

MILLENNIUM

HOTELS AND RESORTS

MILLENNIUM & COPTHORNE HOTELS NEW ZEALAND LTD

INTERIM REPORT 2022



MILLENNIUM

HOTELS AND RESORTS

18

HOTELS

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SHAREHOLDER UPDATE TO 30 JUNE 2022

Dear MCK Shareholders,

We trust that our update for the half year just gone finds you and yours in good health. We are conscious that the pandemic has not gone away and while it continues to find ways to affect our businesses, we hope that it has not had the same effect on you.

Operational highlights:

The first half of 2022 has seen a lot of activity and change at MCK. Of note:

- We reopened our Greymouth hotel, which we rebranded from Kingsgate to Copthorne, in March 2022 after twelve months of intense work. The hotel now has a new restaurant and bar area and 53 refurbished guest rooms.
- In June, we welcomed our new Managing Director Stuart Harrison to his new role with us and a few weeks ago at the start of July we farewellled Mr. BK Chiu and thanked him for his seventeen years of service to MCK and the wider group.
- Our managed isolation operations at Grand Millennium Auckland and M Social Auckland came to an end during the first half of the year and both hotels have now fully reopened for business after a short period of refurbishment.
- Three apartment sales at the Zenith Residences (Sydney) were also recorded.

Results summary:

MCK as a group made an unaudited profit before tax and non-controlling interests of \$32.05 million for the six month period ended 30 June 2022 (2021*: \$47.55 million). The main contributors to these results were sales of residential sections from our majority-owned subsidiary CDL Investments New Zealand Limited which continues to trade strongly and the sale of three apartments at the Zenith Residences in Sydney settled during the first six months also contributed to this result.

MCK has therefore recorded a profit after income tax and non-controlling interests of \$15.40 million (2021*: \$31.34 million) on group revenue for the period of \$83.66 million (2021: \$98.36 million). Our earnings per share for the period decreased to 9.74 cents per share (2021*: 24.47 cps) with the prior year reflecting the impact of a one-off gain of \$15.87 million (10.03 cents per share) on disposal from the sale of land in May 2021 (described as other income). MCK's Net Tangible Assets per share as at 30 June 2022 was \$3.33 per share (2021*: \$3.20 per share).

*The 2021 comparative figures are restated due to the fact that during 2021, MCK changed its accounting policy relating to the measurement of land and buildings from revaluation to historical cost. Refer to Note 10 of the Financial Statements for further information.

New Zealand Hotel Operations:

MCK's hotel operations saw revenue down year on year at \$27.26 million (2021: \$31.07 million). These results reflected the continued government mandated COVID restrictions on travel and gatherings seen between January through to April this year which had a severe effect on conference bookings in particular as well as domestic travel.

Occupancy for the first half of 2022 was 38.3% (2021: 40.5%) which was proportionate to the location and business mix of the respective hotels. Domestic and corporate travel locations of Auckland, Palmerston North, Wellington and Dunedin saw higher levels of occupancy whilst leisure and conference locations such as the Bay of Islands, Rotorua and Queenstown were severely impacted during the period. Once the restrictions on gatherings and travel were lifted, we did see a small increase in business in May and June but our customers and the public at large have remained cautious. The border restrictions have continued to be an impact on the sourcing and availability of employees to fill available roles. Notably this impacts on the hotels' ability to be able to sell and service all rooms in a timely manner.

This has resulted in the hotel operations making a pretax loss of \$3.95 million (2021*: \$0.64 million profit excluding the one-off item from other income) for the period ended 30 June 2022. EBITDA for the same period excluding the one-off item from other income was \$0.88 million (2021: \$5.25 million).

We reiterate what we have said for some time - hotel operations in New Zealand are still challenging. While we do expect occupancy to steadily increase through to the end of the year barring any change to the current COVID settings, ongoing staff and skill shortages will continue to act as a hand brake on increasing available inventory as we need to maintain a balance between how many rooms we can sell and how many rooms we can service. The competition for skilled labour will remain intense for the foreseeable future.

We have continued with our programme of refurbishment and improvements. In addition to completing the work done at Copthorne Hotel Greymouth we are also working through refurbishments at Millennium Hotel Queenstown and Millennium Hotel Rotorua.

The renewal of our lease for the Copthorne Hotel & Resort Bay of Islands for a further term was also completed in this period and we are working through the scoping of appropriate refurbishment and improvements to the hotel so as to enhance its 4 star rating. We have also recently announced the renewal of our management lease at Grand Millennium Auckland and will be working through details with the owners for the further improvement and refurbishment of this property. Both of these properties are critical to our recovery path and we are pleased to maintain our long-standing relationship with both of these hotels.

CDL Investments New Zealand Limited ('CDL') update:

CDL recorded a solid result in the first half of 2022 with an unaudited operating profit after tax for the six months ended 30 June 2022 of \$22.90 million (2021: \$20.75 million). While market conditions have changed considerably over the last six months, CDL currently remains on track to meet its 2022 target level of sales and revenue having recorded sales in Auckland and Canterbury.

*The 2021 comparative figures are restated due to the fact that during 2021, MCK changed its accounting policy relating to the measurement of land and buildings from revaluation to historical cost. Refer to Note 10 of the Financial Statements for further information.

Australia update:

We recorded three sales comprising two single bedroom apartments and a three bedroom plus studio apartment at the Zenith Residences, Sydney in the first half of this year. We continue to be focused on selling down the apartments we continue to hold and we are looking at adjusting our marketing strategy to increase sales during this year.

Outlook:

We have seen dramatic changes to global economic conditions over the last six months which we could not have predicted a year ago much less at the start of this year. Ongoing cost pressures and inflation around the world have and will affect the travel and accommodation sectors globally for the rest of this year and therefore the prospect of an accelerated recovery path is now very unlikely. Staffing shortages, due to illness or purely through lack of available employees throughout the workforce in New Zealand, are also having a strong impact. MCK is not immune to those issues and its hotel operations will continue to be under pressure to find a way back to profitability for at least the next twelve months on the assumption that there is no return to gathering restrictions before the end of the year.

All that said, we are determined to ensure that we use the current period to our advantage. We believe that we should continue to reinvest in our properties over the coming months and years to ensure that they are able to perform at their best when the markets do recover and international travel in particular starts to become more regular again.

The changes to the senior management teams at MCK and CDI come at an opportune time. We will continue to optimise our operations and position ourselves so that we will be *"first in, best dressed"* and we will continue to look at different strategies and potential opportunities going forward.

We therefore still expect 2022 to be a profitable year. That profit will again be driven by our property development subsidiaries and they will continue to ensure that we remain in the black despite the volatile market conditions. However, as I said at the beginning, the pandemic and its effects are still with us. There may be more storm clouds ahead but we are prepared for them should they come.

As always, we remain grateful to our shareholders and stakeholders. Thank you for your support and ongoing loyalty. We appreciate and value the positive and helpful comments we receive from everyone who stays with us and we look forward to your next stay very soon.



Colin Sim
Chairman
10 August 2022

Condensed Interim Income Statement

For the six months ended 30 June 2022

<i>Dollars in thousands</i>	Note	Unaudited 6 months to 30/06/22	Restated' Unaudited 6 months to 30/06/21
Revenue		83,656	98,360
Cost of sales		(32,015)	(46,938)
Gross profit		51,641	51,422
Other income	2(c)	-	15,870
Administrative expenses		(10,628)	(10,440)
Other operating expenses		(8,839)	(9,435)
Operating profit before finance income		32,174	47,417
Finance income		1,283	819
Finance costs		(1,407)	(688)
Net finance income		(124)	131
Profit before income tax		32,050	47,548
Income tax expense		(9,113)	(8,826)
Profit for the period		22,937	38,722
Profit for the period attributable to:			
Equity holders of the parent		15,403	31,344
Non-controlling interests		7,534	7,378
Profit for the period		22,937	38,722
Basic earnings per share (cents)	4	9.74c	24.47c
Diluted earnings per share (cents)	4	9.74c	24.47c

*The comparative information is restated due to change in accounting policy in 2021 (Note 10).

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 2022

<i>Dollars in thousands</i>	Note	Unaudited 6 months to 30/06/22	Restated' Unaudited 6 months to 30/06/21
Profit for the period		22,937	38,722
Items that are or may be reclassified to profit or loss			
Foreign exchange translation movements		2,656	380
- Tax (expense)/credit on foreign exchange		(15)	-
		<u>2,641</u>	<u>380</u>
Total comprehensive income for the period		<u>25,578</u>	<u>39,102</u>
Total comprehensive income for the period attributable to:			
Equity holders of the parent		18,044	31,725
Non-controlling interests		7,534	7,377
Total comprehensive income for the period		<u>25,578</u>	<u>39,102</u>

DETAILS OF SPECIFIC RECEIPTS/OUTLAYS, REVENUE/EXPENSES

Classified under:

Administrative expenses

Audit fees	(160)	(157)
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Other operating expenses

Depreciation of property, plant and equipment	(3,383)	(3,674)
Depreciation of Investment Property	(98)	(25)
Depreciation of Right-Of-Use Assets	(532)	(596)
Leasing and rental expenses	(342)	(81)

Finance income

Interest income	1,250	819
Foreign exchange gain	-	-

Finance costs

Interest expense	(1)	(92)
Interest expense on lease liability	(1,395)	(481)
Foreign exchange loss	(1)	(100)

*The comparative information is restated due to change in accounting policy in 2021 (Note 10).

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 2022

<i>Dollars in thousands</i>	Note	Attributable to Equity Holders of the Group					Unaudited Total	Unaudited Non- controlling Interests	Unaudited Total Equity
		Unaudited Share Capital	Unaudited Revaluation Reserves	Unaudited Exchange Reserves	Unaudited Accumulated Losses	Unaudited Treasury Stock			
Balance at 1 January 2021		383,266	267,222	(1,699)	94,884	(26)	743,647	99,352	842,999
Prior year adjustment - effect of change of accounting policy	10	-	(267,222)	-	(1,755)	-	(268,977)	(4,040)	(273,017)
Adjusted Opening Balance		383,266	-	(1,699)	93,129	(26)	474,670	95,312	569,982
Fair value movement of assets held for sale		-	-	-	-	-	-	-	-
Movement in exchange translation reserve		-	-	380	-	-	380	-	380
Income and expense recognised directly in equity		-	-	380	-	-	380	-	380
Profit for the period		-	-	-	31,344	-	31,344	7,378	38,722
Total comprehensive income for the period		-	-	380	31,344	-	31,724	7,378	39,102
Transactions with owners, recorded directly in equity :									
Dividends paid to:									
Equity holders of the parent	5	-	-	-	-	-	-	-	-
Non-controlling interests		-	-	-	-	-	-	(3,753)	(3,753)
Movement of non-controlling interests without a change in control		-	-	-	(204)	-	(204)	1,539	1,335
Balance at 30 June 2021		383,266	-	(1,319)	124,269	(26)	506,190	100,476	606,666
Balance at 1 January 2022		383,266	-	(2,025)	132,974	(26)	514,189	103,610	617,799
Movement in exchange translation reserve		-	-	2,641	-	-	2,641	-	2,641
Income and expense recognised directly in equity		-	-	2,641	-	-	2,641	-	2,641
Profit for the period		-	-	-	15,403	-	15,403	7,534	22,937
Total comprehensive income for the period		-	-	2,641	15,403	-	18,044	7,534	25,578
Transactions with owners, recorded directly in equity :									
Dividends paid to:									
Equity holders of the parent	5	-	-	-	(5,537)	-	(5,537)	-	(5,537)
Non-controlling interests		-	-	-	-	-	-	(3,705)	(3,705)
Movement of non-controlling interests without a change in control		-	-	-	26	-	26	1,349	1,375
Balance at 30 June 2022		383,266	-	616	142,866	(26)	526,722	108,788	635,510

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

Condensed Interim Statement of Financial Position

As at 30 June 2022

<i>Dollars in thousands</i>	Note	Unaudited as at 30/06/22	Audited as at 31/12/21
SHAREHOLDERS' EQUITY			
Issued capital	3	383,266	383,266
Reserves		143,482	130,949
Treasury stock	3	(26)	(26)
Non-controlling interests		108,788	103,610
Total equity		635,510	617,799
Represented by:			
NON CURRENT ASSETS			
Property, plant and equipment		252,533	245,782
Development properties		213,670	188,508
Investment properties		33,084	23,332
Investment in associates		2	2
Total non-current assets		499,289	457,624
CURRENT ASSETS			
Cash and cash equivalents		22,963	58,143
Short term bank deposits		158,870	121,496
Trade and other receivables		6,904	15,434
Trade receivables due from related parties	6	526	-
Inventories		1,222	1,272
Development properties		10,241	26,827
Total current assets		200,726	223,172
Total assets		700,015	680,796
NON CURRENT LIABILITIES			
Lease liabilities		20,456	15,858
Provision for deferred taxation		9,245	9,298
Total non-current liabilities		29,701	25,156
CURRENT LIABILITIES			
Interest-bearing loans and borrowings		-	1,000
Trade and other payables		25,856	30,001
Trade payables due to related parties	6	3,144	3,977
Lease liabilities		2,709	457
Income tax payable		3,095	2,406
Total current liabilities		34,804	37,841
Total liabilities		64,505	62,997
Net assets		635,510	617,799

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 2022

<i>Dollars in thousands</i>	Note	Unaudited 6 months to 30/06/22	Unaudited 6 months to 30/06/21
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from customers		92,411	99,614
Interest received		1,058	1,020
		93,469	100,634
Cash was applied to:			
Payments to suppliers and employees		(41,175)	(35,616)
Purchase of development land		(19,380)	-
Interest paid		(1)	(101)
Income tax paid		(8,518)	(9,855)
		(69,074)	(45,572)
Net cash inflow from operating activities		24,395	55,062
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from/(applied to):			
Purchase of property, plant and equipment		(3,565)	(1,169)
Purchase of investment property		(9,850)	(5,101)
Proceed from the sale of asset held for sale		-	17,000
Withdrawals from/(investments in) short term bank deposits		(37,374)	45,826
Net cash (outflow)/inflow from investing activities		(50,789)	56,556
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from/(applied to):			
Repayment of borrowings		(1,000)	(35,000)
Principal repayment of lease liability		(1,647)	(700)
Dividends paid to shareholders of Millennium & Copthorne Hotels New Zealand Ltd	5	(5,537)	-
Dividends paid to non-controlling interests		(3,705)	(3,753)
Net cash outflow from financing activities		(11,889)	(39,453)
Net (decrease)/increase in cash and cash equivalents		(38,283)	72,165
Add opening cash and cash equivalents		58,143	76,544
Exchange rate adjustment		3,103	1,468
Closing cash and cash equivalents		22,963	150,177

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 2022

<i>Dollars in thousands</i>	Note	Unaudited 6 months to 30/06/22	Restated [*] Unaudited 6 months to 30/06/21
RECONCILIATION OF NET PROFIT FOR THE PERIOD			
TO CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		22,937	38,722
Adjusted for non cash items:			
(Gain)/Loss on Sale of Fixed Assets		2	1
(Gain)/Loss on Sale of Asset Held For Sale	2 (c)	-	(15,870)
Foreign Exchange (Gain)/ Loss		(1)	100
Depreciation of property, plant and equipment		3,383	3,674
Depreciation of Right-Of-Use Assets		532	596
Depreciation of Investment Property		98	25
Income tax expense / (credit)		9,113	8,826
Adjustments for movements in working capital:			
Decrease in receivables		8,532	1,455
Decrease in inventories		50	161
(Increase)/Decrease in development properties		(7,635)	23,771
Increase/(Decrease) in payables		(2,738)	4,240
Increase/(Decrease) in related parties		(1,359)	(682)
Cash generated from operations		32,914	65,019
Interest paid		(1)	(101)
Income tax paid		(8,518)	(9,856)
Net cash inflow from operating activities		24,395	55,062
Reconciliation of movement of liabilities to cash flows arising from financing activities			
As at 01 January		1,000	38,000
Repayment of borrowings		(1,000)	(35,000)
Financing cash flows		(1,000)	(35,000)
As at 30 June		-	3,000

*The comparative information is restated due to change in accounting policy in 2021 (Note 10).

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

Notes to the Condensed Interim Financial Statements

For the six months ended 30 June 2022 (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 2022 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 10 August 2022.

(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 2021.

(b) Change in accounting policies

The Group changed its accounting policy in respect of the measurement of land and buildings in 2021. See note 10 for further details.

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 residential land sections.
- Investment property, comprising rental income from the ownership and leasing of retail shops and industrial properties.
- Residential and commercial 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.

Notes to the Condensed Interim Financial Statements

For the six months ended 30 June 2022 (unaudited)

2. Segment reporting - continued (a) Operating Segments

	Hotel Operations		Residential Land Development		Investment Property		Residential Property Development		Group	
	6 months to	6 months to	6 months to	6 months to	6 months to	6 months to	6 months to	6 months to	6 months to	6 months to
	30/06/22	30/06/21	30/06/22	30/06/21	30/06/22	30/06/21	30/06/22	30/06/21	30/06/22	30/06/21
<i>Dollars in thousands</i>										
External revenue	27,260	31,069	47,730	61,255	84	16	8,582	6,020	83,656	98,360
Other Income – Note 2(c)	-	15,870	-	-	-	-	-	-	-	15,870
Earnings before interest, depreciation & amortisation	876	21,125	31,414	28,525	(14)	10	3,911	2,052	36,187	51,712
Finance income	482	327	513	324	-	-	288	168	1,283	819
Finance expense	(1,404)	(686)	(2)	(2)	-	-	(1)	-	(1,407)	(688)
Depreciation and amortisation	(3,378)	(3,669)	(1)	(1)	(98)	(25)	(4)	(4)	(3,481)	(3,699)
Depreciation of Right-of-use assets	(521)	(583)	(7)	(7)	-	-	(4)	(6)	(532)	(596)
Profit before income tax	(3,945)	16,514	31,917	28,839	(112)	(15)	4,190	2,210	32,050	47,548
Income tax expense	1,049	(93)	(8,937)	(8,075)	31	4	(1,256)	(662)	(9,113)	(8,826)
Profit after income tax	(2,896)	16,421	22,980	20,764	(81)	(11)	2,934	1,548	22,937	38,722
Cash & cash equivalents and short term bank deposits	50,451	56,211	75,076	132,450	-	-	56,306	37,185	181,833	225,846
Other segment assets	257,403	250,067	198,586	143,850	33,084	8,401	29,107	38,588	518,180	440,906
Investment in associates	-	-	2	2	-	-	-	-	2	2
Total assets	307,854	306,278	273,664	276,302	33,084	8,401	85,413	75,773	700,015	666,754
Segment liabilities	(48,440)	(41,067)	(1,804)	(5,028)	-	-	(1,923)	(1,889)	(52,167)	(47,984)
Tax liabilities	(6,824)	(8,297)	(4,352)	(3,807)	-	-	(1,162)	-	(12,338)	(12,104)
Total liabilities	(55,264)	(49,364)	(6,156)	(8,835)	-	-	(3,085)	(1,889)	(64,505)	(60,088)
Property, plant and equipment expenditure	10,625	1,163	-	2	-	-	40	3	10,665	1,168
Investment property expenditure	-	-	-	-	9,850	5,101	-	-	9,850	5,101
Residential land development expenditure	-	-	5,996	9,141	-	-	-	-	5,996	9,141
Purchase of land for residential land development	-	-	19,380	-	-	-	-	-	19,380	-

*The comparative information is restated due to change in accounting policy in 2021 (Note 10).

Notes to the Condensed Interim Financial Statements

For the six months ended 30 June 2022 (unaudited)

2. Segment reporting – continued (b) Geographic Segments

	New Zealand		Australia		Group	
	6 months to 30/06/22	6 months to 30/06/21	6 months to 30/06/22	6 months to 30/06/21	6 months to 30/06/22	6 months to 30/06/21
<i>Dollars in thousands</i>						
External revenue	75,074	92,340	8,582	6,020	83,656	98,360
Other Income – Note 2(c)	-	15,870	-	-	-	15,870
Earnings before interest, depreciation & amortisation	32,285	49,668	3,902	2,044	36,187	51,712
Finance income	995	651	288	168	1,283	819
Finance expense	(1,406)	(688)	(1)	-	(1,407)	(688)
Depreciation and amortisation	(3,477)	(3,695)	(4)	(4)	(3,481)	(3,699)
Depreciation of Right-of-use assets	(528)	(590)	(4)	(6)	(532)	(596)
Profit before income tax	27,869	45,346	4,181	2,202	32,050	47,548
Income tax expense	(7,860)	(8,166)	(1,253)	(660)	(9,113)	(8,826)
Profit after income tax	20,009	37,180	2,928	1,542	22,937	38,722
Cash & cash equivalents and short term bank deposits	125,527	188,665	56,306	37,181	181,833	225,846
Segment assets	489,073	402,375	29,107	38,531	518,180	440,906
Investment in associates	2	2	-	-	2	2
Total assets	614,602	591,042	85,413	75,712	700,015	666,754
Segment liabilities	(50,244)	(46,135)	(1,923)	(1,849)	(52,167)	(47,984)
Tax liabilities	(11,176)	(12,104)	(1,162)	-	(12,338)	(12,104)
Total liabilities	(61,420)	(58,239)	(3,085)	(1,849)	(64,505)	(60,088)
Property, plant and equipment expenditure	10,625	1,165	40	3	10,665	1,168
Investment property expenditure	9,850	5,101	-	-	9,850	5,101
Residential land development expenditure	5,996	9,141	-	-	5,996	9,141
Purchase of land for residential land development	19,380	-	-	-	19,380	-

*The comparative information is restated due to change in accounting policy in 2021 (Note 10).

2 (c) Other income

Other income comprised the gain on sale of assets classified as held for sale (Note 10b).

Notes to the Condensed Interim Financial Statements

For the six months ended 30 June 2022 (unaudited)

3. Share capital

	Ordinary shares		Redeemable preference shares	
	Shares	\$ 000s	Shares	\$ 000s
Total shares issued - fully paid				
Balance at 30 June 2021	105,578,290	350,048	52,739,543	33,218
Balance at 30 June 2022	105,578,290	350,048	52,739,543	33,218
Ordinary shares repurchased and held as treasury stock				
Balance at 30 June 2021	(99,547)	(26)	-	-
Balance at 30 June 2022	(99,547)	(26)	-	-
Shares issued - fully paid				
Balance at 30 June 2021	105,478,743	350,022	52,739,543	33,218
Balance at 30 June 2022	105,478,743	350,022	52,739,543	33,218

At 30 June 2022, the authorised share capital consisted of 105,578,290 ordinary shares (2021: 105,578,290 ordinary shares) with no par value and 52,739,543 redeemable preference shares (2021: 52,739,543) with no par value.

4. Earnings per share

The basic earnings per share of 9.74 cents (30 June 2021*: 24.47 cents) is based on the profit attributable to ordinary shareholders of \$15.40 million (30 June 2021*: \$31.34 million) and weighted average number of ordinary shares and redeemable preference shares outstanding during the period ended 30 June 2022 of 158,218,286 (30 June 2021: 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 9.74 cents (30 June 2021*: 24.47 cents) is the same as basic earnings per share.

*The comparative information is restated due to change in accounting policy in 2021 (Note 10).

Notes to the Condensed Interim Financial Statements

For the six months ended 30 June 2022 (unaudited)

5. Dividends

The following dividends were paid during the interim periods:

<i>Dollars In Thousands</i>	Group	
	Unaudited 30/06/22	Unaudited 30/06/21
Ordinary dividend: 3.5 cents per qualifying share (2021: Nil cents)	5,537	-
Supplementary dividend: 0.617647 cents per qualifying share (2021: Nil cents)	112	-
	5,649	-

6. Related party transactions

Millennium & Copthorne Hotels New Zealand Limited is a 75.78% (2021: 75.78%) (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 Ltd 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 30/06/22	Audited 31/12/21
Trade payables and receivables due to related parties			
Millennium & Copthorne Hotels Limited	Recharge of expenses	(3,144)	(2,863)
Millennium & Copthorne International Limited	Recharge of expenses & provision of management and marketing support	33	67
CDL Hotels Holdings New Zealand Limited	Recharge of expenses	157	96
CDLH (BVI) One Limited	Rent payment	336	(1,277)
		(2,618)	(3,977)

No debts with related parties were written off or forgiven during the period. No interest was charged on these payables during 2022 and 2021. There are no set repayment terms.

Notes to the Condensed Interim Financial Statements

For the six months ended 30 June 2022 (unaudited)

7. Capital commitments

As at 30 June 2022, the Group has entered into contractual commitments for capital expenditure and development expenditure.

<i>Dollars In Thousands</i>	Group	
	Unaudited 30/06/2022	Unaudited 30/06/2021
Capital expenditure on property, plant and equipment	1,559	1,076
Development expenditure	15,451	12,888
Capital expenditure on investment properties	3,100	24,675
Land purchases	-	56,258
	20,110	94,897

As at 30 June 2022, the Group had entered into contractual commitments for development expenditure, and construction of investment properties. Contractual agreements for the purchase of land are subject to a satisfactory outcome of the Group's due diligence process, board approval, and OIO approval. Development expenditure represents amounts contracted and forecast to be incurred in the remainder of 2022 in accordance with the Group's development programme.

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

The Group's subsidiaries, CDL Investments New Zealand Limited and subsidiary, have been named as respondents in a judicial review proceeding which was brought by the Applicant, Winton Property Investments Limited, in relation to a decision of the Overseas Investment Office relating to the Group's acquisition of land in Havelock North. The Applicant was seeking, inter alia, an order setting aside the decision of the Overseas Investment Office in respect of the approval and/or a declaration that Ministers erred at law in making their decision to grant consent. The proceedings, which were advised to the market in 21 July 2021, were heard in February 2022 and a decision in favour of the respondents was handed down at the end of March 2022. The Applicant has now filed a notice of appeal and a hearing has been set down for May 2023 at this stage. The Group will continue to vigorously defend its position and still considers the likelihood of the applicant being successful as low. It is not possible to determine what the financial effect would be, if any, should the application be successful.

9. COVID-19 employer support

The Group has applied for and received \$189,796 in respect of COVID-19 Short-term Absence Payment and Leave Support Scheme for employees who were self-isolating and were unable to work from home. In the previous period, the Group received \$350 in respect of COVID-19 Short-term Absence payment for an employee.

The employer support payments were applied as a deduction against payroll costs in personnel expenses in accordance with NZ IAS 20. The personnel expenses are included in cost of sales, administration expenses and other expenses in the income statement.

Notes to the Condensed Interim Financial Statements

For the six months ended 30 June 2022 (unaudited)

9. COVID-19 employer support – continued**Personnel expenses**

<i>Dollars In Thousands</i>	Group	
	Unaudited 6 months to 30/06/22	Unaudited 6 months to 30/06/21
Wages and salaries	14,169	13,567
Wage subsidies	(150)	-
Employee related expenses and benefits	908	673
Contributions to defined contribution plans	198	252
Increase/(decrease) in liability for long-service leave	(3)	(73)
	15,122	14,419

10. Change in accounting policy

The Group changed its accounting policy in respect of the measurement of land and buildings in 2021. Since the conversion to NZ IFRS in 2005, the Group have been recording land and buildings at fair value while the immediate parent and the group worldwide have been carrying land and buildings at cost. The Directors consider the measurement of hotel land and buildings at cost provides a more reliable, relevant, and consistent measure of the underlying performance of the Group for the following reasons:

- The costs of running the hotels are more relevant to users than the fair value of the buildings as there is no intention to sell;
- The key assumptions in the fair value measurement are highly sensitive which makes this a volatile measurement. This is exacerbated by current market conditions, including the COVID pandemic, and is already subject to significant judgment; and
- The cost method aligns with the treatment generally applied by similar entities in the market, and hence provides a more comparable information to users.

The restatement to cost for land and building took effect from 1 January 2005 and the comparatives are restated to reflect the changes.

The following tables summarise the impacts on the Group's condensed interim financial statements.

10(a) Condensed Interim Statement of Financial Position as at 30 June 2021

<i>Dollars In Thousands</i>	Impact of change in accounting policy		
	As previously reported	Adjustments	As Restated
SHAREHOLDERS' EQUITY			
Reserves	385,925	(262,974)	122,951
Non-controlling interests	104,499	(4,024)	100,475
Others	383,240	-	383,240
Total equity	873,664	(266,998)	606,666
Property, plant and equipment	562,338	(317,571)	244,767
Others	421,987	-	421,987
Total assets	984,325	(317,571)	666,754
Provision for deferred taxation	59,845	(50,573)	9,272
Others	50,816	-	50,816
Total liabilities	110,661	(50,573)	60,088

Notes to the Condensed Interim Financial Statements

For the six months ended 30 June 2022 (unaudited)

10. Change in accounting policy (continued)

10(b) Condensed Interim Income Statement and Other Comprehensive Income for the period ended 30 June 2021

<i>Dollars In Thousands</i>	NOTE	Impact of change in accounting policy		
		As previously reported	Adjustments	As Restated
Other income	2(c)	10,292	5,578	15,870
Administrative expenses		(11,051)	611	(10,440)
Income tax expense		(8,655)	(171)	(8,826)
Others		42,118	-	42,118
Profit for the year		32,704	6,018	38,722
Basic earnings per share (cents)		16.02	8.45	24.47
Diluted earnings per share (cents)		16.02	8.45	24.47
Owners of the parent		25,722	6,002	31,724
Non-controlling interests		7,362	16	7,378
Total liabilities		33,084	6,018	39,102

Shareholder Information and Disclosures

Top Holders (Ordinary Shares) as at 26 August 2022

Rank	Name	Units	% of Units
1	CDL HOTELS HOLDINGS NEW ZEALAND LIMITED	74,743,077	70.79
2	BNP PARIBAS NOMINEES (NZ) LIMITED - NZCSD	6,010,439	5.69
3	ACCIDENT COMPENSATION CORPORATION - NZCSD <ACCI40>	3,967,628	3.76
4	CITIBANK NOMINEES (NEW ZEALAND) LIMITED - NZCSD <CNOM90>	3,074,782	2.91
5	NATIONAL NOMINEES LIMITED - NZCSD <NNLZ90>	1,955,530	1.85
6	HSBC NOMINEES (NEW ZEALAND) LIMITED - NZCSD <HKBN90>	1,479,516	1.40
7	HSBC NOMINEES (NEW ZEALAND) LIMITED A/C STATE STREET -NZCSD <HKBN45>	1,296,193	1.23
8	LENG BENG KWEEK	906,000	0.86
9	JPMORGAN CHASE BANK NA NZ BRANCH-SEGREGATED CLIENTS ACCT - NZCSD <CHAM24>	809,316	0.77
10	FORSYTH BARR CUSTODIANS LIMITED <1-CUSTODY>	702,010	0.66
11	NEW ZEALAND DEPOSITORY NOMINEE LIMITED <A/C 1 CASH ACCOUNT>	672,722	0.64
12	KAY HONG CHIAM	475,251	0.45
13	MFL MUTUAL FUND LIMITED - NZCSD <MFLA90>	463,297	0.44
14	CUSTODIAL SERVICES LIMITED <A/C 4>	418,429	0.40
15	CUSTODIAL SERVICES LIMITED <A/C 7>	355,500	0.34
16	JALAER INVESTMENTS LIMITED	278,977	0.26
17	ASB NOMINEES LIMITED <175703 A/C>	182,500	0.17
18	GEOK LOO GOH	168,002	0.16
19	WEI-YONG QIAN	165,000	0.16
20	LENNON HOLDINGS LIMITED	157,529	0.15

Top Holders Redeemable Preference Shares as at 26 August 2022

Rank	Name	Units	% of Units
1	CDL HOTELS HOLDINGS NEW ZEALAND LIMITED	45,224,095	85.75
2	BNP PARIBAS NOMINEES (NZ) LIMITED - NZCSD	2,945,671	5.59
3	HSBC NOMINEES (NEW ZEALAND) LIMITED - NZCSD <HKBN90>	1,686,100	3.20
4	ACCIDENT COMPENSATION CORPORATION - NZCSD <ACCI40>	935,848	1.77
5	LENG BENG KWEEK	453,000	0.86
6	NATIONAL NOMINEES LIMITED - NZCSD <NNLZ90>	233,471	0.44
7	KAY HONG CHIAM	211,324	0.40
8	CUSTODIAL SERVICES LIMITED <A/C 4>	140,627	0.27
9	ASB NOMINEES LIMITED <185748 A/C>	130,451	0.25
10	ALAN DAVID WHITE	110,130	0.21
11	GRAEME STUART LORD & LISA ANNE LORD	77,225	0.15
12	JENNIFER GAYE SIMPSON	43,000	0.08
13	THEODORE JOHN VAN GELDERMALSEN & MARGARET GAY FREEMANTLE <GOLDEN DOWNS S/F A/C>	38,000	0.07
14	AOTEAROA RENTAL ENTERPRISES LIMITED	34,965	0.07
15	HOWARD CEDRIC ZINGEL	31,592	0.06
16	ARIE DEKKER & LEANNE KATHERINE WALKER	30,400	0.06
17	ROGER EDWARD HAYWARD & SUSAN ELIZABETH HAYWARD <TENANTS IN COMMON>	28,909	0.05
18	AIKEN & ASSOCIATES LIMITED	23,593	0.04
19	SEA AND PEAK EQUITIES LIMITED	23,400	0.04
20	RICHARD ALEXANDER COUTTS	23,000	0.04



Dear Valued Shareholder,

YOUR 2022/2023 SHAREHOLDER DISCOUNT CARD

At Millennium, Copthorne and Kingsgate Hotels and Resorts we are proud of the staff, hotels and locations we have within New Zealand. As a shareholder we would also like for you to be able to experience first-hand the experience of staying at, dining at or meeting at one of our participating hotel locations.

To encourage you to utilise this I am pleased to enclose your 2022/2023 Shareholder Discount Card along with our 2022 Half Year Report. The shareholder discount is for up to 2 rooms per stay at **20% off our Best Available Fully Flexible Rate**. If you decide to cancel the booking before the date of arrival there are no cancellation fees.

In order to receive the discount, please make your bookings through our website www.millenniumhotels.com using promo code MCKSHR, by e-mail (central.reservations@millenniumhotels.co.nz) or via our Central Reservations Office on 0800 808 228 (within New Zealand only). Bookings cannot be made via the hotel directly.

In addition to the Shareholder Discount, we have a range of other special offers and promotions available. You can find these on www.millenniumhotels.com and awaytogo.co.nz.

To subscribe to our e-newsletter, please email marketing@millenniumhotels.co.nz.

Thank you for your continued support of our Millennium, Copthorne and Kingsgate Hotels and Resorts and we look forward to hosting you in the near future.

Yours faithfully,

MILLENNIUM & COPTHORNE HOTELS NEW ZEALAND LIMITED

Stuart Harrison

Managing Director

2022/2023 SHAREHOLDER DISCOUNT CARD



As a valued shareholder of Millennium & Copthorne Hotels New Zealand Limited, we are pleased to offer a shareholder discount of 20% off our Best Available Fully Flexible Rate applicable at the time of booking and **12.00pm check-out (subject to availability)** at participating Millennium, Copthorne and Kingsgate hotels in New Zealand.

Please note: the participating hotels are **M Social Auckland Millennium Hotel** New Plymouth / Queenstown / Rotorua **Copthorne Hotel** Auckland City / Bay of Islands / Greymouth / Palmerston North / Queenstown Lakefront / Queenstown Lakeview / Rotorua / Wellington Oriental Bay **Kingsgate Hotel** Dunedin / Te Anau

Terms and Conditions: Shareholder Discount is available to current shareholders of Millennium & Copthorne Hotels New Zealand Limited for private bookings (maximum 2 rooms) only. The discount is 20% off the Best Available Fully Flexible Rate applicable at time of booking and does not apply to any other previously discounted / special rate. Where available, a check-out time of 12.00pm may be requested. Reservations must be made via the internet (www.millenniumhotels.com), by e-mail to central.res@millenniumhotels.co.nz or by telephone (0800 808 228 within New Zealand). The promo code MCKSHR must be used. Please present this card upon check-in. Card is valid until 30 September 2023 or when you cease to be a shareholder, whichever is the earlier.



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