



CDL INVESTMENTS
NEW ZEALAND LIMITED

INTERIM REPORT 2016



CHAIRMAN'S REVIEW

FINANCIAL PERFORMANCE:

The Directors of CDL Investments New Zealand Limited ("CDLI") advise that the Company has made an unaudited operating profit after tax of \$15.95 million for the six month period ending 30 June 2016 (2015: \$8.51 million). Operating profit before tax was \$22.16 million (2015: \$11.70 million).

Property sales and other income for the period was \$42.78 million (2015: \$23.89 million). Net Asset Backing (at cost) for the period under review was 54.4 cents per share (2015: 47.6 cents per share).


PORTFOLIO UPDATE:

The Company sold a total of 171 sections in the year to date (2015: 128). Demand was strongest in Auckland and Canterbury with additional sales from the company's Hamilton subdivisions also recorded. The company has completed the last stage of its Rolleston subdivision (Stonebrook) and expects to complete final sales by the end of 2016.

CDLI continues to develop further stages to meet demand. In the year to date, work was being undertaken and completed at Greville Road (Auckland), Magellan Heights (Hamilton), and Prestons Road (Christchurch) to allow for additional sales later in 2016 and into 2017.

COMMENTARY AND OUTLOOK:

Sales activity in the year to date remains strong and this reflects continued demand in the major centres in which CDLI operates. The current level of sales activity should continue through into the second half of 2016 and will therefore be reflected in the company's results. We expect to better our 2015 results this year.



Wong Hong Ren

Chairman

3 August 2016

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 30 JUNE 2016

In thousands of dollars	Note	Unaudited 6 months to 30/06/16	Unaudited 6 months to 30/06/15
Revenue		42,762	23,859
Cost of sales		(18,810)	(11,174)
Gross profit		23,952	12,685
Other income		18	29
Administrative expenses		(118)	(111)
Property expenses		(254)	(194)
Selling expenses		(1,265)	(872)
Other expenses		(523)	(437)
Results from operating activities		21,810	11,100
Interest income		347	603
Finance income		347	603
Profit before income tax		22,157	11,703
Income tax expense		(6,204)	(3,192)
Profit for the period		15,953	8,511
Total comprehensive income for the period		15,953	8,511
Profit attributable to:			
Equity holders of the Parent		15,953	8,511
Total comprehensive income for the period		15,953	8,511
Earnings per share			
Basic earnings per share (cents)	3	5.77c	3.08c
Diluted earnings per share (cents)	3	5.77c	3.08c

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 2016

In thousands of dollars	Note	Unaudited Share Capital	Unaudited Retained Earnings	Unaudited Total Equity
Balance at 1 January 2015		52,907	75,582	128,489
Total comprehensive income for the period				
Profit for the period		-	8,511	8,511
Total comprehensive income for the period		-	8,511	8,511
Shares issued under dividend reinvestment plan	2	387	-	387
Dividend to shareholders		-	(6,060)	(6,060)
Supplementary dividend		-	(167)	(167)
Foreign investment tax credits		-	167	167
Balance at 30 June 2015		53,294	78,033	131,327
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		-	(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

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 2016

In thousands of dollars	Unaudited as at 30/06/16	Audited as at 31/12/15	Unaudited as at 30/06/15
SHAREHOLDERS' EQUITY			
Issued capital	53,846	53,294	53,294
Retained earnings	96,874	86,995	78,033
Total Equity	150,720	140,289	131,327
<i>Represented by:</i>			
NON CURRENT ASSETS			
Property, plant and equipment	2	3	4
Development property	88,643	88,304	87,924
Investment in associate	2	2	2
Total Non Current Assets	88,647	88,309	87,930
CURRENT ASSETS			
Cash and cash equivalents	23,955	9,993	21,341
Short term deposits	7,500	5,000	2,500
Trade and other receivables	2,609	1,131	760
Development property	32,859	38,247	19,959
Total Current Assets	66,923	54,371	44,560
Total Assets	155,570	142,680	132,490
NON CURRENT LIABILITIES			
Deferred tax liabilities	19	19	49
Total Non Current Liabilities	19	19	49
CURRENT LIABILITIES			
Trade and other payables	2,986	201	168
Employee entitlements	22	33	31
Income tax payable	1,823	2,138	915
Total Current Liabilities	4,831	2,372	1,114
Total Liabilities	4,850	2,391	1,163
Net Assets	150,720	140,289	131,327

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 2016

In thousands of dollars	Unaudited 6 months to 30/06/16	Unaudited 6 months to 30/06/15
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash was provided from:		
Receipts from customers	41,350	24,302
Interest received	299	895
Cash was applied to:		
Payments to suppliers	(12,957)	(23,582)
Payments to employees	(189)	(164)
Purchase of development land	-	-
Income tax paid	(6,341)	(3,801)
Net Cash Inflow/(Outflow) from Operating Activities	22,162	(2,350)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash was provided from:		
Short term deposits	5,000	27,000
Cash was applied to:		
Purchase of plant and equipment	-	(1)
Short term deposits	(7,500)	-
Net Cash Inflow/(Outflow) from Investing Activities	(2,500)	26,999
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash was applied to:		
Dividend paid	(5,522)	(5,673)
Supplementary dividend paid	(178)	(167)
Net Cash Outflow from Financing Activities	(5,700)	(5,840)
Net Increase in Cash and Cash Equivalents	13,962	18,809
Add Opening Cash and Cash Equivalents	9,993	2,532
Closing Cash and Cash Equivalents	23,955	21,341
RECONCILIATION OF PROFIT FOR THE PERIOD TO CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit after taxation	15,953	8,511
Adjusted for non cash items:		
Depreciation	1	1
Income tax expense	6,204	3,192
Adjustments for movements in working capital:		
Decrease in receivables	(1,478)	706
(Increase)/decrease in development properties	5,049	(10,918)
Increase/(decrease) in payables	2,774	(41)
Cash generated from Operating Activities	28,503	1,451
Income tax paid	(6,341)	(3,801)
Cash Inflow/(Outflow) from Operating Activities	22,162	(2,350)

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 2016 (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 2016 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 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 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 2015.

The condensed interim financial statements were authorised for issuance on 3 August 2016.

2. CAPITAL & RESERVES

Share capital

Under the Company’s Dividend Reinvestment Plan, an additional 853,649 shares were issued on 20 May 2016 (2015: 625,311) at a strike price of \$0.6461 (2015: \$0.6190).

At 30 June 2016, the authorised share capital consisted of 276,947,325 fully paid ordinary shares (2015: 276,093,676).

Dividends

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

In thousands of dollars	2016	2015
2.2 cents per qualifying ordinary share (2015: 2.2 cents)	6,074	6,060

3. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share at 30 June 2016 of 5.77 cents (30 June 2015: 3.08 cents) was based on the profit attributable to ordinary shareholders of \$15,953,000 (30 June 2015: Profit \$8,511,000); and weighted average number of shares of 276,662,775 (30 June 2015: 275,885,239) 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 2016 (30 June 2015: 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 2016 (30 June 2015: Nil). There were no contingent liabilities or contingent assets as at 30 June 2016 (30 June 2015: 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 66.70% (30 June 2015: 66.91%) 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 2016 CDL Investments New Zealand Limited has reimbursed its parent, Millennium & Copthorne Hotels New Zealand Limited, \$148,000 (30 June 2015: \$115,000) 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 22 March 2016, 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 22 March 2016 (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.



CDL INVESTMENTS
NEW ZEALAND LIMITED