



CDL INVESTMENTS
NEW ZEALAND LIMITED
INTERIM REPORT 2017



DIRECTORS' REVIEW

FINANCIAL PERFORMANCE:

The Directors of CDL Investments New Zealand Limited ("CDI") advise that the Company has made an unaudited operating profit after tax of \$20.39 million for the six month period ending 30 June 2017 (2016: \$15.95 million). Operating profit before tax was \$28.32 million (2016: \$22.16 million).

Property sales and other income for the period was \$51.04 million (2016: \$42.78 million). Net Asset Backing (at cost) for the period under review was 62.8 cents per share (2016: 54.4 cents per share).

PORTFOLIO UPDATE:

Sales were strongest in Auckland, Hamilton and Canterbury, in the Company's Greville Road, Magellan Heights and Prestons Park subdivisions. The Company has completed Stage 1 of its Prestons Park subdivision and is progressing with Stage 2.

In the year to date, work was being undertaken and completed at Greville Road (Auckland) and Magellan Heights (Hamilton) to allow for additional sales later in 2017 and into 2018.

APPOINTMENT OF KIAN SENG TAN AND COLIN SIM:

In February we welcomed Mr Kian Seng Tan, Interim Group CEO of M&C Hotels plc to the Board as non-executive director. Mr Colin Sim also joined the Board in July following the retirement of long serving Board Chairman, Mr Hong Ren Wong. Mr Sim was elected as Board Chairman on 2 August 2017. CDI looks forward to utilizing their knowledge and expertise across the business.

COMMENTARY AND OUTLOOK:

Sales activity in the year to date remains steady and this reflects continued demand in the major centres in which CDI operates. The current level of sales activity should continue through to the end of 2017 and we expect to better our 2016 results this year.



Colin Sim

Chairman

CDL Investments New Zealand Limited

4 August 2017

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 30 JUNE 2017

In thousands of dollars	Note	Unaudited 6 months to 30/06/17	Unaudited 6 months to 30/06/16
Revenue		51,021	42,762
Cost of sales		(21,407)	(18,810)
Gross profit		29,614	23,952
Other income		18	18
Administrative expenses		(150)	(118)
Property expenses		(218)	(254)
Selling expenses		(1,390)	(1,265)
Other expenses		(559)	(523)
Results from operating activities		27,315	21,810
Interest income		1,000	347
Finance income		1,000	347
Profit before income tax		28,315	22,157
Income tax expense		(7,928)	(6,204)
Profit for the period		20,387	15,953
Total comprehensive income for the period		20,387	15,953
Profit attributable to:			
Equity holders of the Parent		20,387	15,953
Total comprehensive income for the period		20,387	15,953
Earnings per share			
Basic earnings per share (cents)	3	7.35c	5.77c
Diluted earnings per share (cents)	3	7.35c	5.77c

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

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 30 JUNE 2017

In thousands of dollars	Note	Unaudited Share Capital	Unaudited Retained Earnings	Unaudited Total Equity
Balance at 1 January 2016		53,294	86,995	140,289
Total comprehensive income for the period				
Profit for the period		-	15,953	15,953
Total comprehensive income for the period		-	15,953	15,953
Shares issued under dividend reinvestment plan	2	552	-	552
Dividend to shareholders	2	-	(6,074)	(6,074)
Supplementary dividend		-	(178)	(178)
Foreign investment tax credits		-	178	178
Balance at 30 June 2016		53,846	96,874	150,720
Balance at 1 January 2017		53,846	107,949	161,795
Total comprehensive income for the period				
Profit for the period		-	20,387	20,387
Total comprehensive income for the period		-	20,387	20,387
Shares issued under dividend reinvestment plan	2	464	-	464
Dividend to shareholders	2	-	(8,308)	(8,308)
Supplementary dividend		-	(253)	(253)
Foreign investment tax credits		-	253	253
Balance at 30 June 2017		54,310	120,028	174,338

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

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

In thousands of dollars	Unaudited as at 30/06/17	Audited as at 31/12/16	Unaudited as at 30/06/16
SHAREHOLDERS' EQUITY			
Issued capital	54,310	53,846	53,846
Retained earnings	120,028	107,949	96,874
Total Equity	174,338	161,795	150,720
<i>Represented by:</i>			
NON CURRENT ASSETS			
Property, plant and equipment	5	5	2
Development property	79,848	84,631	88,643
Investment in associate	2	2	2
Total Non Current Assets	79,855	84,638	88,647
CURRENT ASSETS			
Cash and cash equivalents	19,584	1,989	23,955
Short term deposits	52,000	45,500	7,500
Trade and other receivables	1,888	3,018	2,609
Development property	26,666	33,132	32,859
Total Current Assets	100,138	83,639	66,923
Total Assets	179,993	168,277	155,570
NON CURRENT LIABILITIES			
Deferred tax liabilities	2	2	19
Total Non Current Liabilities	2	2	19
CURRENT LIABILITIES			
Trade and other payables	2,473	4,312	2,986
Employee entitlements	28	22	22
Income tax payable	3,152	2,146	1,823
Total Current Liabilities	5,653	6,480	4,831
Total Liabilities	5,655	6,482	4,850
Net Assets	174,338	161,795	150,720

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

CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 30 JUNE 2017

In thousands of dollars	Unaudited 6 months to 30/06/17	Unaudited 6 months to 30/06/16
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash was provided from:		
Receipts from customers	52,587	41,350
Interest received	582	299
Cash was applied to:		
Payments to suppliers	(14,110)	(12,957)
Payments to employees	(197)	(189)
Income tax paid	(6,670)	(6,341)
Net Cash Inflow from Operating Activities	32,192	22,162
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash was provided from:		
Short term deposits	45,500	5,000
Cash was applied to:		
Short term deposits	(52,000)	(7,500)
Net Cash Outflow from Investing Activities	(6,500)	(2,500)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash was applied to:		
Dividend paid	(7,844)	(5,522)
Supplementary dividend paid	(253)	(178)
Net Cash Outflow from Financing Activities	(8,097)	(5,700)
Net Increase in Cash and Cash Equivalents	17,595	13,962
Add Opening Cash and Cash Equivalents	1,989	9,993
Closing Cash and Cash Equivalents	19,584	23,955
RECONCILIATION OF PROFIT FOR THE PERIOD TO CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit after taxation	20,387	15,953
Adjusted for non cash items:		
Depreciation	1	1
Income tax expense	7,928	6,204
Adjustments for movements in working capital:		
(Increase)/decrease in receivables	1,130	(1,478)
Decrease in development properties	11,249	5,049
Increase/(decrease) in payables	(1,833)	2,774
Cash generated from Operating Activities	38,862	28,503
Income tax paid	(6,670)	(6,341)
Cash Inflow from Operating Activities	32,192	22,162

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2017 (UNAUDITED)

1. SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

CDL Investments New Zealand Limited (the "Company") is a company domiciled in New Zealand, registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange. The Company is a FMC Reporting Entity in terms of the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013.

The condensed interim financial statements of the Company as at and for the half year ended 30 June 2017 comprises the Company and its subsidiary (together referred to as the "Group").

The principal activity of the Group is the development and sale of residential land properties.

(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 applied by the Group in these condensed financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2016.

The condensed interim financial statements were authorised for issuance on 4 August 2017.

2. CAPITAL & RESERVES

Share capital

Under the Company's Dividend Reinvestment Plan, an additional 566,646 shares were issued on 19 May 2017 (2016: 853,849) at a strike price of \$0.8198 (2016: \$0.6461).

At 30 June 2017, the authorised share capital consisted of 277,513,971 fully paid ordinary shares (2016: 276,947,325).

Dividends

The following dividends were declared and paid during the period ending 30 June:

In thousands of dollars	2017	2016
3.0 cents per qualifying ordinary share (2016: 2.2 cents)	8,308	6,074
	8,308	6,074

3. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share at 30 June 2017 of 7.35 cents (2016: 5.77 cents) was based on the profit attributable to ordinary shareholders of \$20,387,000 (2016: \$15,953,000); and weighted average number of shares of 277,325,089 (2016: 276,662,775) on issue in the period.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

4. SEGMENT REPORTING

Operating segments

The single operating segment of the Group consists of property operations, comprising the development and sale of residential land sections.

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.

Geographical segments

Segment revenue is based on the geographical location of the segment assets. All segment revenues are derived in New Zealand.

Segment assets are based on the geographical location of the development property. All segment assets are located in New Zealand. The Group has no major customer representing greater than 10% of the Group's total revenues.

5. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD

There were no material events subsequent to the end of the six month period ended 30 June 2017 (2016: Nil) that would require disclosure.

6. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS SINCE LAST ANNUAL BALANCE SHEET DATE

There were no changes in contingent liabilities and contingent assets that would require disclosure for the six month period ended 30 June 2017 (2016: Nil). There were no contingent liabilities or contingent assets as at 30 June 2017 (2016: Nil).

7. RELATED PARTY TRANSACTIONS

CDL Investments New Zealand Limited is a subsidiary of Millennium & Copthorne Hotels New Zealand Limited by virtue of Millennium & Copthorne Hotels New Zealand Limited owning 66.56% (2016: 66.70%) of the Company and having three out of six of the Directors on the Board. Millennium & Copthorne Hotels New Zealand Limited is 75.20% owned by CDL Hotels Holdings New Zealand Limited, which is a wholly owned subsidiary of Millennium & Copthorne Hotels plc in the United Kingdom. The ultimate holding company is Hong Leong Investment Holdings Pte Ltd in Singapore.

During the six month period ending 30 June 2017 CDL Investments New Zealand Limited has reimbursed its parent, Millennium & Copthorne Hotels New Zealand Limited, \$157,000 (2016: \$148,000) for expenses incurred by the parent on behalf of the Group.

Subsidiary	Principal Activity	% Holding by CDL Investments New Zealand Limited	Balance Date
CDL Land New Zealand Limited	Property Investment and Development	100.00	31 December

Associate	Principal Activity	% Holding by CDL Land New Zealand Limited	Balance Date
Prestons Road Limited	Service Provider	33.33	31 March

DISCLOSURES

On 20 March 2017, NZX Limited (**NZX**) granted the Company a waiver from NZX Main Board Listing Rule (**Listing Rule**) 5.2.3 in respect of its ordinary shares for a period of twelve months from 20 March 2017 (the **Ordinary Shares Waiver**) to allow the Company to have fewer than 25% of its ordinary shares held by members of the public.

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 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 shares 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 this waiver is that the Company's ordinary shares may not be widely held and there may be reduced liquidity in those shares.



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