CDL Investments New Zealand Limited

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2016

In thousands of dollars	Note	Group 2016	Group 2015
Revenue		74,434	47,540
Cost of sales		(33,747)	(20,908)
Gross Profit		**40,687**	**26,632**
Other income		37	59
Administrative expenses	3, 4	(217)	(205)
Property expenses		(583)	(471)
Selling expenses		(2,246)	(1,751)
Other expenses	3, 4	(1,096)	(957)
Results from operating activities		**36,582**	**23,307**
Finance income	5	956	852
Net finance income		**956**	**852**
Profit before income tax		**37,538**	**24,159**
Income tax expense	6	(10,510)	(6,686)
Profit for the period		**27,028**	**17,473**
Total comprehensive income for the period		**27,028**	**17,473**
Profit attributable to:			
Equity holders of the parent		27,028	17,473
Total comprehensive income for the period		**27,028**	**17,473**
Earnings per share			
Basic earnings per share (cents)	13	9.77	6.33
Diluted earnings per share (cents)	13	9.77	6.33

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

KPMG

CDL Investments New Zealand Limited

Consolidated Statement of Changes in Equity

For the year ended 31 December 2016

In thousands of dollars	Note	Share Capital	Retained Earnings	Total Equity
			Group	
Balance at 1 January 2015		52,907	75,582	128,489
Total comprehensive income for the period				
Profit for the period		-	17,473	17,473
Total comprehensive income for the period		**-**	**17,473**	**17,473**
Transactions with owners of the Company				
Shares issued under dividend reinvestment plan	12	387	-	387
Dividend to shareholders	12	-	(6,060)	(6,060)
Supplementary dividend		-	(167)	(167)
Foreign investment tax credits		-	167	167
Balance at 31 December 2015		**53,294**	**86,995**	**140,289**
Balance at 1 January 2016		53,294	86,995	140,289
Total comprehensive income for the period				
Profit for the period		-	27,028	27,028
Total comprehensive income for the period		**-**	**27,028**	**27,028**
Transactions with owners of the Company				
Shares issued under dividend reinvestment plan	12	552	-	552
Dividend to shareholders	12	-	(6,074)	(6,074)
Supplementary dividend		-	(178)	(178)
Foreign investment tax credits		-	178	178
Balance at 31 December 2016		**53,846**	**107,949**	**161,795**

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

KPMG

Consolidated Statement of Financial Position

As at 31 December 2016

In thousands of dollars	Note	Group 2016	Group 2015
SHAREHOLDERS' EQUITY			
Issued capital	12	53,846	53,294
Retained earnings		107,949	86,995
Total Equity		**161,795**	**140,289**
Represented by:			
NON CURRENT ASSETS			
Property, plant and equipment		5	3
Development property	8	84,631	88,304
Investment in associate		2	2
Total Non Current Assets		**84,638**	**88,309**
CURRENT ASSETS			
Cash and cash equivalents	11	1,989	9,993
Short term deposits	14	45,500	5,000
Trade and other receivables	10	3,018	1,131
Development property	8	33,132	38,247
Total Current Assets		**83,639**	**54,371**
Total Assets		**168,277**	**142,680**
NON CURRENT LIABILITIES			
Deferred tax liabilities	9	2	19
Total Non Current liabilities		**2**	**19**
CURRENT LIABILITIES			
Trade and other payables		4,312	201
Employee entitlements		22	33
Income tax payable		2,146	2,138
Total Current Liabilities		**6,480**	**2,372**
Total Liabilities		**6,482**	**2,391**
Net Assets		**161,795**	**140,289**

For and on behalf of the Board

R AUSTIN, DIRECTOR, 17 February 2017

BK CHIU, MANAGING DIRECTOR, 17 February 2017

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

KPMG

Consolidated Statement of Cash Flows

For the year ended 31 December 2016

In thousands of dollars	Note	Group 2016	Group 2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from customers		72,643	47,576
Interest received		897	1,210
Cash was applied to:			
Payment to suppliers		(24,591)	(44,819)
Payment to employees		(408)	(366)
Purchase of development land		-	(8,697)
Income tax paid		(10,341)	(6,102)
Net Cash Inflow/(Outflow) from Operating Activities		**38,200**	**(11,198)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Short term deposits		5,000	29,500
Cash was applied to:			
Purchase of plant and equipment		(4)	(1)
Short term deposits		(45,500)	(5,000)
Net Cash Inflow/(Outflow) From Investing Activities		**(40,504)**	**24,499**
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/(Decrease) in Cash and Cash Equivalents		(8,004)	7,461
Add Opening Cash and Cash Equivalents		9,993	2,532
Closing Cash and Cash Equivalents	11	**1,989**	**9,993**

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

KPMG

Consolidated Statement of Cash Flows - continued

For the year ended 31 December 2016

In thousands of dollars	Note	Group 2016	Group 2015
RECONCILIATION OF PROFIT FOR THE PERIOD TO CASH FLOWS FROM OPERATING ACTIVITIES			
Net Profit after Taxation		27,028	17,473
Adjusted for non cash items:			
Depreciation		2	2
Income tax expense	6	10,510	6,686
Adjustments for movements in working capital:			
(Increase)/Decrease in receivables		(1,887)	335
(Increase)/Decrease in development properties		8,788	(29,586)
Increase/(Decrease) in payables		4,100	(6)
Cash generated from/(absorbed by) operating activities		**48,541**	**(5,096)**
Income tax paid		(10,341)	(6,102)
Cash Inflow/(Outflow) from Operating Activities		**38,200**	**(11,198)**

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

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 financial statements of the Company for the year ended 31 December 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 financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate for Tier 1 profit-oriented entities. The financial statements also comply with International Financial Reporting Standards ("IFRS").

The financial statements were authorised for issuance on 17 February 2017.

(b) Basis of preparation

The financial statements are presented in New Zealand Dollars ($), which is the Company's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest thousand.

The financial statements have been prepared on the historical cost basis.

The preparation of financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of company policies and reported amounts of assets and liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in Note 2 - Accounting Estimates and Judgements.

(c) Changes in accounting policies

The accounting policies have been applied consistently to all periods presented in these financial statements.

(d) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(ii) Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing these consolidated financial statements.

(e) Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise, trade and other receivables, cash and cash equivalents, short term deposits, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

KPMG

Significant accounting policies - continued

(e) Financial instruments - Non-derivative financial instruments (continued)

Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfer the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Accounting for finance income and expense is discussed in accounting policy m(ii).

(f) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation. The cost of purchased property, plant and equipment is the value of the consideration given to acquire the assets and the value of other directly attributable costs, which have been incurred in bringing the assets to the location and condition necessary for their intended service. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation on assets is calculated using the straight-line method to allocate cost to their residual values over their estimated useful lives, as follows:

Plant and equipment 3 - 10 years

Gains or losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss account on the date of retirement or disposal.

(g) Development property

Property held for future development is stated at the lower of cost and net realisable value. The net realisable value is determined by independent valuers. Cost includes the cost of acquisition, development, and holding costs such as interest. Interest and other holding costs incurred after completion of development are expensed as incurred. All holding costs are written off through profit or loss in the year incurred with the exception of interest holding costs which are capitalised during the period when active development is taking place. Revenue and profit are not recognised on development properties until the legal title passes to the buyer when the full settlement of the purchase consideration of the properties occurs.

(h) Trade and other receivables

Trade and other receivables are stated at their cost less impairment losses.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(j) Impairment

The carrying amounts of the Group's assets other than income tax receivable and deferred tax assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see accounting policy j(i)).

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

(i) Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The recoverable amount of the Group's receivables with short duration is not discounted.

KPMG

Significant accounting policies - continued

(j) Impairment (continued)

(ii) Reversals of impairment

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of other assets is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) **Employee long-term service benefits**

The Group's net obligation in respect of long-term service benefits, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using their expected remunerations and an assessment of likelihood the liability will arise.

(l) **Trade and other payables**

Trade and other payables are stated at cost.

(m) **Expenses**

(i) **Operating lease payments**

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense.

(ii) **Finance income and expense**

Finance income and expense comprise interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested, and dividend income that are recognised in the profit or loss.

Finance income is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in profit or loss on the date the entity's right to receive payments is established.

Interest attributable to funds used to finance the acquisition, development or construction of property held for sale is capitalised gross of tax relief and added to the cost of the property during the period when active development takes place.

(n) **Income tax**

Income tax for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The temporary differences relating to investments in subsidiaries are not provided for to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

KPMG

Significant accounting policies - continued

(o) **Revenue**

Revenue represents amounts derived from:

- Land and property sales: recognised on the transfer of the related significant risk and rewards of ownership which is when legal title passes to the buyer and full settlement of the purchase consideration of the property occurs.

(p) **Operating segment reporting**

An operating segment is a distinguishable component of the Group:

- that is engaged in business activities from which it earns revenues and incurs expenses,
- whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions on resource allocation to the segment and assess its performance, and
- for which discrete financial information is available.

(q) **Investments in associates**

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

(r) **New standards and interpretations not yet adopted**

The following new standards and amendments to standards are not yet effective for the year ended 31 December 2016, and have not been applied in preparing these consolidated financial statements:

- *NZ IFRS 9 - Financial Instruments (effective after 1 January 2018)*
- *NZ IFRS 15 - Revenue from Contracts with Customers (effective 1 January 2018)*
- *IFRS 16 - Leases (effective 1 January 2019)*
- *Disclosure Initiative (Amendments to IAS 7: Cash Flow Statements (effective after 1 January 2017)*

The adoption of these standards is not expected to have a material impact on the Group's financial statements.

KPMG

1. 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.

2. ACCOUNTING ESTIMATES AND JUDGEMENTS

Management discussed with the Audit Committee the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates.

Key sources of estimation uncertainty
In Note 14 detailed analysis is given of the interest rate and credit risk exposure of the Group and risks in relation thereto. The Group is also exposed to a risk of impairment to development properties should the carrying value exceed the market value due to market fluctuations in the value of development properties. However, there is no indication of impairment as in Note 8 the carrying value of development properties is $117,762,000 (2015: $126,551,000) while the market value determined by an independent registered valuer is $297,032,000 (2015: $265,010,000).

3. ADMINISTRATIVE AND OTHER EXPENSES

The following items of expenditure are included in administrative and other expenses:

In thousands of dollars	Note	Group 2016	Group 2015
Auditors' remuneration			
- Audit fees		51	47
- Tax compliance & advisory		14	11
Depreciation		2	2
Directors' fees	17	95	95
Operating lease and rental payments		76	76
Other		667	565
Total excluding personnel expenses		**905**	**796**

4. PERSONNEL EXPENSES

In thousands of dollars	Group 2016	Group 2015
Wages and salaries	390	341
Employee related expenses and benefits	17	25
Increase in liability for long-service leave	1	-
	408	**366**

5. NET FINANCE INCOME

In thousands of dollars	Group 2016	Group 2015
Interest income	956	852
Net finance income	**956**	**852**

KPMG

6. INCOME TAX EXPENSE

Recognised in the statement of comprehensive income

In thousands of dollars	Group	
	2016	2015
Current tax expense		
Current year	10,527	6,794
Adjustments for prior years	-	(79)
	10,527	6,715
Deferred tax expense		
Origination and reversal of temporary differences	(17)	(29)
	(17)	(29)
Total income tax expense in the statement of comprehensive income	**10,510**	**6,686**

Reconciliation of effective tax rate

In thousands of dollars	Group	
	2016	2015
Profit before income tax	37,538	24,159
Income tax using the company tax rate of 28% (2015: 28%)	10,510	6,765
Adjusted for:		
Over provided in prior years	-	(79)
	10,510	**6,686**
Effective tax rate	**28%**	**28%**

7. IMPUTATION CREDITS

In thousands of dollars	Group	
	2016	2015
Imputation credits available for use in subsequent reporting periods	41,551	30,451

8. DEVELOPMENT PROPERTY

In thousands of dollars	Group	
	2016	2015
Expected to settle greater than one year	84,631	88,304
Expected to settle within one year	33,132	38,247
Development property	**117,763**	**126,551**

Development property is carried at the lower of cost and net realisable value. No interest (2015: nil) has been capitalised during the year. The value of development property held at 31 December 2016 was determined, on an open market existing use basis, by an independent registered valuer, DM Koomen SPINZ of Extensor Advisory Limited as $297.0 million (2015: $265.0 million).

The fair value of development property as determined by the independent valuer is categorised as Level 3 based on the inputs to the valuation methodology. The basis of the valuation is the hypothetical subdivision approach and/or block land sales comparisons to derive the residual block land values. The major unobservable inputs that are used in the valuation model that require judgement include the individual section prices, allowances for profit and risk, projected completion and sell down periods and interest rates during the holding period. The estimated fair value would increase or (decrease) if: the individual section prices were higher/(lower); the allowances for profit were higher/(lower); the allowances for risk were lower/(higher); the projected completion and sell down periods were shorter/(longer); and the interest rate during the holding period was lower/(higher).

KPMG

9. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities
Deferred tax assets and liabilities are attributable to the following:

In thousands of dollars	Group					
	Assets		Liabilities		Net	
	2016	2015	2016	2015	2016	2015
Plant and equipment	-	-	-	(1)	-	(1)
Development property	-	-	(50)	(60)	(50)	(60)
Employee benefits	44	38	-	-	44	38
Trade and other payables	4	4	-	-	4	4
Net tax assets/(liabilities)	**48**	**42**	**(50)**	**(61)**	**(2)**	**(19)**

Movement in deferred tax balances during the year

In thousands of dollars	Group		
	Balance 1 Jan 2015	Recognised in profit or loss	Balance 31 Dec 2015
Plant and equipment	-	(1)	(1)
Development property	(94)	34	(60)
Employee benefits	42	(4)	38
Trade and other payables	3	1	4
	(49)	**30**	**(19)**

In thousands of dollars	Group		
	Balance 1 Jan 2016	Recognised in profit or loss	Balance 31 Dec 2016
Plant and equipment	(1)	1	-
Development property	(60)	10	(50)
Employee benefits	38	6	44
Trade and other payables	4	-	4
	(19)	**17**	**(2)**

10. TRADE AND OTHER RECEIVABLES

In thousands of dollars	Group	
	2016	2015
Trade receivables	9	448
Other receivables and prepayments	3,009	683
Trade and other receivables	**3,018**	**1,131**

None of the trade and other receivables are impaired.

11. CASH AND CASH EQUIVALENTS

In thousands of dollars	Group	
	2016	2015
Bank balances	1,989	2,993
Call deposits	-	7,000
Cash and cash equivalents	**1,989**	**9,993**

12. CAPITAL AND RESERVES

Share capital

	Parent			
	2016	2016	2015	2015
	Shares '000s	$000's	Shares '000s	$000's
Shares issued 1 January	276,093	53,294	275,468	52,907
Issued under dividend reinvestment plan	854	552	625	387
Total shares issued and outstanding	**276,947**	**53,846**	**276,093**	**53,294**

All shares carry equal rights and rank pari passu with regard to residual assets of the Company and do not have a par value.

At 31 December 2016, the authorised share capital consisted of 276,947,325 fully paid ordinary shares (2015: 276,093,676).

KPMG

12. CAPITAL AND RESERVES - continued

Dividend Reinvestment Plan

In 1998, the Company adopted a Dividend Reinvestment Plan pursuant to which shareholders may elect to receive ordinary dividends in the form of either cash or additional shares in the Company. The additional shares are issued at the weighted average market price for the shares traded over the first five business days immediately following the Record Date.

Accordingly, the Company issued 853,649 additional shares under the Dividend Reinvestment Plan on 19 May 2016 (2015: 625,311) at a strike price of $0.6461 per share issued (2015: $0.6190).

Dividends

The following dividends were declared and paid during the year 31 December:

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

After 31 December 2016 the following dividends were declared by the directors. The dividends have not been provided for and there are no income tax consequences. It is anticipated that a portion of the dividends declared will be paid by way of shares through the Dividend Reinvestment Plan.

In thousands of dollars	Parent
3.0 cents ordinary dividend per qualifying ordinary share	8,308
3.0 cents total dividend per qualifying ordinary share	8.308

13. EARNINGS PER SHARE

Basic and diluted earnings per share

The calculation of basic and diluted earnings per share at 31 December 2016 was based on the profit attributable to ordinary shareholders of $27,028,000 (2015: $17,473,000); and weighted average number of ordinary shares outstanding during the year ended 31 December 2016 of 276,663,000 (2015: 275,885,000), calculated as follows:

Profit attributable to ordinary shareholders (basic & diluted)

In thousands of dollars	Group	
	2016	2015
Profit for the period	27,028	17,473
Profit attributable to ordinary shareholders	**27,028**	**17,473**

Weighted average number of ordinary shares

	Parent	
	2016	2015
	Shares '000s	Shares '000s
Issued ordinary shares at 1 January	276,093	275,468
Effect of 853,649 shares issued in May 2016	570	-
Effect of 625,311 shares issued in May 2015	-	417
Weighted average number of ordinary shares at 31 December	**276,663**	**275,885**

14. FINANCIAL INSTRUMENTS

The Group only holds non-derivative financial instruments which comprise trade and other receivables, cash and cash equivalents, short term deposits, and trade and other payables. Exposure to credit and interest rate risks arises in the normal course of the Group's business.

In thousands of dollars	Note	Group	
		2016	2015
Financial Assets			
Cash and cash equivalents	11	1,989	9,993
Short term deposits		45,500	5,000
Trade and other receivables	10	3,018	1,131
Financial Liabilities			
Trade and other payables		4,312	201

KPMG

14. FINANCIAL INSTRUMENTS - continued

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

The key factor in managing risk is that Certificate of Title are only transferred to the purchaser when all cash is received in full upon settlement.

The Group's exposure to credit risk is mainly influenced by its customer base. As such it is concentrated to the default risk of its industry. However, geographically there is no credit risk concentration.

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group. Given their high credit ratings, management does not expect any counterparty to fail to meet its obligations.

At the balance date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

Interest rate risk

The Group has no exposure to interest rate risk as there are no funding facilities (2015: nil). However, the Group is exposed to movements in interest rates on short-term investments which is explained in the Sensitivity analysis. Interest income is earned on the cash and cash equivalent balance and the short term deposits balance.

Effective interest and repricing analysis

In respect of income earning financial assets, the following tables indicate the effective interest rates at the balance sheet date and the periods in which they reprice.

Group		2016				2015		
In thousands of dollars	Note	Effective interest rate	Total	6 months or less	6-12 months	Effective interest rate	Total	6 months or less
Cash and cash equivalents	11	0.00% to 1.85%	1,989	1,989	-	0.00% to 3.50%	9,993	9,993
Short term deposits		3.11% to 3.60%	45,500	26,000	19,500	3.53%	5,000	5,000
			47,489	**27,989**	**19,500**		**14,993**	**14,993**

Sensitivity analysis

The Group manages interest rate risk by maximising its interest income through forecasting its cash requirements and cash inflows. Over the longer-term, however, permanent changes in interest rates will have an impact on profit.

A decrease of one percentage point in interest rates would have decreased the Group's profit before income tax by $246,000 (2015: $136,000) in the current period.

Liquidity risk

Liquidity risk represents the Group's ability to meet its contractual obligations. The Group evaluates its liquidity requirements on an ongoing basis. In general, the Group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities. It is the Group's policy to provide credit and liquidity enhancement only to wholly owned subsidiaries.

The following table sets out the contractual cash flows for all financial liabilities that are settled on a gross cash flow basis:

Group	2016			2015	
In thousands of dollars	Balance Sheet	6 months or less	6-12 months	Balance Sheet	6 months or less
Trade and other payables	4,312	3,585	727	201	201
	4,312	**3,585**	**727**	**201**	**201**

Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the above tables.

14. FINANCIAL INSTRUMENTS - **Estimation of fair values** - continued

(a) Cash, accounts receivable, accounts payable and related party receivables. The carrying amount for these balances approximate their fair value because of the short maturities of these items.

Capital management
The Group's capital includes share capital and retained earnings.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Group is not subject to any external imposed capital requirements.

The allocation of capital is, to a large extent, driven by optimisation of the return achieved on the capital allocated.

The Group's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

There have been no material changes in the Group's management of capital during the period.

15. OPERATING LEASES

Leases as Lessee
Non-cancellable operating lease rentals are payable as follows:

In thousands of dollars	Group	
	2016	**2015**
Less than one year	11	16
Between one and five years	5	16
	16	**32**

During the year ended 31 December 2016, $16,000 was recognised as an expense in profit or loss in respect of operating leases (2015: $16,000) and $37,000 (2015: $58,000) was recognised as other income in profit or loss in respect of leases.

16. CAPITAL COMMITMENTS

As at 31 December 2016, the Group has entered into contracts for construction on development properties of $13,589,000 (2015: $12,509,000).

17. RELATED PARTIES

Identity of related parties
The Group has a related party relationship with its subsidiary as well as a fellow subsidiary of its parent (see Note 18), and with its Directors and executive officers.

Transactions with key management personnel
None of the Directors of the Company and their immediate relatives have control of the voting shares of the Company. Key management personnel include the Board comprising non-executive directors and executive directors.

The total remuneration and value of other benefits earned by each of the Directors of the Company for the year ending 31 December 2016 was:

In thousands of dollars	Group	
	2016	**2015**
VWE Yeo	30	30
RL Challinor	-	12
R Austin	35	23
J Henderson	30	30
Total for non-executive directors	95	95
BK Chiu	-	-
Total for executive directors	-	-
	95	**95**

17. RELATED PARTIES - **Transactions with key management personnel** - continued

Non-executive directors receive director's fees only. The executive directors do not receive remuneration or any other benefits as a director of the Parent Company or of the Company's subsidiary.

Total remuneration of non-executive directors is included in "administrative and other expenses" (see Note 3).

Investment in associate
The Group's subsidiary, CDL Land New Zealand Limited, has a 33.33% investment in Prestons Road Limited. The principal activities of Prestons Road Limited are as a service provider and in this regard, it is charged with engaging suitably qualified consultants in fields such as geotechnical engineering, resource management compliance, subdivision of land, legal and regulatory compliance and related issues.

The associate has no revenue or expenses, therefore the Group's share of profit in its associate for the year was nil (2015: nil).

Summary unaudited financial information for the associate, not adjusted for the percentage ownership held by the Group:

Prestons Road Limited	Group	
In thousands of dollars	2016	2015
Current assets	46	260
Current liabilities	40	(254)
Net assets (100%)	6	6
Group interests	33.33%	33.33%
Group's interest of net assets	2	2
Carrying amount in associates	2	2

Movements in the carrying value of the associate:

	Group	
In thousands of dollars	2016	2015
Balance at 1 January	2	2
Purchase of investment	-	-
Balance at 31 December	2	2

18. GROUP ENTITIES

Control of the Group
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% (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 70.22% 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 year CDL Investments New Zealand Limited has reimbursed its parent, Millennium & Copthorne Hotels New Zealand Limited, $304,000 (2015: $230,000) for expenses incurred by the parent on behalf of the Group.

During 2016, CDL Investments New Zealand Limited issued no additional shares (2015: nil) to its parent, Millennium & Copthorne Hotels New Zealand Limited, under the Dividend Reinvestment Plan (see Note 12). The total shares on issue to Millennium & Copthorne Hotels New Zealand Limited is 184,724,438 (2015: 184,724,438).

KPMG

Independent Auditor's Report

To the shareholders of CDL Investments New Zealand Limited

Report on the consolidated financial statements

Opinion

In our opinion, the accompanying consolidated financial statements of CDL Investments New Zealand Limited (the company) and its subsidiary (the Group) on pages 1 to 16:

i. present fairly in all material respects the Group's financial position as at 31 December 2016 and its financial performance and cash flows for the year ended on that date; and

ii. comply with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

We have audited the accompanying consolidated financial statements which comprise:

— the consolidated statement of financial position as at 31 December 2016;

— the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended; and

— notes, including a summary of significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the group in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report.

Our firm has also provided other services to the group in relation to taxation compliance and tax advisory services. Subject to certain restrictions, partners and employees of our firm may also deal with the group on normal terms within the ordinary course of trading activities of the business of the group. These matters have not impaired our independence as auditor of the group. The firm has no other relationship with, or interest in, the group.

Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the consolidated financial statements as a whole. The materiality for the consolidated financial statements as a whole was set at $1.8 million determined with reference to a benchmark of group profit before tax. We chose the benchmark because, in our view, this is a key measure of the group's performance.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the shareholders as a body may better understand the process by which we arrived at our audit opinion. Our procedures were undertaken in the context of and solely for the purpose of our statutory audit opinion on the consolidated financial statements as a whole and we do not express discrete opinions on separate elements of the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
Capitalisation of development costs	
Refer to note 8 of the consolidated financial statements. The Group's development property comprises land and costs incurred to develop land into subdivisions and individual properties for sale. At $117.7m this represents 70% of assets on the consolidated statement of financial position. Determining whether to capitalise or expense costs relating to development of the land is subjective as it depends whether the costs enhance the land or maintain the current value. In addition there is significant judgement in determining how to allocate the costs to individual properties.	To assess the capitalisation of development costs we examined the operating effectiveness of the group's process to capitalise and record development costs. We then obtained invoices for a sample of capitalised costs to check whether the nature of the expense met the capitalisation criteria in the accounting standards. We found no exceptions. Our procedures over the allocation of these development costs involved considering the costs capitalised to properties sold versus costs capitalised to the remaining properties in the portfolio, and in comparison to realised value upon sale. We also checked for consistency in approach between periods. The evidence we obtained demonstrated the allocation of costs were in line with our expectations.

Other Information

The Directors, on behalf of the group, are responsible for the other information included in the entity's Annual Report. Other information may include the Directors' review, disclosures relating to corporate governance, the trend statement and financial summary. Our opinion on the consolidated financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

The Annual Report is expected to be made available to us after the date of this audit report. Our responsibility is to read the Annual Report when it becomes available and consider whether the other information it contains is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appear misstated. If so, we are required to report such matters to the Directors.

KPMG

Use of this Independent Auditor's Report

This report is made solely to the shareholders as a body. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the Independent Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders as a body for our audit work, this report, or any of the opinions we have formed.

Responsibilities of Directors for the consolidated financial statements

The Directors, on behalf of the group, are responsible for:

— the preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards;

— implementing necessary internal control to enable the preparation of a consolidated set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and

— assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the consolidated financial statements

Our objective is:

— to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error; and

— to issue an Independent Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of these consolidated financial statements is located at the External Reporting Board (XRB) website at:

https://www.xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page1.aspx.

This description forms part of our Independent Auditor's Report.

KPMG

Jason Doherty
For and on behalf of
KPMG
Auckland
17 February 2017

CDL INVESTMENTS NEW ZEALAND LIMITED

Results for announcement to the market

Reporting Period	12 months to 31 December 2016
Previous Reporting Period	12 months to 31 December 2015

	Amount (000s)	Percentage change
Revenue from ordinary activities	NZ$ 74,471	Up 56.45%
Profit (loss) from ordinary activities after tax attributable to security holders	NZ$ 27,028	Up 54.68%
Net profit (loss) attributable to security holders	NZ$ 27,028	Up 54.68%
Basic Earnings per share (cents)	9.77c	Up 54.25%
Diluted Earnings per share (cents)	9.77c	Up 54.25%
Net Tangible Assets per share (cents)	58.42c	Up 14.97%

Interim*/Final Dividend	Amount per security	Imputed amount per security
Final Dividend	Ordinary dividend of 3.0 cents per share	3.0 cents per share

* No interim dividend was declared

Record Date	5 May 2017
Dividend Payment Date	19 May 2017

Comments:	Please refer to the attached Directors' Review.

Details of the reporting period and the previous corresponding reporting period:
This report is for the full year ended 31 December 2016 and should be read in conjunction with the most recent annual financial report. Comparatives are in respect of the full year ended 31 December 2015.

Information prescribed by NZX:
Please refer to "Results for announcement to the market" and below.

--Statement of Financial Performance
Refer to the Annual Financial Statements.

--Statement of Financial Position
Refer to the Annual Financial Statements.

--Statement of Cash Flows
Refer to the Annual Financial Statements.

--Details of individual and total dividends or distributions and dividend or distribution payments
On 3 February 2017, the Directors declared a final dividend of 3.00 cents per ordinary share payable on 19 May 2017. The dividend reinvestment plan will apply to this dividend. The total dividend payable will be $8.31 million. The dividend will be fully imputed and supplementary dividends will be paid to non-resident shareholders. The dividend has not been recognised for in the 31 December 2016 financial statements.

	NZ$ (million)	NZ cents per share
Distributions declared		
Final dividend for the 2016 Financial Year (ordinary shares)	NZ$ 8.31	3.00c
Last distribution paid		
Final dividend for the 2015 Financial Year (ordinary shares)	NZ$ 6.07	2.20c

--Details of Dividend Reinvestment Plans in operation
In 1998, the Company adopted a Dividend Reinvestment Plan pursuant to which shareholders may elect to receive ordinary dividends in the form of either cash or additional shares in the Company. The additional shares are issued at the weighted average market price for the shares traded over the first five business days immediately following the Record Date.

--Net Tangible Assets per security (with comparatives for the previous corresponding period)

NZ cents per share	Current full year	Previous full year
Ordinary shares	58.42c	50.81c

--Details of entities over which control has been gained or lost during the period
Nil.

--Details of associates and joint ventures

Name	% Held Current Full Year	% Held Previous Corresponding Full Year	Contributions to Net Profit Current Full Year	Contributions to Net Profit Previous Full Year
Prestons Road Limited	33.33%	33.33%	$ -	$ -

Basis of preparation of financial statements:
The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRSs) as appropriate for Tier 1 profit-oriented entities. The financial statements also comply with International Financial Reporting Standards (IFRSs).

Accounting Policies:
Refer to the Annual Financial Statements.

Changes in accounting policies:
There are no changes to accounting policies during the period.

Audit Report:
The Independent Auditor's report is at pages 17 to 19 of the Annual Financial Statements.

Additional Information:
None.

DATE: 17 February 2017

APPENDIX 7 – NZSX Listing Rules

EMAIL: announce@nzx.com

Notice of event affecting securities

NZSX Listing Rule 7.12.2. For rights, NZSX Listing Rules 7.10.9 and 7.10.10.
For change to allotment, NZSX Listing Rule 7.12.1, a separate advice is required.

Number of pages including this one (Please provide any other relevant details on additional pages) 1

Full name of Issuer	CDL INVESTMENTS NEW ZEALAND LIMITED
Name of officer authorised to make this notice	TROY DANDY, GROUP COMPANY SECRETARY
Authority for event, e.g. Directors' resolution	BOARD RESOLUTION
Contact phone number	09 353 5005
Contact fax number	09 309 3244
Date	17 / 02 / 2017

Nature of event
Tick as appropriate

Bonus Issue ☐ *If ticked, state whether:* *Taxable* ☐ */ Non Taxable* ☐ *Conversion* ☐ *Interest* ☐ *Rights Issue Renouncable* ☐
Rights Issue non-renouncable ☐ Capital change ☐ Call ☐ Dividend X If ticked, state whether: Interim ☐ Full Year X Special ☐ DRP Applies X

EXISTING securities affected by this

If more than one security is affected by the event, use a separate form.

Description of the class of securities	Ordinary
ISIN	KZ KGLE 000 1S8

If unknown, contact NZX

Details of securities issued pursuant to this event

If more than one class of security is to be issued, use a separate form for each class.

Description of the class of securities	
ISIN	

If unknown, contact NZX

Number of Securities to be issued following event	
Minimum Entitlement	
Ratio, e.g 1 for 2	for
Conversion, Maturity, Call Payable or Exercise Date	
Treatment of Fractions	
Strike price per security for any issue in lieu or date Strike Price available.	
Tick if pari passu	X
OR provide an explanation of the ranking	

Enter N/A if not applicable

Monies Associated with Event

Dividend payable, Call payable, Exercise price, Conversion price, Redemption price, Application money.

In dollars and cents

Amount per security (does not include any excluded income)	$0.030
Excluded income per security (only applicable to listed PIEs)	N/A
Currency	NZD
Total monies	$8,308,420
Source of Payment	Cashflow

Supplementary dividend details - NZSX Listing Rule 7.12.7

Amount per security in dollars and cents	$0.005294
Date Payable	19/05/17

Taxation

Amount per Security in Dollars and cents to six decimal places

In the case of a taxable bonus issue state strike price	N/A
Resident Withholding Tax	$0.001500
Imputation Credits (Give details)	$0.011667
Foreign Withholding Tax	$
FDP Credits (Give details)	

Timing (Refer Appendix 8 in the NZSX Listing Rules)

Record Date 5pm *For calculation of entitlements -*	05/05/17
Application Date *Also, Call Payable, Dividend / Interest Payable, Exercise Date, Conversion Date.*	19/05/17
Notice Date *Entitlement letters, call notices, conversion notices mailed*	N/A
Allotment Date *For the issue of new securities. Must be within 5 business days of application closing date.*	N/A

OFFICE USE ONLY
Ex Date:
Commence Quoting Rights:
Cease Quoting Rights 5pm:
Commence Quoting New Securities:
Cease Quoting Old Security 5pm:

Security Code:

Security Code:

DIRECTORS' REVIEW

Financial Performance

CDL Investments New Zealand Limited ("CDLI") is pleased to report a profit after tax of $27.0 million for the year ended 31 December 2016, an increase of 54.7% from the previous year (2015: $17.5 million). This result is the seventh consecutive year of profit growth for the company.

Profit before tax also increased to $37.5 million (2015: $24.2 million). Property sales & other income totalled $74.5 million (2015: $47.6 million).

Shareholders' funds as at 31 December 2016 increased to $161.8 million (2015: $140.3 million) and the Company's total assets stood at $168.3 million (2015: $142.7 million). The net tangible asset per share (at book value) was 58.4 cents (2015: 50.8 cents).

Dividend Announcement

Reflecting the record result, the Company has resolved to increase its fully imputed ordinary dividend to 3.0 cents per share (2015: 2.2 cents per share) payable on 19 May 2017. The record date will be 5 May 2017. The Dividend Reinvestment Plan will apply to this dividend.

Land portfolio

At 31 December 2016, the independent market value of CDLI's land holdings was $297.0 million (2015: $265.0 million). CDLI's accounting policies require the company to carry the value of its land portfolio at the lower of cost or net realisable value and at 31 December 2016, the land portfolio at cost was $117.8 million (2015:$126.6 million).

Summary and Outlook

The Board is conscious that in 2017 the Company needs to maintain its sales activity but also ensure that the Company continues to grow by acquiring additional land for development in the future.

That said, land prices, especially in the major metropolitan areas and surrounds remain at historically high levels. When assessing acquisitions, we will remain disciplined in land investment fundamentals. Our strong balance sheet gives us an added advantage when seeking and assessing these opportunities. In the meantime, we will continue to drive sales activity at our existing subdivisions with the aim of delivering another year of growth in 2017.

Management and staff

The Board and I sincerely thank the Company's management and staff for their hard work during 2016 to deliver this outstanding result.

Wong Hong Ren
Chairman
17 February 2017

55% PROFIT GROWTH FOR CDL INVESTMENTS NEW ZEALAND

Property development company CDL Investments New Zealand Limited (**NZX: CDI**) today reported its results for the year ended 31 December 2016.

CDI increased its profit after tax by 54.7% to $27.0 million with property sales & other income increasing by 56.5% to $74.5 million over 2015.

"We are very pleased to report a seventh consecutive year of increased profit performance" said managing director Mr. B K Chiu. "In 2016 our sales activity continued to be strong as was our subdivision development for the 2017 and 2018 pipeline of sections."

CDI's Board resolved to increase its dividend to 3.0 cents per share (from 2.2 cents in 2015) fully imputed which would be released to shareholders on 19 May 2017. The Record Date would be 5 May 2017 and the Dividend Reinvestment Plan would apply to this dividend.

Mr. Chiu said that in 2017 CDI would be looking to increase its sales activity and ensure that the Company continued to grow by acquiring additional land for development in the future.

"Our recent land purchase in Westgate/Whenuapai West Auckland looks promising under the Auckland Unitary Plan. We remain mindful and disciplined with regard to the fundamentals of land investment and its development in an environment of high land price expectations. In the meantime, the land development work established through 2015 and 2016, and moving into 2017 will better enable us to deliver profitable growth in 2017 from our existing subdivisions at Greville Road (Auckland), Magellan Heights (Hamilton), and Prestons Park (Christchurch)", he said.

Summary of results:

• Profit after tax	$27.0 million (2015: $17.5 million)
• Profit before tax	$37.5 million (2015: $24.2 million)
• Total revenue & other income	$74.5 million (2015: $47.6 million)
• Shareholders' funds	$161.8 million (2015: $140.3 million)
• Total assets	$168.3 million (2015: $142.7 million)
• Net tangible asset value (at book value)	58.4 cents per share (2015: 50.8cps)
• Earnings per share	9.77 cents per share (2015: 6.33cps)

About CDL Investments New Zealand Limited:

CDL Investments New Zealand Limited (CDI) has a proud track record of acquiring and developing residential sections in New Zealand for two decades. With a focus on creating and developing a range of high-quality residential sections to New Zealanders, CDI has over the past twenty years successfully completed numerous subdivision projects in Auckland, Hamilton, Tauranga, Hastings, Havelock North, Taupo, Nelson, Christchurch, Rolleston (Canterbury) and Queenstown. CDI is a majority-owned subsidiary of NZX-listed Millennium & Copthorne Hotels New Zealand Limited.

ENDS

Issued by CDL Investments New Zealand Limited

Enquiries to:
B K Chiu, Managing Director
(09) 353 5058