

General Announcement::Announcement by Subsidiary Company, Millennium & Copthorne Hotels New Zealand Limited

Issuer & Securities

Issuer/ Manager	CITY DEVELOPMENTS LIMITED
Securities	CITY DEVELOPMENTS LIMITED - SG1R89002252 - C09
Stapled Security	No

Announcement Details

Announcement Title	General Announcement
Date & Time of Broadcast	02-Aug-2018 17:22:18
Status	New
Announcement Sub Title	Announcement by Subsidiary Company, Millennium & Copthorne Hotels New Zealand Limited
Announcement Reference	SG180802OTHRQDEA
Submitted By (Co./ Ind. Name)	Enid Ling Peek Fong
Designation	Company Secretary
Description (Please provide a detailed description of the event in the box below)	Please refer to the Announcement released by Millennium & Copthorne Hotels New Zealand Limited on 2 August 2018 relating to Half Year Results Ended 30 June 2018.
Attachments	08022018 MCHNZ Half Year Result.pdf Total size =142K

Condensed Interim Income Statement

FOR THE SIX MONTHS ENDED 30 JUNE 2018		Unaudited	Unaudited
		6 months	6 months
DOLLARS IN THOUSANDS	NOTE	to 30/06/18	to 30/06/17
Revenue		127,506	104,141
Cost of sales		(49,850)	(41,815)
Gross profit		77,656	62,326
Administrative expenses		(12,408)	(9,742)
Other operating expenses		(11,413)	(9,661)
Operating profit before finance income		53,835	42,923
Finance income		1,687	1,900
Finance costs		(858)	(911)
Net finance income		829	989
Profit before income tax		54,664	43,912
Income tax expense		(15,043)	(12,071)
Profit for the period		39,621	31,841
Profit for the period attributable to:			
Equity holders of the parent		30,147	24,233
Non-controlling interests		9,474	7,608
Profit for the period		39,621	31,841
Basic earnings per share (cents)	4	19.05c	15.32c
Diluted earnings per share (cents)	4	19.05c	15.32c

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

Condensed Interim Statement of Comprehensive Income

FOR THE SIX MONTHS ENDED 30 JUNE 2018	Unaudited	Unaudited
	6 months	6 months
DOLLARS IN THOUSANDS	to 30/06/18	to 30/06/17

Profit for the period	39,621	31,841
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Other comprehensive income

Items that are or may be reclassified to profit or loss

Movement in exchange translation reserve

- Recognised in equity

(1,535)

330

Total comprehensive income for the period

38,086

32,171

Total comprehensive income for the period attributable to:

Equity holders of the parent

28,612

24,563

Non-controlling interests

9,474

7,608

Total comprehensive income for the period

38,086

32,171

DETAILS OF SPECIFIC RECEIPTS/OUTLAYS,

REVENUES/EXPENSES :

Audit fees

(158)

(154)

Depreciation

(4,186)

(3,048)

Interest income

1,687

1,895

Net foreign exchange gain/(loss)

(15)

(5)

Interest expense

(843)

(901)

Leasing and rental expenses

(1,208)

(1,168)

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

Condensed Interim Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 JUNE 2018

DOLLARS IN THOUSANDS	NOTE	Attributable to Equity Holders of the Group							Unaudited Non-controlling Interests	Unaudited Total Equity
		Unaudited Share Capital	Unaudited Revaluation Reserves	Unaudited Exchange Reserves	Unaudited Accumulated Losses	Unaudited Treasury Stock	Unaudited Total	Unaudited Total		
Balance at 1 January 2017		383,266	161,370	(3,323)	(52,224)	(26)	489,063	63,218	552,281	
Movement in exchange translation reserve		-	-	330	-	-	330	-	330	
Income and expense recognised directly in equity		-	-	330	-	-	330	-	330	
Profit for the period		-	-	-	24,233	-	24,233	7,608	31,841	
Total comprehensive income for the period		-	-	330	24,233	-	24,563	7,608	32,171	
Transactions with owners, recorded directly in equity :										
Dividends paid to:										
Equity holders of the parent	5	-	-	-	(7,911)	-	(7,911)	-	(7,911)	
Non-controlling interests		-	-	-	-	-	-	(3,142)	(3,142)	
Movement of non-controlling interests without a change in control		-	-	-	80	-	80	385	465	
Supplementary dividends	5	-	-	-	(221)	-	(221)	-	(221)	
Foreign investment tax credits		-	-	-	221	-	221	-	221	
Balance at 30 June 2017		383,266	161,370	(2,993)	(35,822)	(26)	505,795	68,069	573,864	
Balance at 1 January 2018		383,266	222,465	114	(16,939)	(26)	588,880	74,810	663,690	
Movement in exchange translation reserve		-	-	(1,535)	-	-	(1,535)	-	(1,535)	
Income and expense recognised directly in equity		-	-	(1,535)	-	-	(1,535)	-	(1,535)	
Profit for the period		-	-	-	30,147	-	30,147	9,474	39,621	
Total comprehensive income for the period		-	-	(1,535)	30,147	-	28,612	9,474	38,086	
Transactions with owners, recorded directly in equity :										
Dividends paid to:										
Equity holders of the parent	5	-	-	-	(9,493)	-	(9,493)	-	(9,493)	
Non-controlling interests		-	-	-	-	-	-	(3,655)	(3,655)	
Movement of non-controlling interests without a change in control		-	-	-	99	-	99	454	553	
Supplementary dividends	5	-	-	-	(242)	-	(242)	-	(242)	
Foreign investment tax credits		-	-	-	242	-	242	-	242	
Balance at 30 June 2018		383,266	222,465	(1,421)	3,814	(26)	608,098	81,083	689,181	

Condensed Interim Statement of Financial Position

AS AT 30 JUNE 2018		Unaudited	Audited	Unaudited
		as at	as at	as at
DOLLARS IN THOUSANDS	NOTE	30/06/18	31/12/17	30/06/17
SHAREHOLDERS' EQUITY				
Issued capital	3	383,266	383,266	383,266
Reserves		224,858	205,640	122,555
Treasury stock	3	(26)	(26)	(26)
Non-controlling interests		81,083	74,810	68,069
Total equity		689,181	663,690	573,864
Represented by:				
NON CURRENT ASSETS				
Property, plant and equipment		514,355	505,908	427,016
Development properties		174,747	145,751	130,461
Investment in associates		2	2	2
Total non-current assets		689,104	651,661	557,479
CURRENT ASSETS				
Cash and cash equivalents		28,976	34,195	22,035
Short term bank deposits		98,749	88,890	104,060
Trade and other receivables		14,257	17,729	12,282
Trade receivables due from related parties	6	15	-	-
Inventories		1,493	1,646	1,417
Income tax receivable		163	-	656
Development properties		29,229	34,104	28,522
Total current assets		172,882	176,564	168,972
Total assets		861,986	828,225	726,451
NON CURRENT LIABILITIES				
Interest-bearing loans and borrowings		66,000	66,000	66,000
Provision for deferred taxation		70,596	70,245	58,986
Total non-current liabilities		136,596	136,245	124,986
CURRENT LIABILITIES				
Trade and other payables		21,715	22,442	20,371
Trade payables due to related parties	6	1,612	1,981	1,254
Loans due to related parties	6	7,100	-	2,800
Income tax payable		5,782	3,867	3,176
Total current liabilities		36,209	28,290	27,601
Total liabilities		172,805	164,535	152,587
Net assets		689,181	663,690	573,864

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

Condensed Interim Statement of Cash Flows

FOR THE SIX MONTHS ENDED 30 JUNE 2018		Unaudited	Unaudited
		6 months	6 months
DOLLARS IN THOUSANDS	NOTE	to 30/06/18	to 30/06/17
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from customers		130,779	111,329
Interest received		1,871	1,123
		<u>132,650</u>	<u>112,452</u>
Cash was applied to:			
Payments to suppliers and employees		(59,063)	(52,404)
Purchase of development land		(36,354)	-
Interest paid		(865)	(806)
Income tax paid		(13,461)	(13,285)
		<u>(109,743)</u>	<u>(66,495)</u>
Net cash inflow from operating activities		<u>22,907</u>	<u>45,957</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from/(applied to):			
Purchase of property, plant and equipment		(12,635)	(7,461)
Increase in short term bank deposits		(9,859)	(18,462)
Net cash outflow from investing activities		<u>(22,494)</u>	<u>(25,923)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from/(applied to):			
Repayment of borrowings		-	(4)
Advance/(repayment) of related parties loans	6	7,100	(3,000)
Dividends paid to shareholders of Millennium & Copthorne Hotels New Zealand Ltd	5	(9,493)	(7,911)
Dividends paid to non-controlling interests		(3,655)	(3,142)
Net cash outflow from financing activities		<u>(6,048)</u>	<u>(14,057)</u>
Net (decrease)/increase in cash and cash equivalents		<u>(5,635)</u>	<u>5,977</u>
Add opening cash and cash equivalents		34,195	15,520
Exchange rate adjustment		416	538
Closing cash and cash equivalents		<u>28,976</u>	<u>22,035</u>

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

Condensed Interim Statement of Cash Flows

FOR THE SIX MONTHS ENDED 30 JUNE 2018		Unaudited	Unaudited
		6 months	6 months
DOLLARS IN THOUSANDS	NOTE	to 30/06/18	to 30/06/17
RECONCILIATION OF NET PROFIT FOR THE PERIOD TO CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		39,621	31,841
Depreciation		4,186	3,048
Income tax expense		15,043	12,071
Adjustments for movements in working capital:			
Decrease in receivables		3,457	6,411
Decrease in inventories		153	91
(Increase)/Decrease in development properties		(25,011)	11,249
Increase/(Decrease) in payables		153	(3,685)
Increase/(Decrease) in related parties		(369)	(883)
Cash generated from operations		37,233	60,143
Interest paid		(865)	(901)
Income tax paid		(13,461)	(13,285)
Net cash inflow from operating activities		22,907	45,957

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

Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries
Notes to the Condensed Interim Financial Statements
for the six months ended 30 June 2018 (unaudited)

1. Significant accounting policies

Millennium & Copthorne Hotels New Zealand Limited is a company domiciled in New Zealand, registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange. Millennium & Copthorne Hotels New Zealand Limited (the "Company") is a Financial Markets Conduct Reporting Entity in terms of Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013. The condensed interim financial statements of the Company for the six months ended 30 June 2018 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.

The condensed interim financial statements were authorised for issuance on 2 August 2018.

(a) Statement of compliance

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

The accounting policies and methods of computation applied by the Group in these condensed interim financial statements are the same as those applied by the Group in its financial statements for the year ended 31 December 2017.

2. Segment reporting

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

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

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

Operating segments

The Group consisted of the following main operating segments:

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

Geographical segments

The Group operates in the following main geographic segments:

- New Zealand
- Australia

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

Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries
Notes to the Condensed Interim Financial Statements
for the six months ended 30 June 2018 (unaudited)

2. Segment reporting - continued

(a) Operating Segments

	Hotel Operations		Residential Land Development		Residential Property Development		Group	
	Unaudited 6 months to 30/06/18	Unaudited 6 months to 30/06/17	Unaudited 6 months to 30/06/18	Unaudited 6 months to 30/06/17	Unaudited 6 months to 30/06/18	Unaudited 6 months to 30/06/17	Unaudited 6 months to 30/06/18	Unaudited 6 months to 30/06/17
<i>Dollars in thousands</i>								
External revenue	64,267	51,626	60,226	51,039	3,013	1,476	127,506	104,141
Earnings before interest, depreciation & amortisation	22,534	18,316	34,652	27,317	835	338	58,021	45,971
Finance income	877	833	726	1,000	84	67	1,687	1,900
Finance expense	(858)	(911)	-	-	-	-	(858)	(911)
Depreciation and amortisation	(4,184)	(3,045)	-	(1)	(2)	(2)	(4,186)	(3,048)
Profit before income tax	18,369	15,193	35,378	28,316	917	403	54,664	43,912
Income tax expense	(4,883)	(4,028)	(9,908)	(7,928)	(252)	(115)	(15,043)	(12,071)
Profit after income tax	13,486	11,165	25,470	20,388	665	288	39,621	31,841
Segment assets	587,430	480,328	210,625	179,992	63,766	65,473	861,821	725,793
Tax assets	-	-	-	-	163	656	163	656
Investment in associates	-	-	2	2	-	-	2	2
Total assets	587,430	480,328	210,627	179,994	63,929	66,129	861,986	726,451
Segment liabilities	(92,477)	(86,732)	(2,766)	(2,501)	(1,184)	(1,192)	(96,427)	(90,425)
Tax liabilities	(70,766)	(59,443)	(5,438)	(3,154)	(174)	435	(76,378)	(62,162)
Total liabilities	(163,243)	(146,175)	(8,204)	(5,655)	(1,358)	(757)	(172,805)	(152,587)
Property, plant and equipment expenditure	12,635	7,461	-	-	-	-	12,635	7,461
Residential land development expenditure	-	-	12,568	10,159	-	-	12,568	10,159
Purchase of land for residential land development	-	-	36,354	-	-	-	36,354	-

Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries
Notes to the Condensed Interim Financial Statements
for the six months ended 30 June 2018 (unaudited)

2. Segment reporting - continued

(b) Geographic Segments	New Zealand		Australia		Group	
	Unaudited 6 months to 30/06/18	Unaudited 6 months to 30/06/17	Unaudited 6 months to 30/06/18	Unaudited 6 months to 30/06/17	Unaudited 6 months to 30/06/18	Unaudited 6 months to 30/06/17
<i>Dollars in thousands</i>						
External revenue	124,493	102,665	3,013	1,476	127,506	104,141
Earnings before interest, depreciation & amortisation	57,163	45,609	858	362	58,021	45,971
Finance income	1,603	1,833	84	67	1,687	1,900
Finance expense	(858)	(911)	-	-	(858)	(911)
Depreciation and amortisation	(4,184)	(3,046)	(2)	(2)	(4,186)	(3,048)
Profit before income tax	53,724	43,485	940	427	54,664	43,912
Income tax expense	(14,793)	(11,963)	(250)	(108)	(15,043)	(12,071)
Profit after income tax	38,931	31,522	690	319	39,621	31,841
Segment assets	798,164	660,320	63,657	65,473	861,821	725,793
Tax assets	-	-	163	656	163	656
Investment in associates	2	2	-	-	2	2
Total assets	798,166	660,322	63,820	66,129	861,986	726,451
Segment liabilities	(95,280)	(89,265)	(1,147)	(1,160)	(96,427)	(90,425)
Tax liabilities	(76,199)	(62,600)	(179)	438	(76,378)	(62,162)
Total liabilities	(171,479)	(151,865)	(1,326)	(722)	(172,805)	(152,587)
Property, plant and equipment expenditure	12,635	7,461	-	-	12,635	7,461
Residential land development expenditure	12,568	10,159	-	-	12,568	10,159
Purchase of land for residential land development	36,354	-	-	-	36,354	-

Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries
Notes to the Condensed Interim Financial Statements
for the six months ended 30 June 2018 (unaudited)

3. Share capital

	Ordinary shares		Redeemable preference shares	
	Shares	\$ 000s	Shares	\$ 000s
Total shares issued – fully paid				
Balance at 30 June 2017	105,578,290	350,048	52,739,543	33,218
Balance at 30 June 2018	105,578,290	350,048	52,739,543	33,218
Ordinary shares repurchased and held as treasury stock				
Balance at 30 June 2017	(99,547)	(26)	-	-
Balance at 30 June 2018	(99,547)	(26)	-	-
Shares issued – fully paid				
Balance at 30 June 2017	105,478,743	350,022	52,739,543	33,218
Balance at 30 June 2018	105,478,743	350,022	52,739,543	33,218

At 30 June 2018, the authorised share capital consisted of 105,578,290 ordinary shares (2017: 105,578,290 ordinary shares) with no par value and 52,739,543 redeemable preference shares (2017: 52,739,543) with no par value.

4. Earnings per share

The basic earnings per share of 19.05 cents (30 June 2017: 15.32 cents) is based on the profit attributable to ordinary shareholders of \$30.15 million (30 June 2017: \$24.23 million) and weighted average number of ordinary shares and redeemable preference shares outstanding during the period ended 30 June 2018 of 158,218,286 (30 June 2017: 158,218,286).

The redeemable preference shares are included in the computation of earnings per share as they rank equally with ordinary shares in respect of distributions made by the Company except any distribution in the case of liquidation.

The calculation of diluted earnings per share of 19.05 cents (30 June 2017: 15.32 cents) is the same as basic earnings per share.

5. Dividends

The following dividends were paid during the interim periods:

<i>Dollars In Thousands</i>	Group	
	Unaudited 30/06/18	Unaudited 30/06/17
Ordinary dividend: 6.0 cents per qualifying share (2017: 5.0 cents)	9,493	7,911
Supplementary dividend: 1.0588 cents per qualifying share (2017: 0.5524 cents)	242	221
	9,735	8,132

Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries
Notes to the Condensed Interim Financial Statements
for the six months ended 30 June 2018 (unaudited)

6. Related party transactions

Millennium & Copthorne Hotels New Zealand Limited is a 75.78% (2017: 75.20%) (economic interests from both ordinary and preference shares) 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 Limited in Singapore.

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

<i>Dollars In Thousands</i>	Nature of balance	Group	
		Unaudited 30/06/18	Unaudited 30/06/17
Trade payables and receivables due to related parties			
Millennium & Copthorne Hotels plc	Recharge of expenses	(899)	(434)
Millennium & Copthorne International Limited	Recharge of expenses & provision of management and marketing support	-	(135)
CDL Hotels Holdings New Zealand Limited	Recharge of expenses	15	-
CDLH (BVI) One Limited	Rent payment	(713)	(685)
		(1,597)	(1,254)
Loans due to related parties			
CDL Hotels Holdings New Zealand Limited	Inter-company loan	(7,100)	(2,800)
		(7,100)	(2,800)

No debts with related parties were written off or forgiven during the period. No interest was charged on these payables during 2018 and 2017. There are no set repayment terms. During this period, costs amounting to \$125,000 (2017: \$125,000) 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.

As at balance date, CDL Hotels Holdings New Zealand Limited has lent a total of \$7.10 million (30 June 2017: \$2.80 million) to Millennium & Copthorne Hotels New Zealand Limited. The interest rates are fixed at 2.07% (30 June 2017: 2.06%) until the loans are reviewed on 3 September 2018. The unsecured loans are repayable on demand.

7. Capital commitments

As at 30 June 2018, the Group has entered into contractual commitments for capital expenditure and development expenditure.

<i>Dollars In Thousands</i>	Group	
	Unaudited 30/06/2018	Unaudited 30/06/2017
Capital expenditure	3,010	2,360
Development expenditure	26,830	8,730
	29,840	11,090

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

The Group has an outstanding claim from the main contractor of the Copthorne Hotel Harbourcity City project. The Group received the notice for an arbitration but no date has been set. The total of the claim is unknown and the outcome of the arbitration is indeterminate at present, hence no liability has been recognised in the financial statements at balance date.

CHAIRMAN'S REVIEW

Financial Performance:

Millennium & Copthorne Hotels New Zealand Limited ("MCK") announced an unaudited profit after tax and non-controlling interests of \$30.15 million for the six month period ended 30 June 2018 (2017: \$24.23 million). Profit before income tax and non-controlling interests was \$54.66 million (2017: \$43.91 million). Group revenue and other income for this increased to \$127.51 million (2017: \$104.14 million) and gross profit for the period also increased to \$77.66 million (2017: \$62.33 million).

These increases in profit and revenue from the previous year reflect a steady tourism market across New Zealand as well as additional contributions from M Social Auckland and Millennium Hotel New Plymouth Waterfront. MCK's majority-owned land development subsidiary CDL Investments New Zealand Limited also saw good sales in the first half of 2018 which boosted MCK's overall results.

Earnings per share for the period increased to 19.05 cents per share (2017: 15.32 cps).

New Zealand Hotel Operations:

The New Zealand hotel operations (14 owned or leased and operated hotels (excluding 5 franchised and 2 managed hotels) continue to perform well. Revenue for the period increased in the past six months to \$64.27 million (2017: \$51.63 million). RevPAR also increased by 13.2% to \$133.12 (2017: \$117.63). Occupancy for the owned / leased hotels for the period improved to 83.2% (2017: 81.3%).

While demand for accommodation remains steady, the imminent arrival of new competitors in regions such as Auckland and Queenstown together with non-traditional accommodation supply has seen rate pressure in certain market segments.

MCK is party to a judicial review action brought by several Auckland hotel owner / operators against Auckland Council in relation to the Accommodation Provider Targeted Rate (APTR). This High Court action seeks to rescind the APTR on the basis of unfairness and lack of consultation by Auckland Council and will likely be heard some time in the first half of 2019. This will have no material impact on MCK's 2018 results.

CDL Investments New Zealand Limited ('CDL'):

CDL announced an unaudited operating profit after tax for the six months ended 30 June 2018 of \$25.47 million, (2017: \$20.39 million). Sales were recorded in Auckland, Hamilton and Canterbury. While it has noted that market conditions in some areas appear to have peaked, CDL remains on target to better its 2017 results.

Offshore investments – Australia:

Occupancy at the Zenith Residences, Sydney was steady at 88.5% across the complex. Apartment units are now being put up for sale as the leases expire and one apartment was sold in the first half of 2018.

Outlook:

The outlook for the group as a whole remains positive for the rest of 2018. MCK's hotels are expected to continue to see positive occupancy and revenue and with further sales from CDL, the Board expects MCK to better its 2017 performance this year.



Colin Sim
Chairman
2 August 2018



MCK REPORTS ANOTHER INCREASE IN REVENUE AND OPERATING PROFIT FOR THE FIRST HALF OF 2018

New Zealand hotel owner / operator, Millennium & Copthorne Hotels New Zealand Limited (NZX:MCK), today announced its (unaudited) results for the six months to 30 June 2018:

In summary:

• Average hotel occupancy across the Group	83.2% (2017: 81.3%)
• Group revenue and other income	\$127.51 million (2017: \$104.14 million)
• Operating profit before finance income	\$53.84 million (2017: \$42.92 million)
• Profit before income tax and non-controlling interests	\$54.66 million (2017: \$43.91 million)
• Profit after tax and non-controlling interests	\$30.15 million (2017: \$24.23 million)

MCK Chairman & Independent Director Colin Sim said that the results reflected the steady tourism market in New Zealand and growth in section sales from CDL Investments.

MCK's Managing Director Mr. BK Chiu noted that the newly rebuilt and refurbished M Social Auckland and the recently acquired Millennium Hotel New Plymouth Waterfront had made contributions to the half-year result.

"We are pleased that these two hotels are performing well and making valuable contributions to our results", he said.

Mr Chiu noted that the commercial accommodation market has become more competitive over the past two years with the entry of several traditional and non-traditional suppliers.

"However, we are confident of our competitive position as we focus on the demand side of the equation in selected market segments and the guest experience", he said.

MCK also noted that it is party to a judicial review brought by several Auckland hotel owner / operators against Auckland Council in relation to the Accommodation Provider Targeted Rate (APTR). The review seeks to rescind the APTR on the basis of unfairness and lack of consultation by Auckland Council. As the matter will likely be in 2019, MCK said that it would not have any material impact on its 2018 results.

Looking at the remainder of this year, MCK's Board said that it expected to better its 2017 performance in 2018 with both its hotel and residential section sales operations.

ENDS

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