



CDL
HOTELS
NEW ZEALAND
LIMITED



I n t e r i m R e p o r t
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Chairman's Review

● FINANCIAL PERFORMANCE

The Directors of CDL Hotels New Zealand Limited ("CDL") announce an unaudited operating profit after tax of \$6,510,000 for the six month period ended 30 June 2002. This is an increase of 36.1% on the equivalent period of the previous year. The operating profit before tax and minorities was \$13,882,000 (2001: \$9,248,000) with the New Zealand Hotel operations contributing 37.7%, CDL Investments New Zealand Limited ("CDLI") 27.7% and Kingsgate International Corporation Limited ("KIC") 34.6%.

Total operating revenue of \$93 million was 6.2% down on the equivalent period last year mainly due to the reduced number of residential apartments that were available for sale. The New Zealand hotel operations contributed 60.1% to this turnover while that of CDLI and KIC were 13.0% and 26.9% respectively.

Shareholders' funds, including minority interests, as at 30 June 2002 were \$313,592,000 (31 December 2001: \$320,281,000). Total assets were \$457,974,000 compared to \$515,511,000 a year earlier. Net tangible asset value (excluding minority interest) as at 30 June 2002 was 61.3 cents per ordinary share (31 December 2001: 62.5 cents).

● NEW ZEALAND HOTELS OPERATIONS

The total revenue from the New Zealand Hotel operations for the first six months of the year was \$56,152,000 which was 6.7% higher than that of the equivalent period last year. Average occupancy was up 4.8% and yield was up 9.5% on last year despite the ongoing negative impact of the September 11 tragedy on international travel.

All the six operating regions recorded increases in both total room revenue and yield. The Auckland hotels increased occupancy by 8% year on year due to a sustained sales and marketing effort. Queenstown continues to lead as the major resort location with a 13.3% increase in growth over last year.

The strategy of the Board to proceed with the refurbishment programme in year 2001 has paid dividends with all three hotels namely Millennium Hotel Rotorua, Copthorne Hotel & Resorts Queenstown Lakefront and the Copthorne Resort Bay of Islands all registering growth in revenue and yield.

All three brands of Millennium, Copthorne and Quality have done well. The Millennium and Copthorne brands enjoyed substantial yield growth of 10.7% and 12.7% respectively. The Quality brand also showed good growth in a highly competitive environment.

The contribution from the global sales offices of Millennium & Copthorne Hotels plc continue to benefit the New Zealand Group's worldwide exposure. Its sales strategies are continuing to have direct influence on the growth of our New Zealand operations. In addition, the domestic tourist market continues to play a major role in our growth strategies.

● *CDLI*

CDLI, the 60.12% owned subsidiary of the Company, announced an unaudited operating profit after tax for the six months ended 30 June 2002, of \$2,587,000 up 90% from the corresponding period in the previous year. Total revenue was \$12,114,000, an increase of 7.6% from last year. The increase in the after tax profit is due to the fact that the majority of the sections sold were of mid-value sections from Highfields and Waimanu Bay, whereas last year's results were influenced by section sales in the low value groups.

Shareholders' funds as at 30 June 2002 were \$41.8 million (31 December 2001: \$39.2 million) and total assets stood at \$53.8 million (31 December 2001: \$51.5 million). The net tangible asset value was unchanged at 22.3 cents per ordinary share (31 December 2001: 20.9 cents).

● *KIC*

KIC, the 50.74% owned subsidiary, announced an unaudited operating profit after tax of \$5,543,000 for the six months ended 30 June 2002 a 64% increase when compared with the equivalent period the previous year. The earnings per share was 1.41 cents (2001: 0.86 cents). Total operating revenue was \$25,026,000 (2001: 35,077,000). Included in this turnover was \$5,588,000 (2001: \$15,610,000) attributable to the sale of residential apartments. There has been a 2.4% growth in revenue from normal operations (excluding apartment sales) during this six month period. However, these revenue gains were lost in exchange rate variances caused by the strengthening NZD against the AUD.

Shareholders' funds as at 30 June 2002 totalled \$143,519,000 which was a 3% increase from that of the full year ended 31 December 2001. The net tangible asset value was 36.5 cents per share (31 December 2001: 37.6 cents).

● *FUTURE OUTLOOK*

The performance of the Group in the first half of 2002 has exceeded our expectations with the New Zealand hotel operations showing very significant profit growth on the back of a strong ski season. Barring unforeseen circumstances, our hotel operations should show similar growth patterns in the second half of the year.

Though CDLI has enjoyed good growth in the period under review, residential sales have stabilised. It plans to release a further 60 new sections in Auckland and Hamilton shortly and it is confident of achieving reasonable sales.

The outlook for KIC is more challenging. It is currently reviewing the direction of Millennium Hotel Sydney and conceptual plans for the conversion of the Millennium Tower into residential apartments have been drawn up as it considers its options. KIC's retail business faces some challenges in the second half of the year. In particular, Birkenhead Point Shopping Centre needs to negotiate new leases due to the termination of the leases of some of its major tenants. However, an active marketing campaign should see the introduction of some new major retailer brands. It is expected that the two remaining apartments in Stage 2 will be sold by the end of the year and the sale of the site allocated for Stage 3 settled by that time.

Overall the Board expects a sound financial result in the 2002 year. We believe that the continuing new initiatives being adopted by the Company will enable CDL to continue to extend its share of the market and improve its overall profitability.

J Wilson
Chairman

8 August 2002

Corporate Directory

Board of Directors

J Wilson, Chairman
JM Tsang, Managing Director
HR Wong
VWE Yeo
GA McKenzie
J Henderson

Group Company Secretary

First Admiral (retired)
K Arasaratnam

Registered Head Office

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Telephone (09) 309 6021
Facsimile (09) 309 3244

Share Registrar

Computershare Registry Services
(New Zealand) Limited

Auditors

KPMG, Auckland

Consolidated Statement of Financial Performance

For the Half Year Ended 30 June 2002

	Unaudited 6 months to 30/6/02 \$NZ'000	Unaudited 6 months to 30/6/01 \$NZ'000
OPERATING REVENUE		
Sales Revenue	92,554	98,690
Other Revenue	450	648
Total Operating Revenue	93,004	99,338
Operating Profit before Other Items and Tax	13,882	9,248
Less Tax on Operating Profit	3,316	2,296
Operating Profit after Tax before Minority Interests	10,566	6,952
Less Minority Interests	4,056	2,168
Operating Profit After Tax Attributable to Shareholders	6,510	4,784
Note 1 – DETAILS OF SPECIFIC RECEIPTS /OUTLAYS, REVENUES/EXPENSES		
Interest Revenue	369	569
Interest Expense	(3,235)	(5,659)
Interest Costs capitalised into Assets	(249)	(361)
Depreciation	(5,041)	(5,084)
Amortisation of Intangibles	(509)	(510)
Earnings (in Cents) per Ordinary Share	1.86	1.37

Consolidated Statement of Financial Position

As at 30 June 2002

	Unaudited 6 months 30/06/02 \$NZ'000	Audited Year 31/12/01 \$NZ'000	Unaudited 6 months 30/6/01 \$NZ'000
CURRENT ASSETS			
Cash and Term Deposits	13,764	8,649	17,550
Receivables and Prepayments	26,063	28,021	38,626
Inventories	1,227	1,284	1,220
Development Property held for resale	12,219	15,872	34,948
Total Current Assets	53,273	53,826	92,344
NON-CURRENT ASSETS			
Investment Properties	107,490	116,495	113,036
Development Property held for resale	29,318	32,268	30,610
Property, Plant and Equipment	260,668	268,476	271,200
Intangibles	7,225	7,705	8,321
Total Non-Current Assets	404,701	424,944	423,167
Total Assets	457,974	478,770	515,511
CURRENT LIABILITIES			
Bank Overdraft	2,742	-	1,261
Accounts Payable and Accruals	21,461	20,995	33,713
Borrowings	1,900	2,500	75,295
Total Current Liabilities	26,103	23,495	110,269
NON-CURRENT LIABILITIES			
Borrowings	112,632	129,748	92,095
Deferred Taxation	5,647	5,246	5,033
Total Non-Current Liabilities	118,279	134,994	97,128
Total Liabilities	144,382	158,489	207,397
Net Assets	313,592	320,281	308,114
SHAREHOLDERS' EQUITY			
Share Capital	430,245	430,245	430,245
Other Reserves	(2,227)	2,842	3,911
Revaluation Reserves	3,976	5,037	2,534
Accumulated Losses	(217,861)	(219,469)	(225,388)
Shareholders' Equity attributable to Members of the Holding Company	214,133	218,655	211,302
Outside equity interest in subsidiaries	99,459	101,626	96,812
Total Shareholders' Equity	313,592	320,281	308,114

Consolidated Statement of Cash Flows

For the Half Year Ended 30 June 2002

	Unaudited 6 months to 30/6/02 \$NZ'000	Unaudited 6 months to 30/6/01 \$NZ'000
CASH FLOWS RELATING TO OPERATING ACTIVITIES		
<i>Cash was provided from:</i>		
Receipts from Customers	93,345	166,089
Interest Received	370	569
	93,715	166,658
<i>Cash was applied to:</i>		
Payments to Suppliers and Employees	(58,046)	(66,864)
Interest Paid (Including Capitalised Interest)	(3,484)	(5,659)
Income Taxes Paid	(4,728)	(2,953)
	(66,258)	(75,476)
Net Operating Cash Flows	27,457	91,182
CASH FLOWS RELATING TO INVESTING ACTIVITIES		
<i>Cash was provided from:</i>		
Cash Proceeds from Sale of Fixed Assets	30	-
	30	-
<i>Cash was applied to:</i>		
Cash Paid For the Purchase of Fixed Assets	(6,699)	(6,458)
	(6,699)	(6,458)
Net Investing Cash Flows	(6,669)	(6,458)
CASH FLOWS RELATING TO FINANCING ACTIVITIES		
<i>Cash was applied to:</i>		
Repayment of Borrowings	(13,436)	(67,566)
Dividends Paid	(5,164)	(3,343)
	(18,600)	(70,909)
Net Financing Cash Flows	(18,600)	(70,909)
Net Increase in Cash Held	2,188	13,815
Cash At Beginning of Half Year	8,649	2,363
Exchange Rate Adjustment	184	110
Cash At End of Half Year	11,022	16,289

Reports for Industry and Geographic Segments

Segment Information for the six months to 30 June 2002

A) INDUSTRY SEGMENTS \$NZ'000

	Hotels		Property		Consolidated	
	2002	2001	2002	2001	2002	2001
Segment revenues	61,466	62,387	31,538	36,951	93,004	99,338
Profit after tax before minority interest	1,914	910	8,652	6,042	10,566	6,952
Segment assets	286,232	300,980	171,242	214,531	457,474	515,511

B) GEOGRAPHIC SEGMENTS \$NZ'000

	New Zealand		Australia		Consolidated	
	2002	2001	2002	2001	2002	2001
Segment revenues	67,986	64,261	25,018	35,077	93,004	99,338
Profit after tax before minority interest	5,023	3,014	5,543	3,938	10,566	6,952
Segment assets	259,508	266,569	197,966	248,942	457,474	515,511

ISSUED AND QUOTED SECURITIES

As at 30 June 2002

349,598,066 Ordinary Shares*

*includes 329,627 shares held as Treasury Stock.