

# CDL Investments New Zealand Limited and its Subsidiary

## 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.

## CDL Investments New Zealand Limited and its Subsidiary 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.

# CDL Investments New Zealand Limited and its Subsidiary

## 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.

# CDL Investments New Zealand Limited and its Subsidiary

## Condensed Interim Statement of Cash Flows

For the half year ended 30 June 2018

	Unaudited 6 Months to 30/06/18	Unaudited 6 Months to 30/06/17
In thousands of dollars		
<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>

## CDL Investments New Zealand Limited and its Subsidiary Condensed Interim Statement of Cash Flows - continued

For the half year ended 30 June 2018

	Unaudited 6 Months to	Unaudited 6 Months to
In thousands of dollars	30/06/18	30/06/17
<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.

# **CDL Investments New Zealand Limited and its Subsidiary**

## 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*

3.5 cents per qualifying ordinary share (2017: 3.0 cents)

2018	2017
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.

### 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).

## **CDL Investments New Zealand Limited and its Subsidiary**

Notes to the Condensed Interim Financial Statements

For the half year ended 30 June 2018 (unaudited)

### **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.

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

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

## **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**  
**2 August 2018**



2 August 2018



## **CDL INVESTMENTS REPORTS STRONG HALF YEAR RESULT**

Property development and investment company CDL Investments New Zealand Limited (NZX:CDI) today released its (unaudited) results for the six months to 30 June 2018 and announced an operating profit of \$25.47 million (2017: \$20.39 million) on revenue of \$60.23 million (2017: \$51.04 million).

“We are happy to report another half year where we have been able to grow our sales and profitability”, said CDI’s Managing Director Mr. BK Chiu.

CDI had, he said, settled acquisitions for over 100 hectares of land.

“This secures our development future for the medium term. We continue to evaluate other opportunities and are optimistic that we will be able to add to our portfolio later in the year” he said.

Mr. Chiu also noted that CDI’s sales for the period had come from its projects in Auckland, Hamilton, and Christchurch. “CDI’s diversified portfolio across growth centres helps manage our business performance in more challenging times” he added.

CDI also announced that it was looking at developing commercial premises for lease on its land.

“These will be small scale developments that are compatible with the residential areas and local community”, said Mr. Chiu. “We have seen demand for child care centres and medical centres around our subdivisions and we are looking at concept drawings now and talking to interested parties about tenancies for 2020”.

Mr. Chiu was optimistic that CDI would better its 2017 results at this stage.

“Although we are seeing some softening in forward demand, sales continue to be steady. We are therefore optimistic that we will better our 2017 results at this stage”, he said.

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Issued by CDL Investments New Zealand Limited

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