



**CDL INVESTMENTS**  
NEW ZEALAND LIMITED  
INTERIM REPORT 2018

BEDROOM

CDL Investments

## CHAIRMAN'S 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 \$25.47 million for the six month period ending 30 June 2018 (2017: \$20.39 million). Operating profit before tax was \$35.38 million (2017: \$28.32 million).

Property sales and other income for the period was \$60.23 million (2017: \$51.04 million). Net Asset Backing (at cost) for the period under review was 72.8 cents per share (2017: 62.8 cents per share).

### PORTFOLIO UPDATE:

As advised at the annual meeting of shareholders, CDI has settled agreements for over 100 hectares of land in Hamilton and Christchurch to further its development projects in the medium term.

CDI recorded strong sales from Hamilton, Canterbury and Auckland notably at the Magellan Heights, Prestons Park and Greville Road subdivisions respectively. Further stages will be progressively developed to meet demand.

As part of the Prestons Park project, CDI is also looking at developing small scale commercial tenancies for lease on its land to enhance the amenity value of its holdings as well as produce a new income stream for CDI. Management is working with designers and agents to secure potential tenants with a view to commencing leases in 2020.

### COMMENTARY AND OUTLOOK:

The Board is pleased with the level of sales activity to date and also pleased to secure land to ensure its development future in the medium term. Diversification into commercial tenancies will also provide the company with new possibilities for development in the future.

The Board has noted that forward demand for sections in certain areas is softening but will not affect CDI's 2018 performance or results.

With steady demand for high quality residential sections still apparent, we believe that we will better our 2017 year end results at this stage.



### **Colin Sim**

Chairman

CDL Investments New Zealand Limited

2 August 2018

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 30 JUNE 2018

In thousands of dollars	Note	Unaudited 6 months to 30/06/18	Unaudited 6 months to 30/06/17
Revenue		60,192	51,021
Cost of sales		(23,090)	(21,407)
<b>Gross profit</b>		<b>37,102</b>	<b>29,614</b>
Other income		35	18
Administrative expenses		(140)	(150)
Property expenses		(185)	(218)
Selling expenses		(1,514)	(1,390)
Other expenses		(646)	(559)
<b>Results from operating activities</b>		<b>34,652</b>	<b>27,315</b>
Interest income		726	1,000
<b>Finance income</b>		<b>726</b>	<b>1,000</b>
<b>Profit before income tax</b>		<b>35,378</b>	<b>28,315</b>
Income tax expense		(9,908)	(7,928)
<b>Profit for the period</b>		<b>25,470</b>	<b>20,387</b>
<b>Total comprehensive income for the period</b>		<b>25,470</b>	<b>20,387</b>
<b>Profit attributable to:</b>			
Equity holders of the Parent		25,470	20,387
<b>Total comprehensive income for the period</b>		<b>25,470</b>	<b>20,387</b>
<b>Earnings per share</b>			
Basic earnings per share (cents)	3	9.16c	7.35c
Diluted earnings per share (cents)	3	9.16c	7.35c

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 2018

In thousands of dollars	Note	Unaudited Share Capital	Unaudited Retained Earnings	Unaudited Total Equity
Balance at 1 January 2017		53,846	107,949	161,795
<b>Total comprehensive income for the period</b>				
Profit for the period		-	20,387	20,387
<b>Total comprehensive income for the period</b>		-	<b>20,387</b>	<b>20,387</b>
Shares issued under dividend reinvestment plan	2	464	-	464
Dividend to shareholders		-	(8,308)	(8,308)
Supplementary dividend		-	(253)	(253)
Foreign investment tax credits		-	253	253
<b>Balance at 30 June 2017</b>		<b>54,310</b>	<b>120,028</b>	<b>174,338</b>
Balance at 1 January 2018		54,310	131,802	186,112
<b>Total comprehensive income for the period</b>				
Profit for the period		-	25,470	25,470
<b>Total comprehensive income for the period</b>		-	<b>25,470</b>	<b>25,470</b>
Shares issued under dividend reinvestment plan	2	554	-	554
Dividend to shareholders		-	(9,713)	(9,713)
Supplementary dividend		-	(308)	(308)
Foreign investment tax credits		-	308	308
<b>Balance at 30 June 2018</b>		<b>54,864</b>	<b>147,559</b>	<b>202,423</b>

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 2018

In thousands of dollars	Unaudited as at 30/06/18	Audited as at 31/12/17	Unaudited as at 30/06/17
<b>SHAREHOLDERS' EQUITY</b>			
Issued capital	54,864	54,310	54,310
Retained earnings	147,559	131,802	120,028
<b>Total Equity</b>	<b>202,423</b>	<b>186,112</b>	<b>174,338</b>
<i>Represented by:</i>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	5	5
Development property	121,302	90,595	79,848
Investment in associate	2	2	2
<b>Total Non Current Assets</b>	<b>121,309</b>	<b>90,602</b>	<b>79,855</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	25,814	18,774	19,584
Short term deposits	31,000	46,500	52,000
Trade and other receivables	3,276	1,726	1,888
Development property	29,229	34,104	26,666
<b>Total Current Assets</b>	<b>89,319</b>	<b>101,104</b>	<b>100,138</b>
<b>Total Assets</b>	<b>210,628</b>	<b>191,706</b>	<b>179,993</b>
<b>NON CURRENT LIABILITIES</b>			
Deferred tax liabilities	2	2	2
<b>Total Non Current Liabilities</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	2,730	2,133	2,473
Employee entitlements	36	27	28
Income tax payable	5,437	3,432	3,152
<b>Total Current Liabilities</b>	<b>8,203</b>	<b>5,592</b>	<b>5,653</b>
<b>Total Liabilities</b>	<b>8,205</b>	<b>5,594</b>	<b>5,655</b>
<b>Net Assets</b>	<b>202,423</b>	<b>186,112</b>	<b>174,338</b>

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 2018

In thousands of dollars	Unaudited 6 months to 30/06/18	Unaudited 6 months to 30/06/17
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Cash was provided from:</b>		
Receipts from customers	58,510	52,587
Interest received	893	582
<b>Cash was applied to:</b>		
Payments to suppliers	(14,164)	(14,110)
Payments to employees	(283)	(197)
Purchase of development land	(36,354)	-
Income tax paid	(7,595)	(6,670)
<b>Net Cash Inflow from Operating Activities</b>	<b>1,007</b>	<b>32,192</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>Cash was provided from:</b>		
Short term deposits	46,500	45,500
<b>Cash was applied to:</b>		
Short term deposits	(31,000)	(52,000)
<b>Net Cash Inflow/(Outflow) from Investing Activities</b>	<b>15,500</b>	<b>(6,500)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>Cash was applied to:</b>		
Dividend paid	(9,159)	(7,844)
Supplementary dividend paid	(308)	(253)
<b>Net Cash Outflow from Financing Activities</b>	<b>(9,467)</b>	<b>(8,097)</b>
Net Increase in Cash and Cash Equivalents	7,040	17,595
Add Opening Cash and Cash Equivalents	18,774	1,989
<b>Closing Cash and Cash Equivalents</b>	<b>25,814</b>	<b>19,584</b>
<b>RECONCILIATION OF PROFIT FOR THE PERIOD TO CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit after taxation	25,470	20,387
<b>Adjusted for non cash items:</b>		
Depreciation	-	1
Income tax expense	9,908	7,928
<b>Adjustments for movements in working capital:</b>		
(Increase)/decrease in receivables	(1,550)	1,130
(Increase)/decrease in development properties	(25,832)	11,249
Increase/(decrease) in payables	606	(1,833)
<b>Cash generated from Operating Activities</b>	<b>8,602</b>	<b>38,862</b>
Income tax paid	(7,595)	(6,670)
<b>Cash Inflow from Operating Activities</b>	<b>1,007</b>	<b>32,192</b>

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 2018 (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 2018 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 2017.

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

## 2. CAPITAL & RESERVES

### Share capital

Under the Company's Dividend Reinvestment Plan, an additional 604,516 shares were issued on 18 May 2018 (2017: 566,646) at a strike price of \$0.9154 (2017: \$0.8198).

At 30 June 2018, the authorised share capital consisted of 278,118,487 fully paid ordinary shares (2017: 277,513,971).

### Dividends

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

In thousands of dollars	2018	2017
3.5 cents per qualifying ordinary share (2017: 3.0 cents)	9,713	8,308
	<b>9,713</b>	<b>8,308</b>

## 3. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share at 30 June 2018 of 9.16 cents (2017: 7.35 cents) was based on the profit attributable to ordinary shareholders of \$25,470,000 (2017: \$20,387,000); and weighted average number of shares of 277,916,982 (2017: 277,325,089) 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 2018 (2017: 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 2018 (2017: Nil). There were no contingent liabilities or contingent assets as at 30 June 2018 (2017: 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 66.42% (2017: 66.56%) of the Company and having three out of six of the Directors on the Board. Millennium & Copthorne Hotels New Zealand Limited is 70.79% (computed on voting shares) 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 2018 CDL Investments New Zealand Limited has reimbursed its parent, Millennium & Copthorne Hotels New Zealand Limited, \$157,000 (2017: \$157,000) 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 19 March 2018, NZX also granted CDI a waiver from Listing Rule 5.2.3 in respect of its ordinary shares for a period of twelve months from 19 March 2018 (the **Ordinary Shares Waiver**).

Listing Rule 5.2.3 provides that a class of securities will generally not be considered for quotation unless those securities are held by at least 500 members of the public, holding at least 25% of the number of securities of the class issued, with each member holding at least a minimum holding.

NZX granted the 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 offer documents relating to any offer of shares undertaken by CDI during the period of the waiver;

(b) that the Company consistently monitors the spread of its ordinary shares and notifies NZX Regulation as soon as practicable of any material changes to the percentage of ordinary shares held by Members of the Public.

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



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