



Interim Report 2006



CDL INVESTMENTS
NEW ZEALAND LIMITED

Chairman's Review

Financial Performance:

The Directors of CDL Investments New Zealand Limited ("CDLI") are pleased to announce an operating profit after tax of \$3,797,000 for the six month period ending 30 June 2006. This represents an increase of 22.1% from the corresponding period in 2005. Operating profit before tax and minorities is \$5,739,000 (2005: \$5,056,000). Property sales & other income of \$11,944,000 was an increase of 27.4% above the corresponding period in 2005 (2005: \$9,374,000). A total of 58 sections were sold.

Shareholders' funds as at 30 June 2006 were \$67.6 million (31 December 2005: \$64.6 million) and total assets stood at \$69.0 million (31 December 2005: \$66.5 million). The net tangible asset per share was 30.9 cents (31 December 2005: 30.7 cents).

Market Overview:

Within the markets that CDLI trades in, it is apparent that there is now an oversupply of sections in some areas and market segments. This reflects the current downward market cycle. The residential market is also contracting, albeit slowly, and prices have plateaued in some key areas. Although market commentators are of the view that the New Zealand economy will experience a soft landing, factors such as recent rises in mortgage interest rates cannot be ignored.

Acquisitions:

CDLI presently holds conditional contracts on 2 adjoining properties in Christchurch with a total area of 24.81 hectares.

Outlook:

The Company has traded well during the first half of the year. The increase in revenue reflects the momentum generated both in the second half of 2005 as well as the positive activity seen to date. Although trading conditions are likely to remain difficult for the remainder of 2006, CDLI's continued strategy of maintaining a wide geographic spread of sections at competitive prices has allowed the Company to stay competitive and profitable.



Wong Hong Ren

Chairman

1 August 2006

CDL INVESTMENTS NEW ZEALAND LIMITED AND SUBSIDIARIES
Condensed Consolidated Interim Income Statement

FOR THE HALF YEAR ENDED 30 JUNE 2006		Unaudited 6 months to 30/6/06	Audited 12 months to 31/12/05	Unaudited 6 months to 30/6/05
IN THOUSANDS OF DOLLARS	NOTE			
Revenue		11,651	24,225	9,173
Cost of Sales		(5,186)	(8,683)	(3,296)
Gross Profit		6,465	15,542	5,877
Other Operating Income		37	95	47
Finance Income		256	206	154
Administrative Expenses		(84)	(154)	(80)
Other Operating Expenses		(935)	(2,133)	(942)
Profit Before Income Tax		5,739	13,556	5,056
Income Tax Expense	2	(1,942)	(4,433)	(1,947)
Profit for the Period		3,797	9,123	3,109

DETAILS OF SPECIFIC RECEIPTS/OUTLAYS,
REVENUES/EXPENSES

Audit Fees		(27)	(50)	(24)
Depreciation		(3)	(10)	(4)
Interest Income		256	206	154
Leasing and Rental Expenses		(30)	(54)	(27)
Basic earnings per share (cents)	3	1.75c	4.40c	1.55c
Diluted earnings per share (cents)	3	1.75c	4.40c	1.55c

CDL INVESTMENTS NEW ZEALAND LIMITED AND SUBSIDIARIES
Condensed Consolidated Interim Statement of Recognised Income and Expense

FOR THE HALF YEAR ENDED 30 JUNE 2006		Unaudited 6 months to 30/6/06	Audited 12 months to 31/12/05	Unaudited 6 months to 30/6/05
IN THOUSANDS OF DOLLARS				
Profit for the Period		3,797	9,123	3,109
Total Recognised Income and Expense for the Period		3,797	9,123	3,109
Attributable to:				
Equity holders of the Parent		3,797	9,123	3,109

The attached notes on pages 5 to 8 form part of, and are to be read in conjunction with, these Financial Statements.

CDL INVESTMENTS NEW ZEALAND LIMITED AND SUBSIDIARIES
Condensed Consolidated Interim Reconciliation of Equity

IN THOUSANDS OF DOLLARS	Share Capital	Retained Earnings	Total Equity
Balance at 1 January 2005	24,536	31,669	56,205
Total Recognised Income and Expense	-	3,109	3,109
Dividends to Shareholders	-	(4,010)	(4,010)
Shares Issued under Dividend Reinvestment Plan	3,247	-	3,247
Balance at 30 June 2005	27,783	30,768	58,551
Balance at 1 January 2005	24,536	31,669	56,205
Total Recognised Income and Expense	-	9,123	9,123
Dividends to Shareholders	-	(4,010)	(4,010)
Shares Issued under Dividend Reinvestment Plan	3,247	-	3,247
Balance at 31 December 2005	27,783	36,782	64,565
Balance at 1 January 2006	27,783	36,782	64,565
Total Recognised Income and Expense	-	3,797	3,797
Dividends to Shareholders	-	(4,213)	(4,213)
Shares Issued under Dividend Reinvestment Plan	3,463	-	3,463
Balance at 30 June 2006	31,246	36,366	67,612

The attached notes on pages 5 to 8 form part of, and are to be read in conjunction with, these Financial Statements.

CDL INVESTMENTS NEW ZEALAND LIMITED AND SUBSIDIARIES
Condensed Consolidated Interim Balance Sheet

AS AT 30 JUNE 2006	Unaudited 6 months 30/6/06	Audited Year 31/12/05	Unaudited 6 months 30/6/05
IN THOUSANDS OF DOLLARS			
SHAREHOLDERS' EQUITY			
Issued Capital	31,246	27,783	27,783
Retained Earnings	36,366	36,782	30,768
Total Equity	67,612	64,565	58,551
<i>Represented by:</i>			
NON CURRENT ASSETS			
Plant, Furniture and Equipment	25	25	32
Development Property	39,096	41,868	36,353
Total Non Current Assets	39,121	41,893	36,385
CURRENT ASSETS			
Cash and Cash Equivalents	11,380	8,133	4,572
Trade and Other Receivables	1,381	1,281	938
Income Tax Receivable	608	221	-
Development Property	16,582	14,955	18,905
Total Current Assets	29,951	24,590	24,415
Total Assets	69,072	66,483	60,800
NON CURRENT LIABILITIES			
Deferred Tax Liabilities	453	485	483
Total Non Current Liabilities	453	485	483
CURRENT LIABILITIES			
Trade and Other Payables	973	1,393	751
Employee Entitlements	34	40	52
Income Tax Payable	-	-	963
Total Current Liabilities	1,007	1,433	1,766
Total Liabilities	1,460	1,918	2,249
Net Assets	67,612	64,565	58,551

The attached notes on pages 5 to 8 form part of, and are to be read in conjunction with, these Financial Statements.

CDL INVESTMENTS NEW ZEALAND LIMITED AND SUBSIDIARIES
Condensed Consolidated Interim Statement of Cash Flows

FOR THE HALF YEAR ENDED 30 JUNE 2006	Unaudited 6 months to 30/6/06	Unaudited 6 months to 30/6/05
IN THOUSANDS OF DOLLARS		
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Cash was provided from:</i>		
Receipts from Customers	11,608	8,740
Interest Received	236	154
	<u>11,844</u>	<u>8,894</u>
<i>Cash was applied to:</i>		
Payments to Suppliers and Employees	(5,483)	(12,085)
Income Tax Paid	(2,361)	(1,292)
	<u>(7,844)</u>	<u>(13,377)</u>
Net Cash Inflow / (Outflow) from Operating Activities	4,000	(4,483)
CASH FLOWS FROM INVESTING ACTIVITIES		
<i>Cash was applied to:</i>		
Purchase of Fixed Assets	(3)	(2)
Net Cash Outflow From Investing Activities	(3)	(2)
CASH FLOWS FROM FINANCING ACTIVITIES		
<i>Cash was provided from:</i>		
Reinvestment of Dividends into Shares Issued	3,463	3,247
<i>Cash was applied to:</i>		
Dividends Paid	(4,213)	(4,010)
Net Cash Outflow from Financing Activities	(750)	(763)
Net Increase / (Decrease) in Cash and Cash Equivalents	3,247	(5,248)
Add Opening Cash and Cash Equivalents Brought Forward	8,133	9,820
Closing Cash and Cash Equivalents	11,380	4,572
RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit after Taxation	3,797	3,109
Adjusted for non cash items:		
Depreciation	3	4
Income Tax Expense	1,942	1,947
Adjustments for movements in working capital:		
(Increase) / Decrease in Receivables	(100)	(480)
(Increase) / Decrease in Development Properties	1,145	(7,894)
Increase / (Decrease) in Payables	(426)	123
Cash generated from Operating Activities	6,361	(3,191)
Income Tax Paid	(2,361)	(1,292)
Cash Inflows / (Outflows) from Operating Activities	4,000	(4,483)

The attached notes on pages 5 to 8 form part of, and are to be read in conjunction with, these Financial Statements.

1. Significant Accounting Policies

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 condensed consolidated interim financial statements of the Company for the six month period ended 30 June 2006 comprise the Company and its subsidiary (together referred to as the "Group").

The condensed consolidated interim financial statements were authorised for issuance on 28 July 2006.

(a) Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRSs). The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements.

(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 IFRSs.

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

The preparation of the condensed consolidated interim financial statements in conformity with NZ IAS 34 *Interim Financial Reporting* requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The accounting policies have been applied consistently throughout the Group for purposes of these condensed consolidated interim financial statements.

(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 condensed consolidated interim 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 condensed consolidated interim 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.

(d) Dividends

Dividends are recognised as a liability in the period in which they are declared.

(e) Plant, furniture and equipment

Items of plant, furniture and equipment are stated at cost less accumulated depreciation.

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

Plant, furniture and equipment 3 - 10 years

When parts of an item of plant, furniture and equipment have different useful lives, those components are accounted for as separate items of plant, furniture and equipment.

(f) Development property

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 period 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 property until the legal title passes to the buyer when the full settlement of the purchase consideration of the property occurs.

(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) Trade and other receivables

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

(i) 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.

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 are not discounted.

(i) 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 is reversed if there has been a change in the estimates used to determine the recoverable amount.

(j) Revenue

Revenue represents amounts derived from income from land and property sales which is recognised on the transfer of the related significant risk and rewards of ownership.

(k) Income tax

Income tax on the profit or loss for the periods presented 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, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. 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) 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.

Geographic segments

The Group operates in the following main geographic segment:

- New Zealand.

Business segments

The Group operates in the following main business segment:

- Property operations, comprising the development and sale of land and development property.

2. Income taxes

Income tax on the profit or loss for the interim periods presented comprises current and deferred tax. Income tax is the expected tax payable on the taxable income for the period, calculated as the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

Current tax is the expected tax payable on the taxable income for the year, using rates enacted at the balance sheet date. The current tax expense for the six month periods ended 30 June 2006 and 2005 were calculated based on the estimated average annual effective income tax rate.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The deferred tax expense for the six month periods ended 30 June 2006 and 2005 were calculated based on the estimated average annual effective income tax rate.

The estimated annual effective income tax rate calculated on this basis is 33.8% (30 June 2005: 38.5%).

3. Earnings per share

Six month period ended 30 June 2006

The basic earnings per share of 1.75 cents (30 June 2005: earnings per share of 1.55 cents) are based on a profit of \$3,797,000 (30 June 2005: profit of \$3,109,000) and a weighted average number of shares of 216,836,443 (30 June 2005: 201,178,654) in issue in the period. The diluted earnings per share of 1.75 cents (30 June 2005: earnings per share of 1.55 cents) are based on a weighted average number of shares of 216,836,443 (30 June 2005: 201,178,654) in issue in the period adjusted for the exercise of dilutive share options.

4. Material events subsequent to the end of the interim period

There were no material events subsequent to the end of the six month period ended 30 June 2006 (30 June 2005: Nil) that would require disclosure.

5. Changes in contingent liabilities and contingent assets since last annual balance sheet date

There were no changes in contingent liabilities and contingent assets that would require disclosure for the six month period ended 30 June 2006 (30 June 2005: Nil).

6. Related party transactions

CDL Investments New Zealand Limited is a subsidiary of Millennium & Copthorne Hotels New Zealand Limited (formerly CDL Hotels New Zealand Limited) by virtue of Millennium & Copthorne Hotels New Zealand Limited owning 63.48% (2005: 62.46%) of the Company. Millennium & Copthorne Hotels New Zealand Limited is 70.22% owned by CDL Hotels Holdings New Zealand Limited, which is wholly owned by Millennium & Copthorne Hotels plc in the United Kingdom. The ultimate holding company is Hong Leong Investment Holdings Pte Ltd in Singapore.

During the six month period ending 30 June 2006, CDL Investments New Zealand Limited has reimbursed its parent, Millennium & Copthorne Hotels New Zealand Limited, for \$93,000 (30 June 2005: \$99,000) in operating expenses incurred by the parent on behalf of the Group.

Corporate Directory

(as at 30 June 2006)

BOARD OF DIRECTORS

Wong Hong Ren (Chairman)

BK Chiu (Managing Director)

Vincent Yeo (Non-Executive Director)

Rob Challinor (Independent Director)

Graham McKenzie (Independent Director)

John Lindsay (Executive Director)

COMPANY SECRETARY

Takeshi Ito

REGISTERED OFFICE & CONTACT DETAILS

Level 13, 280 Queen Street, Auckland, New Zealand

PO Box 3248, Shortland Street, Auckland

Telephone: (09) 913 8077

Facsimile: (09) 913 8098

AUDITORS

KPMG, Auckland

BANKERS

ANZ Banking Group (New Zealand) Limited, Auckland

SOLICITORS

Bell Gully

SHARE REGISTRAR

Computershare Investor Services Limited,

Level 2, 159 Hurstmere Road, Takapuna,

Private Bag 92119, Auckland 1020, New Zealand

Telephone: +64 9 488 8700

Facsimile: +64 9 488 8787

email: enquiry@computershare.co.nz

STOCK EXCHANGE LISTING

New Zealand Exchange (NZX)

Company Code: CDI

 **Ashmore**

MAGELLAN HEIGHTS
IN VIEW OF IT ALL

Hamilton

Auckland

 **HARROWGLEN**
LIVING IN THE GREEN

Hawkes Bay

 **NORTHWOOD**
LIVING IN THE GREEN

 **morningstar**
TERRACE

Queenstown

Christchurch

 **Milgate**
LIVING IN THE GREEN

