Bobb	Nil	Nil
GA McKenzie	Nil	Nil

* Mr. VWE Yeo retired from the Board on 31 December 2015.

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 2015 was:

Director	Remuneration
HR Wong (*)	Nil
B K Chiu (*)	603,551
ATS Lee (*)	Nil
VWE Yeo	35,000
R Bobb	42,000
GA McKenzie	38,500

(*) Mr. H R Wong was Chief Executive and Executive Director of Millennium & Copthorne Hotels plc until February 2015. Mr. ATS Lee is currently Chief Executive and Executive Director of Millennium & Copthorne Hotels plc and Mr. B K Chiu is an employee of the Company. None of these persons received remuneration as a director of the Company or of any of the Company's subsidiaries.

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

GENERAL DISCLOSURES OF INTEREST (section 140(2), Companies Act 1993)
As at 31 December 2015, the Directors of the Company have made general disclosures of interest in the following companies:

HR WONG

Chairman / Director of:	Beijing Fortune Hotel Co. Ltd.	CDL Investments New Zealand Limited
M&C Business Trust Management Limited	M&C REIT Management Limited	
Director of:	Alpha Chance Holdings Limited	CDL Hotels (Singapore) Pte Ltd
Chancery Ltd	M&C (India) Holdings Pte Ltd	M&C (Mauritius) Holdings Limited
RSF Carolina Partners, LLC	RSF Syracuse Partners, LLC	Sceptre Hospitality Resources, LLC
Sceptre Hospitality Resources Pte. Ltd	SWAN Holdings Limited	
Commissioner of:	PT. Millennium Sirih Jakarta Hotel	

ATS LEE

Chairman / President/ Director of:	Grand Plaza Hotel Corporation	
Director / President of:	The Philippine Fund Limited	
Director / Representative Director of:	CDL Hotels (Korea) Ltd	
Executive Director / Chief Executive Officer of:	Millennium & Copthorne Hotels plc	
Director of:	CDL Investments New Zealand Limited	
CDL Entertainment & Leisure Pte Ltd	CDL Hotels (Labuan) Limited	CDL Hotels Japan Pte. Ltd
City Elite Pte Ltd	City Century Pte Ltd	Fena Estate Company Limited
First Sponsor Group Limited	Harbour Land Corporation	Harrow Entertainment Pte Ltd
Hospitality Holdings Pte Ltd	Hong Leong Hotel Development Limited	M&C Hotel Investments Pte. Ltd
M&C Hotels Holdings Japan Pte. Ltd	M&C Hotels Japan Pte. Ltd	Millennium & Copthorne International Limited
Republic Iconic Hotel Pte Ltd	Rogo Realty Corporation	Tomorrow City (Singapore) Pte Ltd
President / Commissioner of:	PT. Millennium Hotels & Resorts	

K HANGCHI

Director of:	Hong Leong Nominees (Private) Limited	Millennium Securities Nominees Pte Ltd
Millennium Securities Pte Ltd	Sun Yuan Holdings Pte Ltd	Sun Yuan Overseas Pte 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
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
Elysium Capital Limited	Elysium Holdings Limited	Furscarbo Pty Ltd
Hotelcorp New Zealand Pty Ltd	Kingsgate Hotel Pty Ltd	Kingsgate Holdings 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 2015 are as follows:

Remuneration and value of other benefits	Number. of employees
100,001 – 110,000	1
120,001 – 130,000	4
140,001 – 150,000	3
150,001 – 160,000	1
160,001 – 170,000	2
170,001 – 180,000	2
180,001 – 190,000	3
190,001 – 200,000	1
230,001 – 240,000	1
260,001 – 270,000	1
600,001 – 610,000	1

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

The Company and its subsidiaries made donations to charity totalling $5,168.42 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:

	2014 ($'000)		2015 ($'000)	
	New Zealand	Australia	New Zealand	Australia
Annual Audit	254	25	297	25
KPMG Other Services	296	nil	122	nil

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

The Company's subsidiaries and their directors as at 31 December 2015 are listed below:

NAME	DIRECTORS	OWNERSHIP	ACTIVITY
All Seasons Hotels and Resorts Ltd	BK Chiu, JB Pua	100%	Non-trading
Birkenhead Holdings Pty Ltd	R Bobb, JB Pua	100%	Holding Company (Australia)
Birkenhead Investments Pty Ltd	R Bobb, JB Pua	100%	Holding Company (Australia)
CDL Investments New Zealand Ltd (▼)	HR Wong, RJ Austin, BK Chiu, J Henderson, ATS Lee, VWE Yeo	66.91%	Holding Company
CDL Land New Zealand Ltd	BK Chiu, DJ Lindsay, JB Pua	66.91%	Property Investment & Development Company
Context Securities Ltd	BK Chiu, JB Pua	100%	Investment Holding Company
Hospitality Group Ltd	BK Chiu, T Ito, KF Luxon	100%	Holding Company
Hospitality Leases Ltd	BK Chiu	100%	Lessee Company
Hospitality Services Ltd	BK Chiu, KF Luxon, JB Pua	100%	Hotel Management Company
Hotelcorp New Zealand Ltd	R Bobb, JB Pua	100%	Holding Company (Australia)
KIN Holdings Ltd	JB Pua, VWE Yeo*,	100%	Holding company
Kingsgate Holdings Pty Ltd	R Bobb, JB Pua	100%	Holding Company
Kingsgate Hotels And Resorts Ltd	BK Chiu, JB Pua	100%	Franchise Holder
Kingsgate Hotels Ltd	JB Pua	100%	Non-trading
Kingsgate Hotel Pty Ltd	R Bobb, JB Pua	100%	Non-trading (Australia)
Kingsgate Investments Pty Ltd	R Bobb, JB Pua	100%	Residential Apartment Owner (Australia)
Kingsgate International Corporation Ltd	JB Pua, VWE Yeo*	100%	Holding Company
Millennium & Copthorne Hotels Ltd	BK Chiu, JB Pua	100%	Non-trading
Millennium & Copthorne Hotels Pty Ltd	R Bobb, JB Pua	100%	Non-trading (Australia)
QINZ (Anzac Avenue) Ltd	BK Chiu, JB Pua	100%	Hotel Owner
QINZ Holdings (New Zealand) Ltd	BK Chiu, JB Pua	100%	Holding Company
Quantum Ltd	BK Chiu, KF Luxon, JB Pua,	100%	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. ATS Lee and Mr. RJ Austin were appointed to the board of CDL Investments New Zealand Limited on 1 April 2015 and 1 May 2015 respectively. Mr. JB Pua was appointed to the boards of Kingsgate International Corporation Limited and KIN Holdings Limited on 17 August 2015.

--Mr. HR Wong retired as a director of Birkenhead Holdings Pty Ltd, Birkenhead Investments Pty Ltd, 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., and Quantum Limited on 28 February 2015. Mr. CHL Ho retired as a director of Birkenhead Investments Pty Ltd, KIN Holdings Limited, Kingsgate International Corporation Limited and Kingsgate Investments Pty Ltd. on 27 February 2015. Mr. HK Ho retired as a director of KIN Holdings Limited on the same date.

*Mr. VWE Yeo retired as a director of Millennium & Copthorne Hotels New Zealand Limited and KIN Holdings Limited on 31 December 2015 and Kingsgate International Corporation Limited on 1 January 2016. Mr. Kevin Hangchi was appointed to the boards of Millennium & Copthorne Hotels New Zealand Limited and KIN Holdings Limited with effect from 1 January 2016.

--The following persons received remuneration as Directors of the Company's subsidiaries during 2015: VWE Yeo ($30,000), RJ Austin ($23,333), J Henderson ($30,000).

BOARD OF DIRECTORS

Wong Hong Ren	(Chairman)
BK Chiu	(Managing Director)
Aloysius Lee	(Non-Executive Director)
Kevin Hangchi	(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)
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
Email: 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

HEAD OFFICE

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

NATIONAL CONFERENCE OFFICE

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

SALES

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

CENTRAL RESERVATIONS

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

www.millenniumhotels.com