

2006 ANNUAL REPORT



CDL INVESTMENTS
NEW ZEALAND LIMITED

The Directors of CDL Investments New Zealand Limited are pleased to present the Annual Report of the Company for the year ended 31 December 2005.

Signed for and on behalf of the Board of Directors:



HR Wong (Chairman)
20 February 2006



BK Chiu (Managing Director)
20 February 2006

FINANCIAL CALENDAR:

ANNUAL REPORT MAILED	31 MARCH 2006
DIVIDEND PAYMENT	31 MARCH 2006
HALF YEAR END	30 JUNE 2006
INTERIM PROFIT ANNOUNCEMENT	AUGUST 2006
FINANCIAL YEAR END	31 DECEMBER 2006
2006 RESULT ANNOUNCEMENT	FEBRUARY 2007

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REGULATORY DISCLOSURES & STATUTORY INFORMATION



Financial Summary for the Year Ended 31/12/2005

Dollars in thousands (unless otherwise stated)

CDL Investments New Zealand Limited & Subsidiaries

	2001 NZ GAAP	2002 NZ GAAP	2003 NZ GAAP	2004 NZ IFRS	2005 NZ IFRS
Total Revenue	20,269	23,879	27,217	30,651	24,526
Profit (Before taxation)	(278)	9,512	9,987	15,546	13,556
Group Net Profit (After taxation)	(264)	5,985	6,595	10,839	9,123
Earnings Per Share	(0.14)c	3.20c	3.36c	5.41c	4.40c
Ordinary Dividends Per Share	0	1.6c	1.6c	1.6c	2.0c
Percentage of Dividends Per Share Over Earnings Per Share	0.0%	50.0%	47.6%	29.6%	45.5%
Assets Backing Per Share (Before Distribution)	20.9c	24.1c	25.7c	28.0c	30.7c
Total Liabilities: Total Asset Ratio	24.0%	12.7%	3.1%	2.6%	2.9%
Total Assets	51,516	51,758	52,968	57,677	66,483
Group Equity (Excluding minority Interests)	39,178	45,163	51,336	56,205	64,565

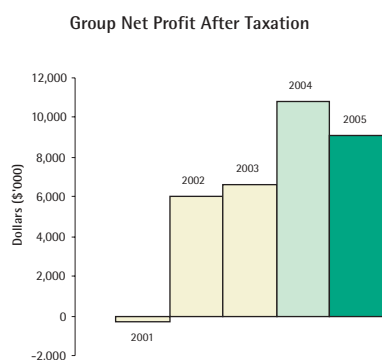
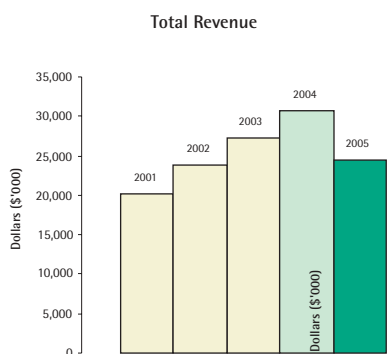
Note: 2004 and 2005 are reported under NZ IFRS

Photograph: Magellan Heights, Flagstaff, Hamilton

Chairman's Review

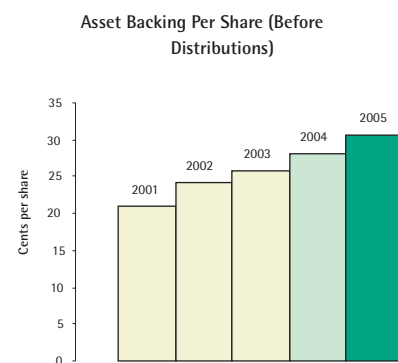
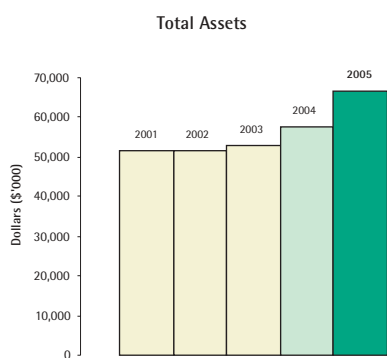
Financial Performance

The Directors of CDL Investments New Zealand Limited ("CDLI") are pleased to announce an operating profit after tax of \$9,123,000 for the year ended 31 December 2005. This represents a decrease of 15.8% from the corresponding period in 2004. Operating profit before tax and minorities is \$13,556,000 (2004: \$15,546,000). Property sales & other income totaling \$24,526,000 was below the corresponding period in 2004. A total of 173 sections were sold.



Note: 2004 and 2005 figures are reported under NZ IFRS

Shareholders' funds as at 31 December 2005 were \$64.6 million (2004: \$56.2 million) and total assets stood at \$66.5 million (2004: \$57.7 million). The net tangible asset per share was 30.7 cents (2004: 28.0 cents). The value of CDLI's land holdings as at 31 December 2005 was \$131.2 million (2004: \$107.8 million).



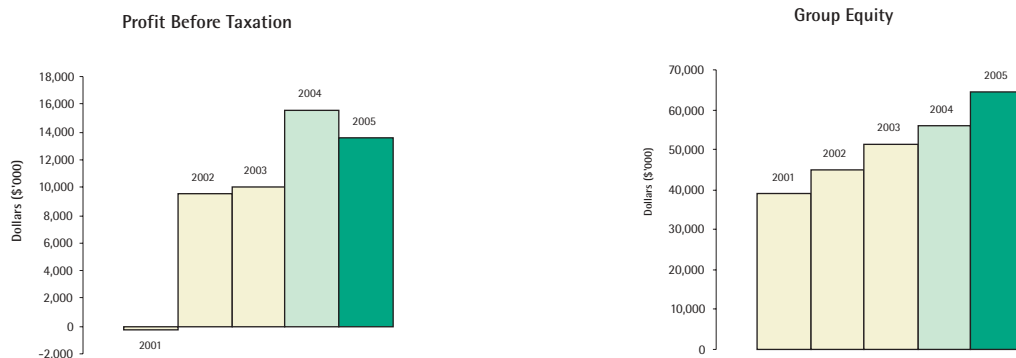
Note: 2004 and 2005 figures are reported under NZ IFRS

International Financial Reporting Standards

CDLI adopted the New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') in 2005. The financial statements have been presented using NZ IFRS and a reconciliation of the transition from New Zealand Generally Accepted Accounting Practice ('NZ GAAP') to NZ IFRS for 2004 has been provided. Under NZ GAAP, property sales & other income for 2005 would have been \$30,805,000. This represents an increase of 52.9% on 2004 (2004: \$20,150,000).

Group results for the year ending 31 December 2005 - IFRS

Property sales & other income for the period under review was \$24,526,000. This was a decrease of 20.0% on 2004 (2004: \$30,651,000). The decrease is attributable to when the company can recognise revenue from property sales. Under NZ IFRS, revenue on a property sale is only recognised when the sale is settled. Previously under NZ GAAP, revenue from property sales would have been recognised when the contract went unconditional. Profit after tax for the year was \$9,123,000 (2004: \$10,839,000).



Note: 2004 and 2005 figures are reported under NZ IFRS

Dividend Announcement

The Company has resolved to pay a fully imputed ordinary dividend of 2.0 cents per share payable on 31 March 2006. Excluding the special dividend paid in 2005, this is an increase of 0.4 cents per share.

Directors

In May it was announced that I retired as Chairman and Mr. Tsang Jat Meng was elected to the Chair.

Mr. BK Chiu was appointed Managing Director with effect from 1 June 2005.

Also in June Mr. Rob Challinor and Mr. Graham McKenzie were also appointed to the Board as Independent Directors.

In late December 2005, Mr. Tsang announced his intention to retire from his directorships with effect from 31 December 2005 and I was re-elected to the Chair with effect from 1 January 2006. I would like to pay tribute to Mr. Tsang for his dedication and contribution to the Company over nearly fifteen years of service.

Outlook

CDL Land has made a positive start to 2006. While this is partly as a result of the timing in recognising sales of property upon settlement, the company continues to enjoy strong sales at present and is actively taking advantage of the positive market conditions in the areas in which the company trades. On the basis that this level of activity can be sustained over the course of 2006, the Board believes that the current level of profitability seen in 2004 and 2005 is achievable for the current year.

The Board is conscious of factors affecting business growth and consumer confidence such as current mortgage interest rates, reductions in capital spending in key areas and indications that the number of building consents is starting to fall. In order to ensure that the company is able to continue to trade sustainably, the Board will be monitoring trading conditions carefully throughout the year with a view to managing the company's trading risks prudently in what could become a difficult market.

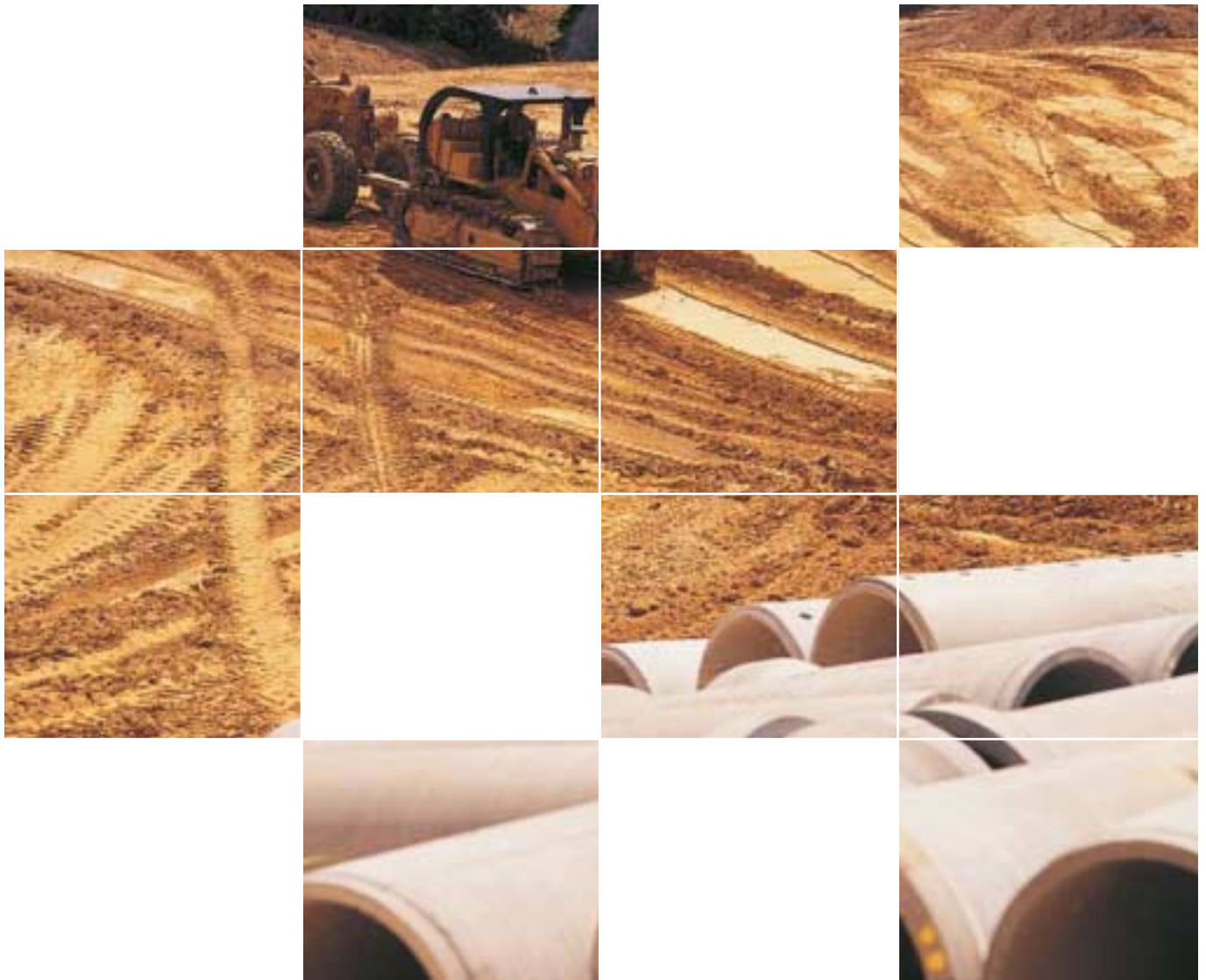
Management and staff

On behalf of the Board, I wish to extend our thanks to the Company's management and staff for their work during 2005.

Wong Hong Ren

Chairman

20 February 2006



Managing Director's Review 2005

Photograph: Harrowglen, East Coast Bays, Auckland

OVERVIEW:

CDLI continued its focus on core business and achieving operating efficiencies and this was reflected in another good earnings performance.

Strong sales and marketing initiatives promoting quality developments also played a part in the company's ability to extract higher margins.

The trend of sales being spread across a broad geography was again evident and the company was well positioned to capitalise on this by focusing on margin rather than turnover.

OPERATING ENVIRONMENT:

Historically the New Zealand property market has been cyclic. The property boom we have experienced and enjoyed for the past few years would be unsustainable if it continued at its level. Falling migration, rising interest rates, a slowing economy, the bedding in of the new government have created pessimism which has slowly eroded the momentum during the last quarter of 2005 and consequently the year finished on a flat note.

OPERATIONAL PHILOSOPHY AND APPROACH:

CDLI's core business remains the acquisition and development of land. With more than 11 years experience in the property development sector, the company is well aware of the cyclical nature of its business and the need to manage risk. The property market, on a whole, has enjoyed several years of solid growth and when the market shows signs of easing, as it currently does, it is vitally important to retain disciplined management practices, which includes not having too great an exposure to any one type of property or location.

As a general philosophy, the company adopts an extremely selective approach as it investigates opportunities in key areas of the country. Management continually assess market trends and at all times strives to maintain a diversified portfolio of properties in growth areas. Having a range of properties both in terms of price and geography provides the company with the flexibility to cope with fluctuations in demand and to retain its market share.



Photograph: Harrowglen, East Coast Bays, Auckland



Managing risk and pressure from outside forces as well as preserving a strong balance sheet is paramount when the property market comes off an extended roll. Historically this has been the time when prudent investors can take advantage of any casualties or forced sales within the market place. The company is well positioned in this regard and management will be keeping a close eye out for opportunities as they arise.

As part of its operating philosophy and to help manage risk, CDLI out sources most of its services by using local engineers, planners, legal representatives, consultants and realty agents as they have intimate local knowledge. By applying the company's expertise and development philosophy to each project, CDLI creates an environment for those locally involved in the building industry, such as architects, builders, plumbers, electricians and related contractors.

The company seeks to manage business risks by:

- Retaining financial flexibility by minimising its commitments to long-term contracts, enabling it to take advantage of market changes at short notice.
- Maintaining a sustainable gearing ratio; long-term debt is kept in proportion to deferred property settlements.
- Having a long-term strategy of creating diversified products in a range of price brackets and geographical spreads.
- Maintaining a steady earnings stream through a scrupulous adherence to time management.

CURRENT PORTFOLIO:

At the end of the reporting period the company's land bank totalled 237.8 hectares (2004: 245.9 hectares). Of the current portfolio, 68.0 hectares (comprising 28.6% of the group portfolio) is held in the Auckland area. 71.7 hectares (30.2%) is held in Hamilton, 2.4 hectares in Tauranga (1.0%), 13.8 hectares in Hawke's Bay (5.8%), 57.2 hectares in Canterbury (24.0%), and 24.7 hectares in Queenstown and Nelson (10.4%).

The current market value of the land bank determined by DTZ New Zealand Ltd as at 31 December 2005 was \$131,185,000 (2004: \$107,805,000).

During 2005, a total of 14.0902 hectares of land was purchased in the following regions:

- Auckland – In February 2005, 0.4000 hectares adjoining existing land holdings in East Coast Bays.
- Hamilton – In March 2005, 10.1239 hectares adjoining the existing Flagstaff development.
- Hawke's Bay – In July 2005, 3.5663 hectares of land at Havelock North.

During the current year, some 216 new lots have been scheduled for development, comprising 65 lots in Auckland, 112 lots in Hamilton, 21 lots in Hawke's Bay, 17 lots in Rolleston and 18 lots in Queenstown.



ENVIRONMENT:

During its 11 years as a property developer, CDLI has always put considerable effort to be mindful of the importance of environmental protection in maintaining a high quality of life for all New Zealanders.

The company is committed to the spirit of the Resource Management Act and carries out extensive planning and consultation to ensure developments are carried out responsibly and with minimum impact on the environment and the community. Developments are seen as an opportunity to meet the community's housing requirements with environmentally acceptable standards.

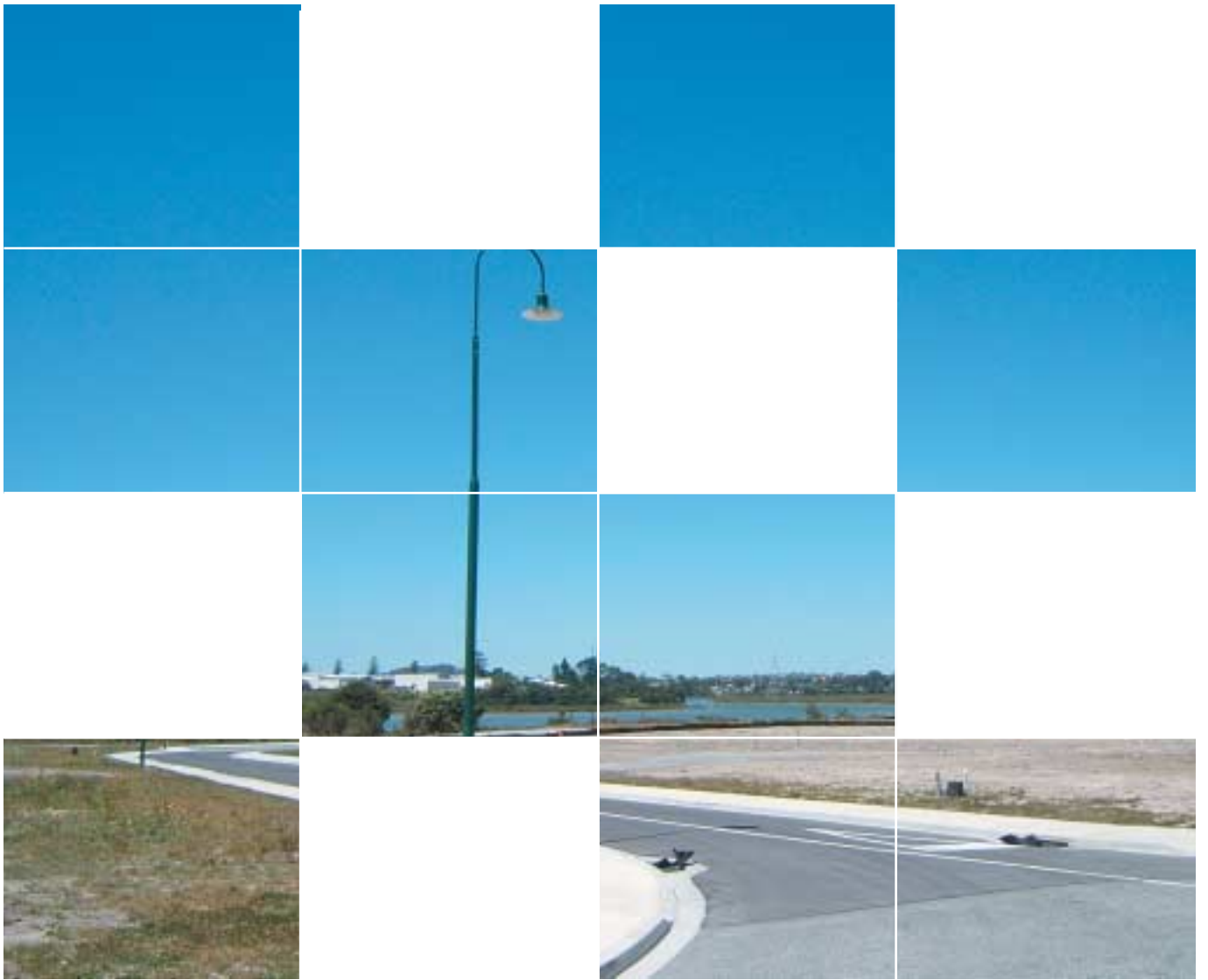
OUTLOOK:

CDL Land New Zealand Ltd has started the 2006 financial year on very sound footing with the new release of sections from developments at Auckland, Hamilton, Hastings and Rolleston. While the booming housing cycle appears to be coming to a close, it is taking some time for sentiment and momentum to slow.

There are now many factors pointing towards an economic slow down which are likely to put pressure on consumer confidence.

However, CDLI remains positive about the year ahead. With no debt, the company is well positioned to take advantage of any opportunities that arise as the property market comes off an extended roll. Further to this, the company has under construction a good range of sections in both price ranges and geographical spread that reflect the demand profile of the residential property market.

B K Chiu
Managing Director
20 February 2006



General Information

Board of Directors

TSANG JAT MENG (Managing Director to 25 May 2005, Chairman from 26 May 2005 until 31 December 2005), 73

Appointed Managing Director in July 2000. Non-executive Director of the Company between 1990 and 2000. Prior to his appointment to the Board, Mr. Tsang was a senior partner and shareholder of Tsang & Ong, a Singaporean stockbroking company.

WONG HONG REN (Chairman until 25 May 2005, reappointed from 1 January 2006 / Non-Executive Director), 54

Non-executive Director of the Company since February 1992. He is also an Executive Director of Millennium & Copthorne Hotels plc. Mr. Wong is also a non-executive director of Millennium & Copthorne Hotels New Zealand Limited. He is the Group Investment Manager for the Hong Leong Group of Companies in Singapore.

B K CHIU (Managing Director from 1 June 2005), 56

Appointed Managing Director in May 2005. Mr. Chiu is also the Managing Director of Millennium & Copthorne Hotels New Zealand Limited. Prior to his appointment, Mr. Chiu was Regional Vice - President and Managing Director, Asia of Merisant Company. Mr Chiu has held senior management positions with Monsanto Company (Asia Pacific), Fernz Corporation Limited (now Nufarm Limited). He holds a Masters degree in agricultural economics and marketing from Massey University, Palmerston North.

VINCENT YEO (Non-Executive Director), 37

Appointed as a non-executive director in April 1993. Mr. Yeo was later appointed as Managing Director of the Australian and New Zealand operations of the Company. In February 1998 he took up the position of Executive Director of Millennium & Copthorne Hotels plc with special responsibilities for sales and marketing, based in London. In June 2000 he returned to Asia to assume the role of Chief Operating Officer of City e-Solutions Limited, a listed subsidiary of City Developments Limited and in November 2000, he was promoted to Chief Executive Officer. In October 2001, he also assumed the role of Chief Operating Officer for Millennium & Copthorne Hotels Asia Pacific Region and in 2003, was appointed President.

ROB CHALLINOR (Independent Non-Executive Director), 64

Appointed to the Board in 2005. Mr. Challinor has over 20 years experience as a director of numerous public and private companies. He is currently Chairman of Kingfish Limited and a director of The Warehouse Group Limited and Ports of Auckland Limited. In addition, Rob is a partner and director of investment bankers Northington Partners Limited, and a member of the Australasian Advisory Board of international strategy consultancy L.E.K. Consulting. He has been a partner in Deloitte and worked as a corporate finance advisor. Rob is a Fellow of the Institute of Directors.

GRAHAM MCKENZIE (Independent Non-Executive Director), 54

Appointed to the Board in 2005. Mr. McKenzie is a Barrister and Solicitor with nearly thirty years experience and is currently a senior partner at Bell Gully, a leading New Zealand law firm. He specialises in corporate and commercial law .

JOHN LINDSAY (Executive Director), 63

Appointed to the Board in 1997. Mr. Lindsay was previously General Manager of CDL Land New Zealand Limited and has been responsible for the Company's growth and development.



WAIMANU BAY
CITY LIGHTS, WATER'S EDGE

HARROWGLEN
in north of auckland

Auckland

Ashmore

MAGELLAN HEIGHTS
IN VIEW OF IT ALL

Hamilton

Hawkes Bay

NORTHWOOD
regional city | regional business

morningstar
TERRACE

Queenstown

Christchurch

Millgate
commercial real estate | property

Corporate Governance

The Board and Management of the Company are committed to maintaining high standards of corporate governance in line with best practice. As an NZSX-listed company, it has had regard to the NZX Corporate Governance Best Practice Code ('NZX Code') and the Corporate Governance Principles and Guidelines from the Securities Commission.

ROLE AND FUNCTION OF THE BOARD OF DIRECTORS:

The Board of Directors is responsible for the control of the activities and the governance of the Group. The Board recognises that its responsibilities extend to controlling the company's risk management, developing and implementing the strategic direction of the Group, monitoring the performance of its management and reporting to shareholders. The Board also approves the Group budgets and business plans as well as significant transactions.

Attendances of Directors

DIRECTOR	MEETINGS ATTENDED
JM Tsang ⁽¹⁾	4/4
BK Chiu ⁽²⁾	2/2
HR Wong ⁽³⁾	2/4
VWE Yeo	4/4
J Henderson ⁽⁴⁾	1/1
RL Challinor ⁽⁵⁾	2/2
GA McKenzie ⁽⁵⁾	2/2
J Lindsay	4/4

(1) Chairman from 25/05/2005 and retired as a Director on 31/12/2005

(2) Appointed Managing Director from 01/06/2005

(3) Chairman from 01/01/2005 until 25/01/2005 and from 01/01/2006

(4) Resigned as a Director on 29/03/2005

(5) Appointed as a Director on 01/06/2005

The Board meets on a regular basis each quarter and additional meetings are convened when circumstances warrant. Prior to each meeting, the agenda and papers are circulated to enable informed and full deliberation at the meeting. Decisions are made by consensus.

The Board delegates certain powers to sub-committees of the Board and day-to-day management to the Managing Director.

The Board has a statutory obligation to reserve to itself responsibility for certain matters, such as the payments of distributions and the issue of shares. It also reserves responsibility for significant matters, such as the approval of business plans and budgets and the incurring of significant obligations. In addition, under the Companies Act 1993 and the NZSX Listing Rules, the Company is

required to seek the approval of its shareholders prior to entering into certain types of transactions.

COMPOSITION

As at 31 December 2005, the Board consisted of seven members being Messrs. JM Tsang (the then Chairman), BK Chiu (Managing Director), HR Wong, VWE Yeo, GA McKenzie, RL Challinor and J Lindsay. The Company's Constitution sets a minimum number of three directors with a requirement that at least two be ordinarily resident in New Zealand.

The Board does not impose a restriction on the tenure of any Director as it considers that such a restriction may lead to the loss of experience and expertise from the Board.

During the course of the year, Mr. JM Tsang was appointed as the company's Chairman in May 2005. He retired as a Director on 31 December 2005.

In May 2005, Mr. BK Chiu was appointed as Managing Director with effect from 1 June 2005. Messrs. McKenzie and Challinor were both appointed as Independent Directors on 1 June 2005. As required under the Company's Constitution and the NZSX Listing Rules, all three Directors are required to stand for election at the Company's next Annual Meeting.

In line with the NZSX Listing Rules (Rule 3.3.1) the Company is required to have at least two Independent Directors (as defined therein). As required under Rule 3.3.1A, the Board has determined that Messrs Challinor and McKenzie are Independent Directors as the Board has determined that none of them have a Disqualifying Relationship with the Company. Messrs Tsang, Chiu, Wong, Yeo and Lindsay are not considered to be Independent Directors.

BOARD COMMITTEES

The Board has one formally constituted Committee and constitutes other ad-hoc committees from time to time:

Audit Committee

(NZX Code paragraphs 3.1 to 3.6)

The Company is required to establish and maintain an Audit Committee pursuant to Rule 3.6 of the NZSX Listing Rules. The Audit Committee's responsibilities include monitoring accounting policies and financial reporting, internal controls, risk management and corporate governance. The Audit Committee is also responsible for engaging the Company's external auditors and is responsible for monitoring the independence of the external auditors.

The members of the Audit Committee at 1 January 2006 were Messrs. Challinor (Chairman) and McKenzie. Mr Tsang was a member of the audit committee from 25 May 2005 until 31 December 2005. Due to the need to select and appoint new Independent Directors

Corporate Governance – continued

(Messrs. McKenzie and Challinor were appointed as Independent Directors in June 2005) the Audit Committee met only once during 2005. The NZX granted the Company a waiver from the NZSX Listing Rules in relation to the Company's audit committee. The Audit Committee has a written charter outlining its role and responsibilities.

Attendance at Audit Committee

DIRECTOR	MEETINGS ATTENDED
RL Challinor	1/1
GA McKenzie	0/1
JM Tsang	1/1

Nomination Committee

(NZX Code paragraph 2.2 and 3.10–3.12)

The Board does not have a standing Nominations Committee. All nominations are considered by the Board as a whole. The Board believes that a nomination committee is not required for the Company as the whole Board should be involved in the selection and appointment process for any new Board members. The Board reviews the composition of its members from time to time to ensure that it has Directors with appropriate experience and skills.

Vacancies on the Board that occur between annual meetings may be filled by nominees appointed by the Board. The Board endeavours to identify and appoint candidates with relevant skills and experience.

Remuneration Committee

(NZX Code paragraph 2.5, 3.7–3.9)

The Board does not have a standing Remuneration Committee. Instead, the Board as a whole considers the current level of remuneration for the Board sufficient to meet its requirements. The Board last recommended to shareholders an increase in the total amount available for Directors fees in 1996.

During 2005, the Board as a whole conducted a review of the level of Directors fees. At its July 2005 Meeting, the Board resolved to increase the fee for the Company's Independent non-executive Directors to \$30,000.00 per annum, granting the Chairman of the Audit Committee an additional \$5,000.00 in fees for being Chairman of that Committee and setting the Chairman's fee at \$40,000.00 per annum (inclusive of all fees Board Committee membership). The total amount of Director fees payable to the Directors after these increases does not exceed the aggregate amount of fees authorised by shareholders in 1996.

The remuneration of the Managing Director and Senior Management is reviewed annually by the Board. The Group promotes a performance-based approach to remuneration and remuneration review is linked to and carried out after performance

reviews. The level of executive remuneration is disclosed under the heading "Employee Remuneration" below.

EXTERNAL AUDITORS

(NZX Code paragraphs 4.1, 4.2, 4.3):

In 2004, as part of its review of Corporate Governance, the Company adopted a written policy in relation to auditor independence. The policy covers the following areas:

- provision of services by the Company's external auditors;
- external auditor rotation;
- the hiring of staff from the external audit firm; and
- relationships between the external auditor and the Company.

The policy states that:

The Audit Committee shall only recommend to the Board a firm to be external auditor if that firm:

- would be regarded by a reasonable investor, with full knowledge of all relevant facts and circumstances, as capable of exercising objective and impartial judgment on all issues encompassed within the auditor's engagement;
- partners are members of the New Zealand Institute of Chartered Accountants (NZICA);
- has not, within two years prior to the commencement of the audit, had as a member of its audit engagement team the Company's Managing Director, Vice President Finance, Financial Controller, or any member of the Company's management who act in a financial oversight role;
- does not allow the direct compensation of its audit partners for selling non-audit services to the Company.

The general principles to be applied in assessing non-audit services are as follows:

- a) the external auditor should not have any involvement in the production of financial information or preparation of financial statements such that they might be perceived as auditing their own work. This includes the provision of bookkeeping and payroll services as well as valuation services where such valuation forms an input into audited financial information;
- b) the external auditor should not perform any function of management, or be responsible for making management decisions;
- c) the external auditor should not be responsible for the design or implementation of financial information systems; and
- d) the separation between internal audit and external audit should be maintained.

The Company's Audit Committee shall pre-approve all audit and related services that are to be provided by the auditor.

Corporate Governance – continued

Aside from core external audit services, it is appropriate for the Company's auditors to provide the following services:

- due diligence (but not valuations) on proposed transactions;
- review of financial information where third party verification is required or deemed necessary (outside the normal audit process);
- completion audits / reviews;
- financial model preparation or review;
- accounting policy advice (including opinions on compliance with New Zealand and international Generally Accepted Accounting Practice);
- listing advice;
- accounting/technical training; and
- taxation services of an assurance nature (e.g. review of tax computations and returns prior to filing and advice on interpretation and application of Inland Revenue's rulings and policies).

It is not considered appropriate for the Company's external auditors to provide:

- bookkeeping services related to accounting records or financial statements;
- tax planning and strategy services unless specifically approved by the Audit Committee;
- appraisal / valuation services including opinions as to fairness;
- provision of payroll services;
- the design or implementation of financial information systems;
- outsourced internal audit and risk management services;
- legal services (these are services that could only be provided by a person who is qualified in law);
- management functions;
- broker / dealer / investment adviser / investment banking services;
- advocacy for the Company;
- actuarial services; and
- assistance in the recruitment of senior management.

These prohibitions apply to all offices of the audit firm, including overseas offices and affiliates.

The billing arrangements for services provided by the Company's external auditors should not include any contingent fees.

It is expected that the Company's external auditors will rigorously comply with their own internal policies on independence and all relevant professional guidance, including independence rules and guidance issued by NZICA.

While this policy does not prescribe any particular ratio of non-audit service fees to audit fees, this ratio will be monitored by the Audit Committee. Accordingly, the nature of services provided by the Company's auditors and the level of fees incurred should be reported to the Audit Committee Chairman semi-annually (or sooner where requested) to enable the Committee to perform its oversight role and report back to the Board.

Development of local and overseas practice with regard to auditor independence shall be monitored by the Audit Committee to ensure that this policy remains consistent with best practice and meets the Company's needs.

The continued appointment of the Company's external auditors is to be confirmed annually by the Board on recommendation from the Audit Committee.

Rotation of the lead audit partner or firm will be required every five years. Lead audit partners who are rotated will be subject to a two year cooling off period (i.e. two years must expire between the rotation of an audit partner and that partner's next engagement with the Company). Accordingly it is expected that such a policy will be adopted by the Company's auditors.

The hiring by the Company of any former lead audit partner or audit manager must first be approved by the Chairman of the Audit Committee. There are no other restrictions on the hiring of other staff from the audit firm.

KMPG were appointed as external auditors to the Company in 1985. The lead external audit engagement partner was last rotated in 2003. The role of the external auditor is to plan and carry out an audit of the Company's annual financial reports and review the half-yearly reports. The Audit Committee reviews the performance and independence of the external auditors.

The Company's external auditors are invited to the Company's Annual Meeting and are available to answer any questions from shareholders as to the audit and the content of the report.

INTERNAL CONTROLS AND RISK MANAGEMENT

The company has a series of internal controls in place relating to areas such as financial monitoring and reporting, human resources and risk management. Management is primarily responsible for monitoring and reporting against internal controls and remedying any deficiencies. In addition, the Company maintains an internal audit function to conduct internal audits and reviews of the Company's operations. The Company has in place insurance arrangements appropriate to its business with global insurers with a high prudential rating.

Corporate Governance – continued

ETHICAL STANDARDS

(NZX Code paragraphs 1.1, 1.2, 1.3)

In relation to compliance with the NZX Code, the Board, as part of its review of Corporate Governance in 2005, adopted a formal Code of Ethics. The Code states that:

- All Directors shall undertake their duties with care and diligence at all times and will conduct themselves honestly and with integrity. All Directors shall not do or cause anything to be done anything which may or does bring the Company or the Board into disrepute.
- To the best of their ability, all Directors will use reasonable endeavours to ensure that the Company's records and documents (including its financial reports) are true and complete and comply with the requisite reporting standards and controls.
- So that the Board may determine a Director's independence and to ensure that there are no conflicts of interest, all Directors shall disclose all relevant business and / or personal interests they may have to the Board as well as any relationships they may have with the Company.
- All Directors shall ensure that they do not support any organisation other than in a personal capacity without the prior approval of the Chairman.
- Directors shall not accept gifts or personal benefits from external parties if it could be perceived that this could compromise or influence any decision by the Board or by the Company.
- All Directors shall maintain and protect the confidentiality of all information about the Company at all times except where disclosure is permitted or required by law.
- All Directors shall ensure that they do not use Company Information and Property for personal gain or profit. All Directors shall use and / or retain Company Information and Property only for business purposes in their capacity as Directors of the Company or to meet legal obligations.
- All Directors shall comply with the laws and regulations that apply to the Company including any disclosure requirements.
- All Directors shall report any illegal or unethical behaviour of which they become aware to the Chairman of the Board and to the Chairman of the Audit Committee.

All employees of the Company are expected to act in the best interests of the Company and to enhance the reputation of the Company, its brands and its hotels. Guidance is provided to management and employees by way of code of conduct policies. The Company reviewed its Insider Trading Policy and adopted a Whistleblowing Policy during 2005.

The Whistleblowing Policy facilitates the disclosure and impartial investigation of any serious wrongdoing. This policy advises employees of their right to disclose serious wrongdoing, and sets out the Company's internal procedures for receiving and dealing with such disclosures. The policy is consistent with, and facilitates, the Protected Disclosures Act 2000.

COMMUNICATIONS WITH SHAREHOLDERS

The Company is committed to enabling all shareholders and investors to have equal access to company information. The Company communicates with shareholders through the half-yearly and annual reports and the presentations to the annual meeting by the Chairman and Managing Director. The Company also communicates to shareholders and investors through announcements made to the NZSX in accordance with the continuous disclosure requirements at law and under the NZSX Listing Rules.

COMPLIANCE WITH SECURITIES COMMISSION CORPORATE GOVERNANCE PRINCIPLES

The Board considers that the Company's corporate governance processes are not materially different to the Securities Commission's Corporate Governance Principles. The manner in which the Company and the Board have achieved those principles is reflected above in the description of the Company's corporate governance policies and processes.



CDL INVESTMENTS
NEW ZEALAND LIMITED

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Audit report

To the shareholders of CDL Investments New Zealand Limited

We have audited the financial statements on pages 17 to 37. The financial statements provide information about the past financial performance and financial position of the company and group as at 31 December 2005. This information is stated in accordance with the accounting policies set out on pages 21 to 23.

Directors' responsibilities

The Directors are responsible for the preparation of financial statements which give a true and fair view of the financial position of the company as at 31 December 2005 and the results of its operations and cash flows for the year ended on that date.

Auditors' responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the Directors and report our opinion to you.

Basis of opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Directors in the preparation of the financial statements;
- whether the accounting policies are appropriate to the company's and group's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Our firm has also provided other services to the company and group in relation to taxation and general advisory services. Partners and employees of our firm may also deal with the company and group on normal terms within the ordinary course of trading activities of the business of the company and group. These matters have not impaired our independence as auditors of the company. The firm has no other relationship with, or interest in, the company or any of its subsidiaries.

Unqualified opinion

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by the company as far as appears from our examination of those records;
- the financial statements on pages 17 to 37:
 - comply with New Zealand generally accepted accounting practice;
 - comply with International Financial Reporting Standards;
 - give a true and fair view of the financial position of the company as at 31 December 2005 and the results of its operations and cash flows for the year ended on that date.

Our audit was completed on 20 February 2006 and our unqualified opinion is expressed as at that date.

Auckland

CDL Investments New Zealand Limited and its Subsidiaries

Consolidated Income Statement

For the year ended 31 December 2005

In thousands of dollars	Note	GROUP		PARENT	
		2005	2004	2005	2004
Revenue		24,225	30,247	-	-
Cost of sales		(8,683)	(12,707)	-	-
Gross Profit		15,542	17,540	-	-
Other operating income	2	95	80	4,002	3,000
Finance income		206	324	-	-
Administrative expenses	3	(154)	(165)	(95)	(102)
Other operating expenses	3	(2,133)	(2,233)	(364)	(257)
Profit before income tax		13,556	15,546	3,543	2,641
Income tax (expense)/credit	5	(4,433)	(4,707)	(7)	7
Profit for the period		9,123	10,839	3,536	2,648
Basic earnings per share (cents)	14	4.40	5.41		
Diluted earnings per share (cents)	14	4.40	5.41		

CDL Investments New Zealand Limited and its Subsidiaries

Consolidated Statement of Recognised Income and Expense

For the year ended 31 December 2005

In thousands of dollars	GROUP		PARENT	
	2005	2004	2005	2004
Profit for the period	9,123	10,839	3,536	2,648
Total recognised income and expense for the period	9,123	10,839	3,536	2,648
Attributable to:				
Equity holders of the parent	9,123	10,839	3,536	2,648

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


CDL Investments New Zealand Limited and its Subsidiaries

Consolidated Balance Sheet

As at 31 December 2005

In thousands of dollars	Note	GROUP		PARENT	
		2005	2004	2005	2004
SHAREHOLDERS' EQUITY					
Issued capital	13	27,783	24,536	27,783	24,536
Retained earnings	13	36,782	31,669	(8,918)	(8,444)
Total Equity		64,565	56,205	18,865	16,092
<i>Represented by:</i>					
NON CURRENT ASSETS					
Plant, furniture and equipment	8	25	34	10	16
Development property	9	41,868	27,182	-	-
Related party debtors		-	-	5,607	2,471
Investments in subsidiaries		-	-	13,266	13,266
Deferred tax assets	10	-	-	15	22
Total Non Current Assets		41,893	27,216	18,898	15,775
CURRENT ASSETS					
Development property	9	14,955	20,181	-	-
Income tax receivable	6	221	-	-	-
Trade and other receivables	11	1,281	460	8	12
Cash and cash equivalents	12	8,133	9,820	23	457
Total Current Assets		24,590	30,461	31	469
Total Assets		66,483	57,677	18,929	16,244
NON CURRENT LIABILITIES					
Deferred tax liabilities	10	485	597	-	-
Total Non Current liabilities		485	597	-	-
CURRENT LIABILITIES					
Trade and other payables	15	1,393	639	60	149
Employee entitlements		40	42	4	3
Income tax payable	6	-	194	-	-
Total Current Liabilities		1,433	875	64	152
Total Liabilities		1,918	1,472	64	152
Net Assets		64,565	56,205	18,865	16,092

For and on behalf of the Board



HR WONG, CHAIRMAN, 20 February 2006



BK CHIU, MANAGING DIRECTOR, 20 February 2006

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

CDL Investments New Zealand Limited and its Subsidiaries

Consolidated Statement of Cash Flows

For the year ended 31 December 2005

In thousands of dollars	Note	GROUP		PARENT	
		2005	2004	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash was provided from:					
Receipts from Customers		23,499	29,256	2	1
Interest Received		206	293	-	-
Dividends Received		-	-	4,000	3,000
Receipts from related parties		-	-	-	362
Cash was applied to:					
Payment to Suppliers and Employees		(19,666)	(22,768)	(535)	(289)
Intercompany Payments		-	-	(3,136)	-
Capitalised Interest of Development Properties		-	(3)	-	-
Income Tax Paid	7	(4,442)	(2,487)	-	-
Net Cash (Outflow)/Inflow from Operating Activities		(403)	4,291	331	3,074
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash was provided from:					
Advances from subsidiaries		-	-	519	459
Cash was applied to:					
Purchase of Fixed Assets		(2)	(4)	(2)	(4)
Net Cash Inflow/(Outflow) From Investing Activities		(2)	(4)	517	455
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash was applied to:					
Dividends Paid		(763)	(2,875)	(763)	(2,875)
Supplementary dividend paid		(519)	(417)	(519)	(417)
Net Cash Outflow from Financing Activities		(1,282)	(3,292)	(1,282)	(3,292)
Net Increase/(Decrease) in Cash and Cash Equivalents		(1,687)	995	(434)	237
Add Opening Cash and Cash Equivalents Brought Forward		9,820	8,825	457	220
Closing Cash and Cash Equivalents	12	8,133	9,820	23	457

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

CDL Investments New Zealand Limited and its Subsidiaries

Consolidated Statement of Cash Flows – continued

For the year ended 31 December 2005

In thousands of dollars	Note	GROUP		PARENT	
		2005	2004	2005	2004
RECONCILIATION OF CASHFLOWS FROM OPERATING ACTIVITIES					
Net Profit after Taxation		9,123	10,839	3,536	2,648
Adjusted for non cash items:					
Depreciation	8	10	13	7	10
Writedown of investment in subsidiary		-	-	-	(41)
Income Tax Expense		4,433	4,707	7	-
Adjustments for movements in working capital:					
(Increase)/Decrease in Receivables		(821)	755	4	1
(Increase)/Decrease in Development Properties		(9,460)	(9,318)	-	-
(Increase)/Decrease in Taxation Due		-	-	-	663
Increase/(Decrease) in Payables		754	(218)	(87)	100
Increase/(Decrease) in Related Parties		-	-	(3,136)	(307)
Cash generated from operating activities		4,039	6,778	331	3,074
Income Tax Paid	7	(4,442)	(2,487)	-	-
Cash Inflows/(Outflow) from Operating Activities		(403)	4,291	331	3,074

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

CDL Investments New Zealand Limited and its Subsidiaries

Notes to the Consolidated Financial Statements

For the year ended 31 December 2005

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. CDL Investments New Zealand Limited is an issuer in terms of the Financial Reporting Act 1993. The consolidated financial statements of the Company for the year ended 31 December 2005 comprise the Company and its subsidiaries (together referred to as the "Group").

The consolidated financial statements were authorised for issuance on 20 February 2006.

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRSs). These are the Group's first NZ IFRS consolidated annual financial statements and NZ IFRS 1 First-time adoption of New Zealand Equivalents to International Financial Reporting Standards has been applied.

An explanation of how the transition to NZ IFRSs has affected the reported financial position, financial performance and cash flows of the Company and the Group is provided in note 22. This note includes reconciliations of equity and profit or loss for comparative periods reported under generally accepted accounting practice in New Zealand (NZ GAAP) to those reported for those periods under NZ IFRSs.

(b) Basis of preparation

The financial statements have been prepared in accordance with the requirements of the Companies Act 1993, Financial Reporting Act 1993 and NZ GAAP.

The financial statements are presented in New Zealand Dollars, rounded to the nearest thousand. They are prepared on the historical cost basis.

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of financial statements in conformity with NZ IFRSs requires management to make judgments, estimates and assumptions that affect the application of company policies and reported amounts of assets and liabilities, income and expenses.

These consolidated financial statements have been prepared on the basis of NZ IFRSs in issue that are effective or available for early adoption at the Group's first NZ IFRS annual reporting date, 31 December 2005.

The accounting policies set out below have been applied consistently by Group entities and to all periods presented in these consolidated financial statements. They also have been applied in preparing an opening NZ IFRS balance sheet at 1 January 2004 for the purposes of the transition to NZ IFRSs, as required by NZ IFRS 1.

(c) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that 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 the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

CDL Investments New Zealand Limited and its Subsidiaries

Notes to the Consolidated Financial Statements – continued

For the year ended 31 December 2005

SIGNIFICANT ACCOUNTING POLICIES – continued

(d) Plant, furniture and equipment

Initial recording

Items of plant, furniture and equipment are stated at cost less accumulated depreciation. The cost of purchased plant, furniture 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 plant, furniture and equipment have different useful lives, they are accounted for as separate items of plant, furniture 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, furniture and equipment	3 - 10 years
--------------------------------	--------------

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

(e) Development properties

Property held for future development is stated at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, and holding costs such as interest and rates. Interest and other holding costs incurred after completion of development are expensed as incurred. All holding costs are written off through the income statement 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.

(f) Trade and other receivables

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

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. 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.

(h) Impairment

The carrying amounts of the Group's assets other than deferred tax assets are reviewed at each balance sheet 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 h(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 the income statement.

(i) Calculation of recoverable amount

The recoverable amount of assets is the greater of their 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.

(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 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.

CDL Investments New Zealand Limited and its Subsidiaries

Notes to the Consolidated Financial Statements – continued

For the year ended 31 December 2005

SIGNIFICANT ACCOUNTING POLICIES – continued

(i) Trade and other payables

Trade and other payables are stated at cost.

(j) Expenses

(i) Operating lease payments

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

(ii) Finance expenses and income

Finance expenses comprise interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested and dividend income that are recognised in 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 development or sale is capitalised gross of tax relief and added to the cost of the property during the period when active development takes place.

(k) Income tax

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

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

Deferred tax is provided using the balance sheet liability method of providing for 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 substantially enacted at the balance sheet 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.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

(l) Revenue

Revenue represents amounts derived from:

- Income from land and property sales: recognised on the transfer of the related significant risk and rewards of ownership.

(m) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

(n) Investments in subsidiaries

Investment in subsidiaries are stated at cost less any provision for permanent diminution in value, which is recorded through the income statement.

CDL Investments New Zealand Limited and its Subsidiaries

Notes to the Consolidated Financial Statements – continued

For the year ended 31 December 2005

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CDL Investments New Zealand Limited and its Subsidiaries

Notes to the Consolidated Financial Statements – continued

For the year ended 31 December 2005

1. SEGMENT REPORTING

Segment reporting has not been prepared as the Group operates in a single business segment, i.e. property operations, comprising the development and sale of land and development properties, in a single geographical segment i.e. New Zealand.

2. OTHER OPERATING INCOME

In thousands of dollars	GROUP		PARENT	
	2005	2004	2005	2004
Rental income	93	74	-	-
Other	2	6	2	-
Dividend income	-	-	4,000	3,000
	95	80	4,002	3,000

3. ADMINISTRATION AND OTHER OPERATING EXPENSES

In thousands of dollars	Note	GROUP		PARENT	
		2005	2004	2005	2004
Auditor's remuneration					
- Audit fees		50	42	24	21
- Audit IFRS conversion		50	-	50	-
- Tax advisory		20	30	20	30
Depreciation	8	10	13	7	10
Directors' remuneration					
- Fees		50	10	50	10
- Other		15	-	15	-
Provision for bad debts					
- Debts written off		-	1	-	-
- Movement in doubtful debts provision		1	(4)	-	-
Sales commission		790	1,142	-	-
Rates		276	237	-	-
Operating lease and rental payments		54	56	17	17
Legal fees		77	114	2	-
Other		451	314	188	162
Total excluding personnel expenses		1,844	1,955	373	250

4. PERSONNEL EXPENSES

In thousands of dollars	GROUP		PARENT	
	2005	2004	2005	2004
Wages and salaries	426	431	85	107
Other	17	12	1	2
	443	443	86	109

CDL Investments New Zealand Limited and its Subsidiaries

Notes to the Consolidated Financial Statements – continued

For the year ended 31 December 2005

5. INCOME TAX EXPENSE

RECOGNISED IN THE INCOME STATEMENT

In thousands of dollars	GROUP		PARENT	
	2005	2004	2005	2004
Current tax expense				
Current year	4,585	3,749	-	-
Adjustments for prior years	(40)	(424)	-	9
	4,545	3,325	-	9
Deferred tax expense				
Origination and reversal of temporary differences	(112)	1,382	7	(16)
	(112)	1,382	7	(16)
Total income tax expense/(credit) in income statement	4,433	4,707	7	(7)

RECONCILIATION OF EFFECTIVE TAX RATE

In thousands of dollars	GROUP		PARENT	
	2005	2004	2005	2004
Profit before tax	13,556	15,546	3,543	2,641
Income tax using the company tax rate of 33%	4,473	5,130	1,169	872
Non-deductible expenses	-	1	-	-
Tax exempt revenues	-	-	(1,320)	(1,002)
Group tax offset	-	-	158	114
Under/(over) provided in prior years	(40)	(424)	-	9
	4,433	4,707	7	(7)

6. CURRENT TAX ASSETS AND LIABILITIES

The current tax asset of \$221,000 (2004: \$194,000 tax payable) represents the amount of income taxes paid in advance (2004: tax liability).

7. IMPUTATION CREDITS

In thousands of dollars	GROUP		PARENT	
	2005	2004	2005	2004
Balance at beginning of year	12,226	10,893	1,492	1,168
Imputation credits attached to dividends received	-	-	1,970	1,478
Taxation paid	4,442	2,487	-	-
Imputation credits attached to dividends paid	(1,456)	(1,154)	(1,456)	(1,154)
	15,212	12,226	2,006	1,492
The imputation credits are available to shareholders of the parent company as follows:				
Through the parent company	2,006	1,492	2,006	1,492
Through subsidiaries	13,206	10,734	-	-
	15,212	12,226	2,006	1,492

CDL Investments New Zealand Limited and its Subsidiaries

Notes to the Consolidated Financial Statements – continued

For the year ended 31 December 2005

8. PLANT, FURNITURE AND EQUIPMENT

In thousands of dollars	GROUP	PARENT
Cost		
Balance at 1 January 2004	156	116
Acquisitions	4	3
Balance at 31 December 2004	160	119
Balance at 1 January 2005	160	119
Acquisitions	1	1
Balance at 31 December 2005	161	120
Depreciation and impairment losses		
Balance at 1 January 2004	(113)	(93)
Depreciation charge for the year	(13)	(10)
Balance at 31 December 2004	(126)	(103)
Balance at 1 January 2005	(126)	(103)
Depreciation charge for the year	(10)	(7)
Balance at 31 December 2005	(136)	(110)
Carrying amounts		
At 1 January 2004	43	23
At 31 December 2004	34	16
At 1 January 2005	34	16
At 31 December 2005	25	10

9. DEVELOPMENT PROPERTY

In thousands of dollars	GROUP		PARENT	
	2005	2004	2005	2004
Development Land	56,823	47,363	-	-
Less expected to settle within one year	14,955	20,181	-	-
	41,868	27,182	-	-

Development land is carried at the lower of cost and net realisable value. No interest (2004: \$3,000) has been capitalised during the year. The value of development land held at 31 December 2005 was determined by independent registered valuers, DM Koomen SNZIV and CP Johnston ANZPI, of DTZ New Zealand Limited as \$131.2 million (2004: \$107.8 million).

CDL Investments New Zealand Limited and its Subsidiaries

Notes to the Consolidated Financial Statements – continued

For the year ended 31 December 2005

10. 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	Assets		GROUP Liabilities		Net	
	2005	2004	2005	2004	2005	2004
Development property	-	-	(547)	(635)	(547)	(635)
Employee benefits	49	1	-	-	49	1
Trade and other payables	13	37	-	-	13	37
Net tax assets/(liabilities)	62	38	(547)	(635)	(485)	(597)

In thousands of dollars	Assets		PARENT Liabilities		Net	
	2005	2004	2005	2004	2005	2004
Plant, furniture and equipment	-	-	(2)	(2)	(2)	(2)
Employee benefits	8	1	-	-	8	1
Trade and other payables	9	23	-	-	9	23
Net tax assets / (liabilities)	17	24	(2)	(2)	15	22

MOVEMENT IN TEMPORARY DIFFERENCES DURING THE YEAR

In thousands of dollars	GROUP		
	Balance 1 Jan 2004	Recognised in income	Balance 31 Dec 2004
Plant, furniture and equipment	1	(1)	-
Development property	(875)	240	(635)
Employee benefits	-	1	1
Trade and other payables	152	(115)	37
	(722)	125	(597)

In thousands of dollars	GROUP		
	Balance 1 Jan 2005	Recognised in income	Balance 31 Dec 2005
Plant, furniture and equipment	-	-	-
Development property	(635)	88	(547)
Employee benefits	1	48	49
Trade and other payables	37	(24)	13
	(597)	112	(485)

CDL Investments New Zealand Limited and its Subsidiaries

Notes to the Consolidated Financial Statements – continued

For the year ended 31 December 2005

10. DEFERRED TAX ASSETS AND LIABILITIES – continued

MOVEMENT IN TEMPORARY DIFFERENCES DURING THE YEAR

In thousands of dollars	Balance 1 Jan 2004	PARENT	
		Recognised in income	Balance 31 Dec 2004
Plant, furniture and equipment	(1)	(1)	(2)
Employee benefits	-	1	1
Trade and other payables	7	16	23
	6	16	22

In thousands of dollars	Balance 1 Jan 2005	PARENT	
		Recognised in income	Balance 31 Dec 2005
Plant, furniture and equipment	(2)	-	(2)
Employee benefits	1	7	8
Trade and other payables	23	(14)	9
	22	(7)	15

Deferred tax assets have not been recognised in respect of the following items:

In thousands of dollars	GROUP		PARENT	
	2005	2004	2005	2004
Investment in subsidiaries	-	-	13,266	13,266

11. TRADE AND OTHER RECEIVABLES

In thousands of dollars	GROUP		PARENT	
	2005	2004	2005	2004
Trade receivables	-	5	-	-
Other receivables and pre-payments	1,281	455	8	12
	1,281	460	8	12

12. CASH AND CASH EQUIVALENTS

In thousands of dollars	GROUP		PARENT	
	2005	2004	2005	2004
Bank balances	23	432	23	457
Call deposits	8,110	9,388	-	-
Cash and cash equivalents in the statement of cash flows	8,133	9,820	23	457

CDL Investments New Zealand Limited and its Subsidiaries

Notes to the Consolidated Financial Statements – continued

For the year ended 31 December 2005

13. CAPITAL AND RESERVES

RECONCILIATION OF MOVEMENT IN CAPITAL AND RESERVES - GROUP

ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

In thousands of dollars	Share Capital	Retained Earnings	Total Equity
Balance at 1 January 2004	24,221	24,020	48,241
Total recognised income and expense	-	10,839	10,839
Shares issued under dividend reinvestment plan	315	-	315
Dividends to shareholders	-	(3,190)	(3,190)
Balance at 31 December 2004	24,536	31,669	56,205
Balance at 1 January 2005	24,536	31,669	56,205
Total recognised income and expense	-	9,123	9,123
Share issued under dividend reinvestment plan	3,247	-	3,247
Dividends to shareholders	-	(4,010)	(4,010)
Balance at 31 December 2005	27,783	36,782	64,565

RECONCILIATION OF MOVEMENT IN CAPITAL AND RESERVES - PARENT

In thousands of dollars	Share Capital	Retained Earnings	Total equity
Balance at 1 January 2004	24,221	(7,902)	16,319
Total recognised income and expense	-	2,648	2,648
Shares issued under dividend reinvestment plan	315	-	315
Dividends to shareholders	-	(3,190)	(3,190)
Balance at 31 December 2004	24,536	(8,444)	16,092
Balance at 1 January 2005	24,536	(8,444)	16,092
Total recognised income and expense	-	3,536	3,536
Share issued under dividend reinvestment plan	3,247	-	3,247
Dividends to shareholders	-	(4,010)	(4,010)
Balance at 31 December 2005	27,783	(8,918)	18,865

SHARE CAPITAL

	GROUP AND PARENT			
	2005 Shares '000s	2005 \$000's	2004 Shares '000s	2004 \$000's
Shares issued 1 January	200,503	24,536	199,359	24,221
Issued under dividend reinvestment plan	10,140	3,247	1,144	315
Total shares issued and outstanding	210,643	27,783	200,503	24,536

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 2005, the authorised share capital comprised of 210,643,474 ordinary shares (2004: 200,502,595).

CDL Investments New Zealand Limited and its Subsidiaries

Notes to the Consolidated Financial Statements – continued

For the year ended 31 December 2005

13. 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 market price on the dividend payment date.

DIVIDENDS

The following dividends were declared by the directors. The dividends distribution was made and there are no income tax consequences.

In thousands of dollars	GROUP		PARENT	
	2005	2004	2005	2004
2 cents per qualifying ordinary share (2004:1.6 cents)	4,010	3,190	4,010	3,190
	4,010	3,190	4,010	3,190

14. EARNINGS PER SHARE

BASIC AND DILUTED EARNINGS PER SHARE

The calculation of basic and diluted earnings per share at 31 December 2005 was based on the profit attributable to ordinary shareholders of \$9,123,000 (2004: \$10,839,000); and weighted average number of ordinary shares outstanding during the year ended 31 December 2005 of 207,263,000 (2004: 200,217,000), calculated as follows:

PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS (BASIC & DILUTED)

In thousands of dollars	GROUP	
	2005	2004
Profit for the period	9,123	10,839
Profit attributable to ordinary shareholders	9,123	10,839

WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES

In thousands of shares	GROUP	
	2005	2004
Issued ordinary shares at 1 January	200,503	199,359
Effect of 1,144 shares issued in April 2004	-	858
Effect of 10,140 shares issued in April 2005	6,760	-
Weighted average number of ordinary shares at 31 December	207,263	200,217

15. TRADE AND OTHER PAYABLES

In thousands of dollars	GROUP		PARENT	
	2005	2004	2005	2004
Trade payables	1,194	366	-	-
Non-trade payables and accrued expenses	199	273	60	149
	1,393	639	60	149

CDL Investments New Zealand Limited and its Subsidiaries

Notes to the Consolidated Financial Statements – continued

For the year ended 31 December 2005

16. FINANCIAL INSTRUMENTS

Exposure to credit and interest rate risks arises in the normal course of the Group's business.

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.

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 sheet 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, including derivative financial instruments, in the balance sheet as shown below:

In thousands of dollars	Note	GROUP		PARENT	
		2005	2004	2005	2004
Bank and short term deposits	12	8,133	9,820	23	457
Trade and other receivables	11	1,281	460	8	12
		9,414	10,280	31	469

INTEREST RATE RISK

The Group has a minimal exposure to interest rate risk on the bank overdraft of nil (2004: nil).

EFFECTIVE INTEREST AND REPRICING ANALYSIS

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

GROUP	Note	2005			2004		
		Effective interest rate	Total	6 months or less	Effective interest rate	Total	6 months or less
Cash and cash equivalents	12	7.25%	8,133	8,133	6.50%	9,820	9,820
			8,133	8,133		9,820	9,820

PARENT	Note	2005		2004	
		Effective interest rate	Total	Effective interest rate	Total
Cash and cash equivalents	12	Non interest bearing	23	Non interest bearing	457
			23		457

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.

- Cash, accounts receivable, accounts payable and prepaid taxation:- The carrying amount for these balances approximate their value because of the short maturities of these items.
- Shares in companies and other investments:- The carrying amount for these balances represents cost less impairment, if any.

CDL Investments New Zealand Limited and its Subsidiaries

Notes to the Consolidated Financial Statements – continued

For the year ended 31 December 2005

17. OPERATING LEASES

LEASES AS LESSEE

Non-cancellable operating lease rentals are payable as follows:

In thousands of dollars	GROUP		PARENT	
	2005	2004	2005	2004
Less than one year	9	5	-	-
Between one and five years	13	-	-	-
	22	5	-	-

During the year ended 31 December 2005, \$19,000 was recognised as an expense in the income statement in respect of operating leases (2004: \$21,000) and \$93,000 (2004: \$74,000) was recognised as income in the income statement in respect of subleases.

18. CAPITAL COMMITMENTS

As at 31 December 2005, the Group has entered into contracts for construction on development properties of \$4,618,000 (2004: \$4,558,000).

19. RELATED PARTIES

IDENTITY OF RELATED PARTIES

The Group has a related party relationship with its subsidiaries (see note 20), 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.

Total remuneration is included in "personnel expenses" (see note 4):

CONSOLIDATED

CDL Investments New Zealand Limited is a subsidiary of CDL Hotels New Zealand Limited (now Millennium & Copthorne Hotels New Zealand Limited) by virtue of CDL Hotels New Zealand Limited owning 62.46% (2004: 61.12%) of the Company and having 4 out of 6 of the Directors on the Board. CDL 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, CDL Hotels New Zealand Limited, \$198,000 (2004: \$176,000) for expenses incurred by the parent on behalf of the Group.

PARENT

At balance date, there were non-interest bearing advances owing from subsidiaries of \$5,607,000. (2004: \$2,471,000). There are no set repayment terms. No related party debts have been written off or forgiven during the year.

During the year CDL Investments New Zealand Limited entered into the following transactions with subsidiaries: - \$4,000,000 dividends were received from CDL Land New Zealand Limited (2004: \$3,000,000).

CDL Investments New Zealand Limited and its Subsidiaries

Notes to the Consolidated Financial Statements – continued

For the year ended 31 December 2005

20. GROUP ENTITIES

SUBSIDIARY	PRINCIPAL ACTIVITY
CDL Land New Zealand Limited	Property Investment and Development
LPL Group Limited	Removed from the Register of Companies on 15 January 2005
Landcorp Property Limited	Removed from the Register of Companies on 15 January 2005

The subsidiaries are wholly owned direct subsidiaries of CDL Investments New Zealand Limited and all have balance dates of 31 December.

21. 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 16 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 market fluctuations in the value of development properties. The carrying value of development properties is \$56,823,000 (2004: \$47,363,000) while the net realisable value determined by independent valuers is \$128,485,000 (2004:\$107,805,000). Accordingly there has to be a significant decline in value before the Group is affected.

22. EXPLANATION OF TRANSITION TO IFRSs

As stated in note 1 (a), these are the Group's first consolidated annual financial statements prepared in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRSs).

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2005, the comparative information presented in these financial statements for the year ended 31 December 2004 and in the preparation of an opening NZ IFRS balance sheet at 1 January 2004 (the Group's date of transition).

In preparing its opening NZ IFRS balance sheet, the Group has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (NZ GAAP). An explanation of how the transition from NZ GAAP to NZ IFRSs has affected the Group's financial position, financial performance, deferred tax and cash flows is set out in the following tables and the notes that accompany the tables.

CDL Investments New Zealand Limited and its Subsidiaries

Notes to the Consolidated Financial Statements – continued

For the year ended 31 December 2005

23. RECONCILIATION OF NZ GAAP TO NZ IFRS

(i) BALANCE SHEET AT 1 JANUARY 2004

In thousands of dollars	NZ GAAP	GROUP Transition Adjustments	NZ IFRS	NZ GAAP	PARENT Transition Adjustments	NZ IFRS
SHAREHOLDERS' EQUITY						
Issued capital	24,221	-	24,221	24,221	-	24,221
Retained earnings	27,115	(3,095)	24,020	(7,902)	-	(7,902)
Total Equity	51,336	(3,095)	48,241	16,319	-	16,319
<i>Represented by:</i>						
NON CURRENT ASSETS						
Plant, furniture & equipment	43	-	43	23	-	23
Development property	11,084	-	11,084	-	-	-
Related party debtors	-	-	-	2,164	-	2,164
Investments in subsidiaries	-	-	-	13,266	-	13,266
Deferred tax asset	-	-	-	6	-	6
Total Non Current Assets	11,127	-	11,127	15,459	-	15,459
CURRENT ASSETS						
Development property	19,949	7,012	26,961	-	-	-
Income tax receivable	196	1,506	1,702	679	-	679
Trade and other receivables	12,871	(11,625)	1,246	13	-	13
Cash and cash equivalents	8,825	-	8,825	220	-	220
Total Current Assets	41,841	(3,107)	38,734	912	-	912
Total Assets	52,968	(3,107)	49,861	16,371	-	16,371
NON CURRENT LIABILITIES						
Deferred tax liabilities	722	-	722	-	-	-
Total Non Current Liabilities	722	-	722	-	-	-
CURRENT LIABILITIES						
Trade and other payables	878	(12)	866	51	-	51
Employee entitlements	32	-	32	1	-	1
Total Current Liabilities	910	(12)	898	52	-	52
Total Liabilities	1,632	(12)	1,620	52	-	52
Net Assets	51,336	(3,095)	48,241	16,319	-	16,319

CDL Investments New Zealand Limited and its Subsidiaries

Notes to the Consolidated Financial Statements – continued

For the year ended 31 December 2005

23. RECONCILIATION OF NZ GAAP TO NZ IFRS – continued

(ii) BALANCE SHEET AT 31 DECEMBER 2004

In thousands of dollars	NZ GAAP	GROUP Transition Adjustments	NZ IFRS	NZ GAAP	PARENT Transition Adjustments	NZ IFRS
SHAREHOLDERS' EQUITY						
Issued capital	24,536	-	24,536	24,536	-	24,536
Retained earnings	32,402	(733)	31,669	(8,444)	-	(8,444)
Total Equity	56,938	(733)	56,205	16,092	-	16,092
<i>Represented by:</i>						
NON CURRENT ASSETS						
Plant, furniture & equipment	34	-	34	16	-	16
Development property	27,182	-	27,182	-	-	-
Related party debtors	-	-	-	2,471	-	2,471
Investments in subsidiaries	-	-	-	13,266	-	13,266
Deferred tax assets	-	-	-	22	-	22
Total Non Current Assets	27,216	-	27,216	15,775	-	15,775
CURRENT ASSETS						
Development property	19,636	545	20,181	-	-	-
Income tax receivable	-	-	-	-	-	-
Trade and other receivables	2,077	(1,617)	460	12	-	12
Cash and cash equivalents	9,820	-	9,820	457	-	457
Total Current Assets	31,533	(1,072)	30,461	469	-	469
Total Assets	58,749	(1,072)	57,677	16,244	-	16,244
NON CURRENT LIABILITIES						
Deferred tax liabilities	941	(344)	597	-	-	-
Total Non Current Liabilities	941	(344)	597	-	-	-
CURRENT LIABILITIES						
Trade and other payables	634	5	639	149	-	149
Employee entitlements	42	-	42	3	-	3
Income tax payable	194	-	194	-	-	-
Total Current Liabilities	870	5	875	152	-	152
Total Liabilities	1,811	(339)	1,472	152	-	152
Net Assets	56,938	(733)	56,205	16,092	-	16,092

CDL Investments New Zealand Limited and its Subsidiaries

Notes to the Consolidated Financial Statements – continued

For the year ended 31 December 2005

23. RECONCILIATION OF NZ GAAP TO NZ IFRS – continued

(iii) RECONCILIATION OF PROFIT FOR THE YEAR ENDED 31 DECEMBER 2004

In thousands of dollars	GROUP			PARENT		
	NZ GAAP	Transition Adjustments	NZ IFRS	NZ GAAP	Transition Adjustments	NZ IFRS
Revenue	19,746	10,501	30,247	-	-	-
Cost of Sales	(6,240)	(6,467)	(12,707)	-	-	-
Gross Profit	13,506	4,034	17,540	-	-	-
Other Operating Income	80	-	80	3,000	-	3,000
Interest Income	324	-	324	-	-	-
Administrative Expenses	(165)	-	(165)	(102)	-	(102)
Other Operating Expenses	(1,724)	(509)	(2,233)	(257)	-	(257)
Profit before income tax	12,021	3,525	15,546	2,641	-	2,641
Income tax (expense)/credit	(3,544)	(1,163)	(4,707)	7	-	7
Profit for the period	8,477	2,362	10,839	2,648	-	2,648
Attributable to:						
Equity holders of the Parent	8,477	2,362	10,839	2,648	-	2,648

(iv) EXPLANATION OF ADJUSTMENTS

(a) Deferred taxes

In thousands of dollars	GROUP		
	1 Jan 2004	31 Dec 2004	31 Dec 2005
Group deferred tax liability – NZ GAAP	722	941	485
Revenue	-	(344)	-
Decrease in deferred tax liability	-	(344)	-
Deferred tax liability – NZ IFRS	722	597	485

The deferred tax liability has decreased at each period end as shown in the table.

There are no unrecognised deferred tax assets other than the amounts disclosed in note 10.

(b) Revenue

IAS 18: Revenue. Revenue from the sale of goods is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Real estate and land development sales

On adoption of IAS 18, the Group changed the timing of revenue recognition in respect of its land development sales. Revenue in respect of these sales is now recognised on transfer of legal title, which better reflects the transfer of the risks and rewards of ownership. Under NZ GAAP, revenue was recognised on agreement of an unconditional contract.

(v) EXPLANATION OF MATERIAL ADJUSTMENTS TO THE CASH FLOW STATEMENT

There are no material adjustments to the cash flow statement as a result of preparing it under NZ IFRSs.

Regulatory Disclosures

20 LARGEST SHAREHOLDERS (as at 20 February 2006) (Listing Rule 10.5.1)

Rank	Shareholder	Number of Securities	%
1	Millennium Et Copthorne Hotels New Zealand Limited	131,570,537	62.46
2	Adrian Ho	11,722,568	5.56
3	New Zealand Central Securities Depository Limited	7,459,698	3.54
4	First NZ Capital Custodians Limited	5,584,375	2.65
5	Yong Khee Ong	2,811,118	1.33
6	Christina Seet	2,369,065	1.12
7	Geok Loo Goh	1,005,000	0.47
8	Charles Chua Kuan Lim	930,000	0.44
9	Roger Parker	801,032	0.38
10	Darshan Singh Kler	744,429	0.35
11	Mark Lawrence Ching Et Grant Watson McCurragh	650,000	0.30
12	Qiang Zheng Et Yan Gu	629,189	0.29
13	Li Zhuang	616,368	0.29
14	Graham Kenneth Gaskin Et Donald Eric Forsyth	609,958	0.28
15	Macquarie Equities Custodians Limited	500,000	0.23
16	JT Maxwell Et Company Limited	450,000	0.21
17	Sky Hill Limited	367,795	0.17
18	Allan Leslie Goldsack Et Lois Dulcie Goldsack	356,200	0.16
19	Steven Cheong Kwok Wing	351,389	0.16
20	Katherine Ho Siew Hong	332,000	0.15

(*) NZCSD provides a custodial depository service to its clients and does not have a beneficial interest in the shares held in its name. The beneficial owners of the shares registered in its name as at 20 February 2006 are:

Rank	Shareholder	Number of Securities	%
1	Accident Compensation Corporation	2,578,769	1.224
2	MFL Mutual Fund Limited	1,234,716	0.586
3	Citibank Nominees (New Zealand) Limited	1,214,607	0.576
4	National Nominees New Zealand Limited	1,099,831	0.522
5	Public Trust	725,799	0.344
6	ANZ Nominees Limited	552,376	0.262
7	Guardian Trust Investment Nominees (RWT) Limited	53,058	0.025
8	Courtenay Nominees Limited	542	0.000

HOLDINGS SIZE (as at 20 February 2006)

	Shareholding		Shareholding	
	Number	%	Number	%
1 – 99	4	0.10	300	0.00
100 – 199	4	0.10	484	0.00
200 – 499	4	0.10	1,333	0.00
500 – 999	13	0.32	8,746	0.00
1,000 – 1,999	651	15.91	869,723	0.41
2,000 – 4,999	1,694	41.40	5,178,819	2.46
5,000 – 9,999	752	18.38	5,157,711	2.45
10,000 – 49,999	798	19.51	14,713,599	6.99
50,000 – 99,999	90	2.20	5,662,254	2.69
100,000 – 499,999	66	1.61	11,047,168	5.24
500,000 – 999,999	8	0.20	5,480,976	2.60
1,000,000+	7	0.17	162,522,361	77.16
Total	4,091	100.00	210,643,474	100.00

DOMICILE OF SHAREHOLDERS (as at 20 February 2006)

Shareholding	Shareholding		Shareholding	
	Number	%	Number	%
New Zealand	3,958	96.74	189,254,631	89.87
Australia	69	1.67	487,262	0.23
Others	64	1.59	20,901,581	9.90
Total	4,091	100.00	210,643,474	100.00

WAIVERS FROM THE NEW ZEALAND EXCHANGE

On 29 March 2005, the Company was granted waivers from the following NZSX Listing Rule requirements until 9 June 2005 to allow the Company time to select and appoint new Independent Directors:

- (a) the requirement pursuant to NZSX Listing Rule 3.3.1(c) for the Board of the Company to include a minimum of two Independent Directors; and
- (b) the requirement pursuant to NZSX Listing Rule 3.6.2(c) that the Company's Audit Committee have a majority of members that are Independent Directors.

Statutory Information

DIRECTORS (section 211 (1)(l) Companies Act 1993)

As at 20 February 2006, the Company's Directors were:

HR Wong, BK Chiu, VWE Yeo, RL Challinor, GA McKenzie and J Lindsay.

Mr. JM Tsang retired as Managing Director and was appointed as Chairman on 25 May 2005. He retired as a director of the company on 31 December 2005. Mr. HR Wong was appointed as Chairman from 1 January 2006.

Mr. J Henderson resigned from the Board on 29 March 2005. Mr. RL Challinor and Mr. GA McKenzie were appointed to the board on 31 May 2005. Mr. BK Chiu was appointed as Managing Director with effect from 1 June 2005.

INTERESTS REGISTER (sections 189 (1) (c) and 211(1)(e) Companies Act 1993)

The Company maintains an Interests Register as required under the Companies Act 1993. For the period under review, the following entries were recorded:

USE OF COMPANY INFORMATION (section 145 Companies Act 1993)

During the year, the Board did not receive any notices from any Directors of the Company requesting the use of company information which they would have received in their capacity as Directors which would not otherwise have been available to them.

SHARE DEALING (section 148, Companies Act 1993)

No share dealings occurred by directors during the year.

DIRECTORS' AND ASSOCIATED PERSONS SHAREHOLDINGS (as at 31 December 2005)

Director	2004	2005
HR Wong	Nil	Nil
JM Tsang	Nil	Nil
BK Chiu	n/a	Nil
VWE Yeo	Nil	Nil
RL Challinor	n/a	Nil
GA McKenzie	n/a	Nil
J Lindsay	Nil	Nil

REMUNERATION (section 161 and 211(1)(f), Companies Act 1993)

The total remuneration and value of other benefits earned received by each of the Directors of the Company for the year ending 31 December 2005 was:

Director	Remuneration
HR Wong	Nil
JM Tsang	\$25,000 (retired as Managing Director and appointed as Chairman on 25 May 2005; retired as Chairman on 31 December 2005)
BK Chiu	Nil (appointed with effect from 1 June 2005)
VWE Yeo	Nil
RL Challinor	\$20,417 (appointed on 31 May 2005)
GA McKenzie	\$17,500 (appointed on 31 May 2005)
J Henderson	\$2,500 (resigned as a director on 29 March 2005)
J Lindsay (*)	\$267,682

(*) Mr J Lindsay did not receive remuneration as a director of the Company or of any of the Company's subsidiaries.

Statutory Information – continued

INDEMNITY AND INSURANCE (section 162, Companies Act 1993)

In accordance with the Company's constitution, the Company has insured all its Directors and the Directors of its subsidiaries against liabilities to other parties (except the Company or a related party of the Company) that may arise from their positions as Directors. The insurance does not cover liabilities arising from criminal actions.

GENERAL DISCLOSURES OF INTEREST (section 140(2), Companies Act 1993)

As at 31 December 2005, the Directors of the Company have made general disclosures of interest in the following companies:

HR WONG

Director of:

CDL Hotels New Zealand Limited (now known as Millennium & Copthorne Hotels New Zealand Limited)

All Seasons Hotels & Resorts Limited

Context Securities Limited

Hospitality Services Limited

Kingsgate Hotels & Resorts Limited

QINZ Holdings (New Zealand) Limited

CDL Hotels Holdings New Zealand Limited

Hospitality Group Limited

KIN Holdings Limited

Kingsgate International Corporation Limited

QINZ (Anzac Avenue) Limited

CDL Land New Zealand Limited

Hospitality Leases Limited

Kingsgate Hotels Limited

Millennium & Copthorne Hotels Limited

Quantum Limited

Birkenhead Holdings Pty Ltd

Hotelcorp New Zealand Ltd

Kingsgate Investments Pty. Ltd

Birkenhead Investments Pty Ltd

Kingsgate Holdings Pty Ltd

Millennium & Copthorne Hotels Pty Ltd

Birkenhead Services Pty Ltd

Kingsgate Hotel Pty Ltd

Millennium & Copthorne Hotels plc

London Britannia Hotel Limited

M&C Hotels Holdings Ltd

CDL Entertainment & Leisure Pte Ltd

CDL Hotels (Phils) Corporation

China Yuchai International Ltd

Grand Plaza Hotel Corporation

Harrow Entertainment Pte Ltd

Newbury Investments Ltd

Rich Pioneer Investments Ltd

The Philippine Fund Ltd

Zatrio Pte Ltd.

CDL Hotels (Korea) Ltd

CDL Hotels (Singapore) Pte Ltd

City e-Solutions Ltd

Guangxi Yuchai Machinery Company Ltd

International Design Link Pte Ltd

Portland Ltd

Rogo Realty Corporation

TOSCAP Ltd

CDL Hotels (Labuan) Ltd

Chancery Ltd

Copthorne Orchid Hotel Singapore Pte Ltd

Harbour Land Corporation

Millennium & Copthorne International Ltd

Republic Hotels Suzhou Pte Ltd

Thakral Corporation Ltd

Wrep Thailand Holdings (in liq.)

(*) Mr. HR Wong was appointed Chairman of CDL Investments New Zealand Limited with effect from 1 January 2006.

JM TSANG

Chairman of:

CDL Hotels New Zealand Limited (now Millennium & Copthorne Hotels New Zealand Limited)

Quantum Limited

Director of:

CDL Land New Zealand Limited

Hospitality Group Limited

Kingsgate International Corporation Limited

Hospitality Services Limited

KIN Holdings Limited

Birkenhead Holdings Pty Ltd

Hotelcorp New Zealand Pty Ltd

Kingsgate Investments Pty Ltd

Birkenhead Investments Pty Ltd

Kingsgate Hotel Pty Ltd

Millennium & Copthorne Hotels Pty Ltd

Birkenhead Services Pty Ltd

Kingsgate Holdings Pty Ltd

(*) Mr. JM Tsang retired as a director of the above companies on 31 December 2005.

Statutory Information – continued

GENERAL DISCLOSURES OF INTEREST (section 140(2), Companies Act 1993) – continued

VWE YEO

<i>Chief Executive Officer and Executive Director of:</i>	<i>President (Asia Pacific) of:</i>	
City e-Solutions Limited	Millennium Et Copthorne International Limited	
<i>Director of:</i>		
CDL Hotels Holdings Limited	CDL Hotels New Zealand Limited (now Millennium Et Copthorne Hotels New Zealand Limited)	
KIN Holdings Limited	Kingsgate International Corporation Limited	
City Hotels Pte. Ltd	Fena Estate Pte Limited	M&C Holdings (Thailand) Limited
Millennium Et Copthorne Hotels Ltd	Millennium Et Copthorne Hotels (Hong Kong) Ltd	
Richfield Hospitality Inc. (formerly known as SWAN Inc.)		Sceptre Hospitality Resources Inc.
SWAN Holdings Limited	SWAN USA Inc.	WREP Thailand Holdings (in liq.)
<i>Alternate Director of:</i>		
International Hotel Management School Pte. Ltd.		

BK CHIU

<i>Director of:</i>	
CDL Hotels New Zealand Limited (now Millennium Et Copthorne Hotels New Zealand Limited)	Quantum Limited

RL CHALLINOR

<i>Chairman of:</i>		
Eduhelp New Zealand Limited	Kingfish Limited	Kingfish Holdings Limited
Kingfish Nursery Limited		
<i>Director of:</i>		
Northington Partners Ltd	Ports of Auckland Limited	The Warehouse Group Limited
<i>Committee Member of:</i>		<i>Member, Australasian Advisory Board</i>
Waitangi Resort Joint Venture		LEK Consulting Pty Limited

GA MCKENZIE

<i>Director of:</i>		Partner:
Foseco Ltd	McHarry Limited	Bell Gully, Barristers and Solicitors

J LINDSAY

<i>Director of:</i>
CDL Land New Zealand Limited

EMPLOYEE REMUNERATION (section 211(1) (g) Companies Act 1993)

The number of employees or former employees of the Company and its subsidiaries (excluding publicly listed subsidiaries) who received remuneration and any other benefits in their capacity as employees, the value of which was or exceeded \$100,000 per annum are as follows:

<u>Remuneration and value of other benefits</u>	<u>Number of employees</u>
260,001 – 270,000	1

DONATIONS (section 211(1)(h) and (2))

The Company did not make any donations to charity.

AUDIT FEES (section 211(1)(j) and (2))

During the period under review, the following amounts were payable to the external auditors KPMG:

	<u>2004 (\$'000)</u>	<u>2005 (\$'000)</u>
Annual Audit	42	50
NZ IFRS Conversion	n/a	50
KPMG Other Services	30	20

Statutory Information - continued

SUBSIDIARY COMPANIES AND DIRECTORS section 211(2) of the Companies Act 1993

The Company's subsidiaries and their directors as at 31 December 2005 are listed below:

NAME	DIRECTORS	OWNERSHIP	ACTIVITY
CDL Land New Zealand Limited	(HR Wong, JM Tsang, J Lindsay, SNB Harrison)	100%	Property Investment & Development Company

The Directors of CDL Land New Zealand Limited did not receive any fees or other benefits as directors of that company. Mr. JM Tsang retired as a director of the company on 31 December 2005.

SUBSTANTIAL SECURITY HOLDERS

In accordance with section 26 of the Securities Markets Act 1988, the following persons are deemed to be Substantial Security Holders of the Company:

	Securities	%
Millennium & Copthorne Hotels New Zealand Limited	131,570,537	62.46
Adrian Ho	11,722,568	5.56

As at 20 February 2006, the total number of issued voting securities of CDL Investments New Zealand Limited was 210,643,474.

Notes

Notes

Corporate Directory

BOARD OF DIRECTORS

Wong Hong Ren (Chairman)

Vincent Yeo (Non-Executive Director)

Graham McKenzie (Independent Director)

BK Chiu (Managing Director)

Rob Challinor (Independent Director)

John Lindsay (Executive Director)

COMPANY SECRETARY

Takeshi Ito

REGISTERED OFFICE & CONTACT DETAILS

Level 13, 280 Queen Street, Auckland, New Zealand

Telephone: (09) 913 8077

PO Box 3248, Shortland Street, Auckland

Facsimile: (09) 913 8098

AUDITORS

KPMG, Auckland

BANKERS

ANZ Banking Group (New Zealand) Limited, Auckland

SOLICITORS

Bell Gully

SHARE REGISTRAR

Computershare Investor Services Limited,

Private Bag 92119, Auckland 1020, New Zealand

Facsimile: +64 9 488 8787

Level 2, 159 Hurstmere Road, Takapuna,

Telephone: +64 9 488 8700

email: enquiry@computershare.co.nz

STOCK EXCHANGE LISTING

New Zealand Exchange (NZX)

Company Code: CDI

