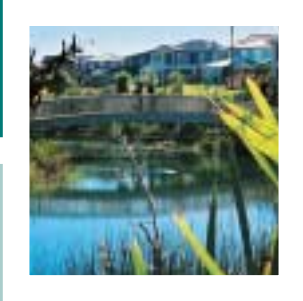


ANNUAL REPORT  
2003



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# ANNUAL REPORT

## CORPORATE PROFILE

CDL Investments New Zealand Limited has been listed on the New Zealand Stock Exchange since 1984. The market capitalisation was \$59.8 million as at 31 December 2003. Its core activity is property investment, development and management.

CDL Land New Zealand Limited, a wholly owned subsidiary, is the property investment and development arm of the Company, it specialises in residential subdivision with most of its land holding in the key growth areas of New Zealand.

The Company has approximately 4,635 shareholders of which 88.10% are domiciled in New Zealand. The majority shareholder is CDL Hotels New Zealand Limited.

## FINANCIAL CALENDAR

ANNUAL REPORT MAILED	31 MARCH 2004
DIVIDEND PAYMENT	2 APRIL 2004
HALF YEAR END	30 JUNE 2004
INTERIM PROFIT ANNOUNCEMENT	JULY 2004
INTERIM REPORT MAILED	AUGUST 2004
FINANCIAL YEAR END	31 DECEMBER 2004
ANNUAL PROFIT ANNOUNCEMENT	FEBRUARY 2005
ANNUAL REPORT MAILED	MARCH 2005



## CDL INVESTMENTS NEW ZEALAND LIMITED

The directors are pleased to present the Annual Report of CDL Investments New Zealand Limited for the year ended 31 December 2003.

Signed for and on behalf of the Board of Directors

J Wilson  
Chairman  
18 February 2004

JM Tsang  
Managing Director  
18 February 2004



# Building on the future

## TREND STATEMENT

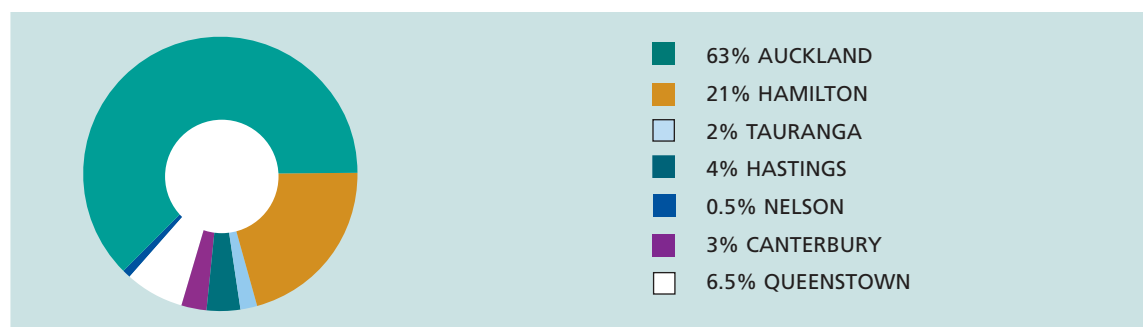
### FINANCIAL SUMMARY

FOR THE YEAR ENDED 31 DECEMBER 2003

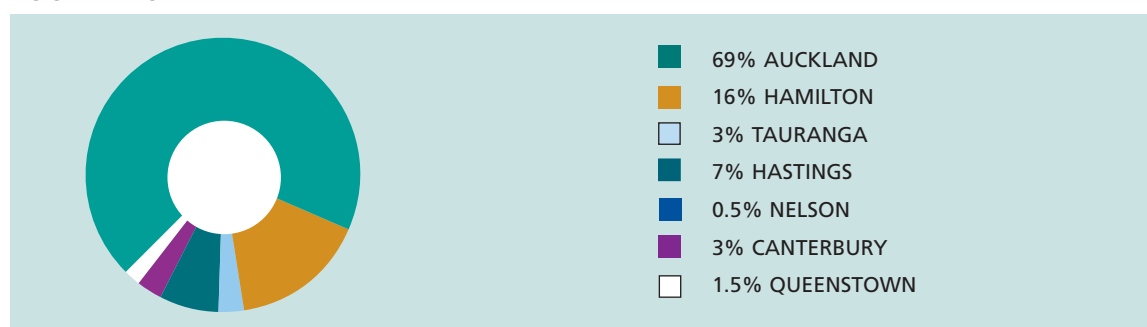
CDL INVESTMENTS NEW ZEALAND LIMITED & SUBSIDIARIES

DOLLARS IN THOUSANDS	2003	2002	2001
Total Revenue	27,217	23,879	20,269
Profit (Before Taxation)	9,987	9,512	-278
Group Net Profit (After Taxation)	6,595	5,985	-264
Earnings Per Share	3.36	3.20	-0.14
Dividends Per Share	1.6c	1.6c	0
Asset Backing Per Share (Before Distributions)	25.7	24.1c	20.9
Number of Issued Shares (000's)	199,359	187,144	187,144
Total Liabilities: Total Assets Ratio	3.08%	12.74%	23.95%
Total Assets	52,968	51,758	51,516
Group Equity	51,336	45,163	39,178

### MARKET VALUE



### BOOK VALUE



## SIGNIFICANT EVENTS 2003

- The Company announces a \$6,595,000 profit for the year ending 31 December 2003.
- Revenue increased by 14% on the previous year.
- Section sales up 37% on the previous year.
- All available sections sold in Highfields, Waimanu Bay, Palmers Landing, Flagstaff, Ashmore, Village Park and Oteki Park.
- The payment of a 1.6 cent dividend representing a distribution to shareholders of 48.36% of the net profit after tax.
- The purchase of three new development sites, two in Auckland and one in Hastings.

## CHAIRMAN'S REVIEW

### FINANCIAL PERFORMANCE

CDL Investments New Zealand Limited ("CDLI"), a 61.48% owned subsidiary of CDL Hotels New Zealand Limited, reported a net profit after tax of \$6,595,000 for the year ended 31 December 2003, compared with a net profit after tax of \$5,985,000 for the 2002 year.

The total revenue of \$27,217,000 was up 14%, reflecting an increase in the number of sales and a shift away from properties at the higher end of the market when compared to the previous year's activity.

A return of confidence in the Company was evident throughout the 2003 financial period as the share price rose 36.36% over the course of the year. This rise was underpinned by the strengthening financial performance of the Company, after a period of restructuring in 2001.

### FINANCIAL INFORMATION

Shareholders' funds as at 31 December 2003 totalled \$51,336,000, with total assets at \$52,968,000. Net asset backing (before distributions) as at 31 December 2003, was 25.7 cents per share compared to 24.1 cents per share in the previous year. Earnings per share, was 3.36 cents compared to 3.20 cents in the previous year.

A dividend equivalent  
to 48.36% of the after  
tax profit distributed  
to shareholders.



Shareholders' funds as at 31 December 2003 totalled \$51,336,000,  
with total assets at \$52,968,000.

## OPERATIONS

Continuing on from the 2002 financial year, market conditions throughout 2003 were favourable for the New Zealand property market. Strong demand coupled with low interest rates, a competitive exchange rate as well as continued strong population growth, driven by net migration contributed to an increase in sales during the 2003 financial year.

CDL Land New Zealand Limited recorded annual sales of 302 sections during the year, compared with 221 sections in 2002. In particular, this growth can be attributed to increased sales in the Hamilton and Tauranga areas. During the 2002 financial year, extensive development was undertaken in these areas, the benefits of which have been realised in the current year.

The Company will continue to actively and selectively seek land investments and development opportunities in key growth areas to enhance future earnings. The Company's strong balance sheet will enable it to take advantage of any opportunities that may arise.

During the year under review, a further 17 hectares of land was acquired. This has helped to replenish CDLI's land bank that totalled 241 hectares at 31 December 2003, which has a current market value of \$63,070,000.

In addition to this the Company was successful in its tender for a further 12.4ha development site in Albany, Auckland, which became unconditional in January this year.

CHAIRMAN'S  
REVIEW  
CONTINUED



## DIVIDENDS

In view of the level of profitability achieved and the amount of imputation credits available, the Board recommended the payment of a fully imputed dividend of 1.6 cents per share. The Dividend Reinvestment Plan established in 1998 will apply to this dividend, enabling shareholders to choose either a fully imputed cash dividend or ordinary shares in lieu.

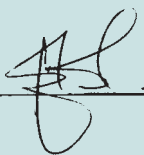
## BOARD CHANGES

As was announced in January, I will be retiring as Chairman of CDL Hotels New Zealand Limited and CDL Investments New Zealand Limited, effective from the end of February. I am confident the Company is in good shape and the Board and Management have the skills required to continue to drive performance. My replacement will be announced in due course.

## OUTLOOK

The 2004 year started on an encouraging note with good initial trading results being recorded. However, there are signs the market may ease in light of a high exchange rate and general cooling of the property market. Looking ahead, CDLI is on sound footing, it has no debt and has under construction a good range of sections in both price ranges and geographical spread, which should enable the Company to retain its market share of the residential section market.

Barring unforeseen circumstances, the Board expects 2004 to be another profitable year.



---

John Wilson  
Chairman  
18 February 2004

## OVERVIEW

The Company's land-based operations have once again benefited from very favourable market conditions.

New Zealand's housing sector has experienced a strong cyclical upswing over the last 18 months with house sales and new housing construction both lifting to record levels. A distinguishing feature of the housing cycle was its wide geographical spread compared to the last upswing in the mid 1990s, which was largely concentrated on the Auckland region.

Reflecting this national shift, CDL Land New Zealand Limited recorded a jump in section sales from 221 in the 2002 financial year to 302 in the 2003 year, with Hamilton and Tauranga in particular featuring strongly.

While the Company experienced an overall increase in sales revenue of 14% on the previous year, margins were slightly lower as there was a shift away from properties at the higher end of the market. Margins in the 2002 year had been boosted by demand for higher priced properties, such as those in Waimanu Bay in Auckland.

A continued focus on operating efficiencies ensured the Company was able to convert the healthy lift in sales into earnings.

## OPERATING ENVIRONMENT

The economic environment driving the property market remained conducive throughout the year. Continued low interest rates again underpinned activity, providing confidence, at least for the initial part of the year, to both investors and developers.

Though interest rates remained benign for the 2003 financial year, inflationary concerns gathered steam as the year wore on, prompting some economists to predict a tightening of monetary conditions.

An appreciating exchange rate had an adverse impact on demand, particularly among the rural community and exporters. From a foreign investor point of view the higher dollar also made New Zealand assets appear more expensive or, for those already invested here, more attractive to sell. As a consequence, enthusiasm for investment at the top end of the market is expected to cool while the exchange rate remains high.

Immigration, another key driver of recent sales, continued to push demand, albeit at a lesser pace than the previous year as the Government moved to ease the inflow.

Overall, market conditions were favourable in 2003 with demand from domestic investors providing the main impetus for the Company achieving both revenue and earnings growth.

New Zealand's housing sector has experienced a strong cyclical upswing over the last 18 months with house sales and new housing construction both lifting to record levels.



With conditions showing signs of cooling, it is important to retain a strong balance sheet and a stable of assets that reflect the demand profile of the market. To that end, CDL Investments has no debt and its land bank, while having a strong bias to Auckland, is spread around key growth areas in New Zealand.

## **OPERATIONAL PHILOSOPHY AND APPROACH**

CDL Land's core business remains the acquisition and development of land. With more than nine 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.

When the market shows signs of easing, as it currently does, it is vitally important to retain very disciplined management practices, which includes not having too great a dependency and exposure to any one type of property.

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.

Among the key factors for accessing a possible development are:

- The strength of the potential market for properties and the unique characteristics of the land
- The overall exposure to a project – the acquisition, development and capital commitments

- Infrastructural developments that may have a bearing on value – such as transport links
- The impact from interested parties such as environmental groups, iwi, and other community groups
- The changing demographics of the area and the relationship to existing community assets such as schools and public transport
- The soil structure and type, to ensure it meets proposed development requirements.

Once a project is undertaken, the key objectives are to ensure that it is managed on time and within budget. To this end a highly disciplined approach to developmental planning is taken including:

- Defining the critical path for each development
- Assessing the risk at each stage of development and formulating strategies to minimise risk
- Undertaking consultation at all stages with interested parties.

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 241 hectares, slightly down on the 252 hectares held at the same time the previous year. Of the current portfolio, 67.67 hectares (comprising 28.1% of the total portfolio) is held in the Auckland area. Hamilton has 72.88 hectares (30.2% of the portfolio), Tauranga 5.22 hectares (2.2%), Christchurch/Rollerston 57.15 hectares (23.7%), Queenstown and Nelson 27.25 hectares (11.3%) and Hastings 10.83 hectares (4.5%).

The net realisable value of the land bank determined by DTZ New Zealand Ltd as at 31 December 2003 was \$63,070,000 (2002: \$59,185,000).



The Company will continue to actively and selectively seek land investments in key growth areas to enhance future earnings.

## OPERATIONS REVIEW CONTINUED

This value is made up of fully developed property, property under development and 184 hectares of undeveloped land.

During the 2003 year sales increased by 37%. All available sections were sold in Auckland at Highfields, Waimanu Bay and Palmers Landing, as well as Flagstaff (Hamilton) and Village Park (Tauranga).

Land totalling 17.139 hectares was purchased during the year, including 3.680 hectares at McLeod Road (Auckland), 2.630 hectares at Kewa Road (Auckland) and 10.829 hectares at Williams Street (Hastings).

In addition to this the Company was successful in tenders for a further 12.4 hectares development site in Albany, Auckland, which became unconditional in January this year.

The strength of two years of strong section sales has resulted in the Company having almost no reserve of developed sections at hand. However some 372 lots are presently under development comprising 118 lots in Auckland, 160 lots in Hamilton, 29 lots in Tauranga, 40 lots in Hastings and 25 lots in Queenstown.

### ENVIRONMENT

CDL Land, during its nine years as a property developer, has always made considerable effort to

be mindful of the importance of environmental protection in maintaining a high quality of life for all New Zealanders.

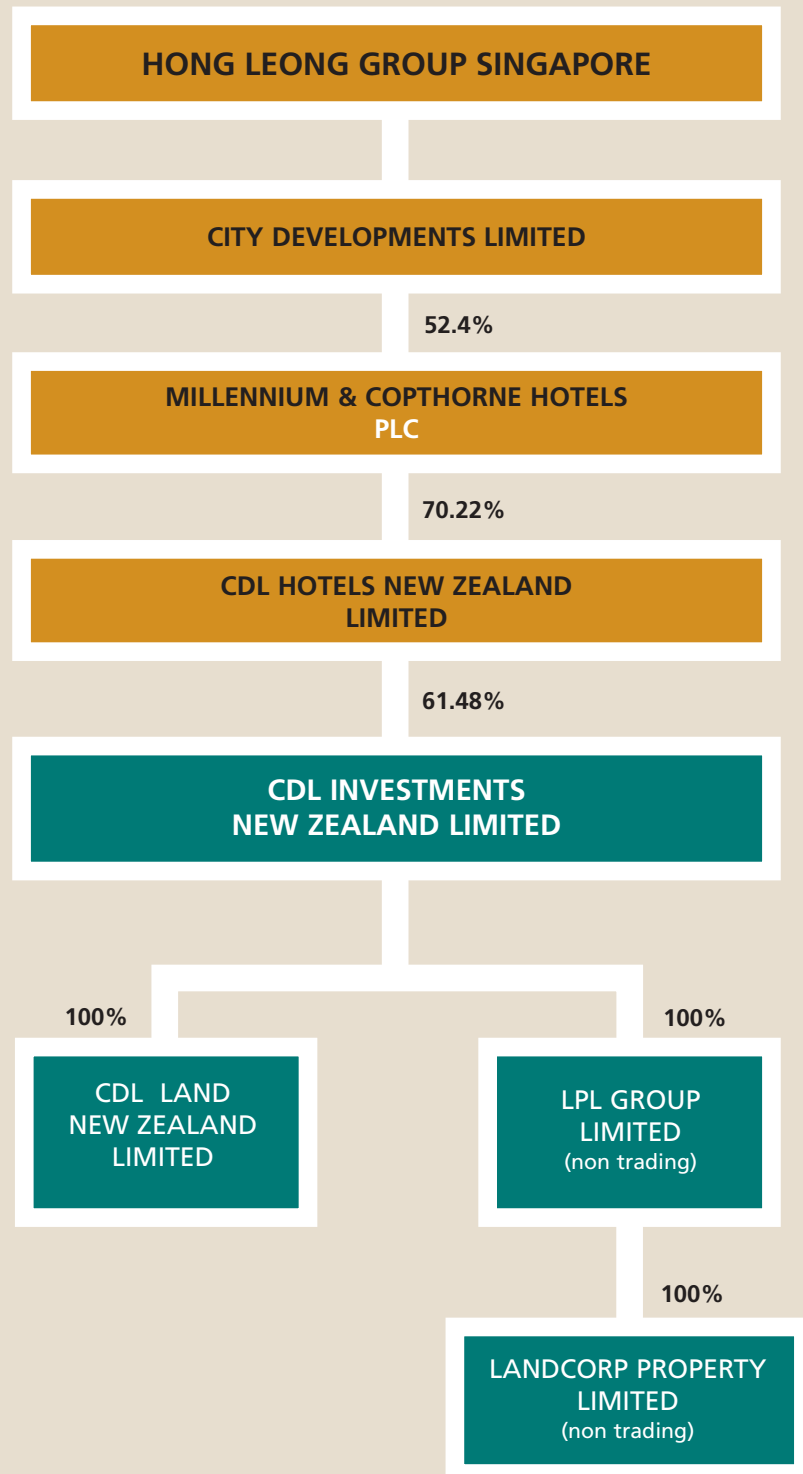
The Company is committed to the spirit of the Resource Management Act and carries out extensive planning and consultation to ensure developments are carried out responsibly. Developments are seen as an opportunity to meet the community's housing requirements with environmentally acceptable standards.

### OUTLOOK

The momentum that has driven the property market over the past couple of years has spilled over into trading in the current financial year. As a consequence, CDL Land has made a positive start to 2004. However, with interest rates beginning to rise in concert with a strengthening dollar, and immigration inflows drying up, there are real signs that the market is easing.

With a robust balance sheet, no debt and an efficiently run and diversified property portfolio, as well as a varied range of development projects in the pipeline, the Company is well placed to retain its share of the residential property market. As such the Company remains confident about the year ahead.

**GROUP  
CORPORATE  
STRUCTURE**



## BOARD OF DIRECTORS

The names of persons holding office as Directors of the Company as at 31 December 2003 and the names of any persons who ceased to hold office as Directors of the Company during the accounting period are as follows:

**JOHN WILSON,** 62, non-executive Chairman of the Company, appointed in August 1999, is the Chief Executive Officer of Millennium & Copthorne Hotels Plc ("M&C"). Mr Wilson retired from the Board of CDL Investments New Zealand Limited effective 29 February 2004.

**TSANG JAT MENG,** 71, Managing Director, was appointed non-executive Director in August 1991. In July 2000, he was appointed Managing Director. Mr Tsang is also the Managing Director of CDL Hotels New Zealand Limited and Executive Director of Kingsgate International Corporation Limited. Prior to his appointment to the Board, Mr Tsang was a senior partner and shareholder of a stockbroking company, Tsang & Ong of Singapore. In 1983, Mr Tsang was appointed Deputy Chairman of the Singapore Stock Exchange for a five year term.

**WONG HONG REN,** 52, was appointed non-executive Director in May 1992. He is also an executive Director of M&C and non-executive Director of CDL Hotels New Zealand Limited and Kingsgate International Corporation Limited. Mr Wong is the Group Investment Manager for the Hong Leong Group in Singapore.

**VINCENT YEO, 35,** was appointed non-executive Director in April 1993 and was later appointed Managing Director of the Australian and New Zealand operations of the Company. During that time, he was responsible for developing and integrating the hotels into the largest hotel chain in New Zealand. In February 1998, he took up the position of Executive Director of M&C with special responsibilities in sales and marketing, based in London. In June 2001, he returned to Asia to assume the role of Chief Executive Officer of City e-Solutions Limited, a listed subsidiary of City Developments Limited. 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.

**JOHN LINDSAY, 61,** Executive Director, was appointed to the Board in July 1997. He was previously the General Manager of CDL Land New Zealand Limited and has been responsible for the Company's growth during its formative years.

**JOHN HENDERSON, 57,** non-executive Director, was appointed to the Board in October 2000. He also sits on the Board of CDL Hotels New Zealand Limited and Kingsgate International Corporation Limited. He has held various positions during the 28 years with Starwood Hotels and Resorts Group. His last position before returning to New Zealand was Regional Vice President (Operations) for Asia Pacific Division, where he had direct responsibility for 29 Sheraton and Westin Hotels in China, Japan, Korea, Taiwan and Guam. Mr Henderson was also a director for Starwood Joint Ventures in Tokyo, Hong Kong and Beijing and Chairman of the China Hotel Development Company. Between May 1986 to May 1990, Mr Henderson was the Chief Executive of the Sheraton Group in New Zealand and Area Manager of the South Pacific region.

**ROLE OF THE BOARD OF DIRECTORS**

The Board is responsible for the proper direction and control of the Group's activities. This responsibility includes such areas of stewardship as the identification and control of the Group's business risks, the integrity of management information systems and reporting to shareholders. While the Board acknowledges that it is responsible for the overall control framework of the Group, it recognises that no cost effective internal control system will prevent all errors and irregularities. The system is based upon procedures, policies and guidelines, organisational structures that provide an appropriate division of responsibility, sound risk management, a programme of internal audit, and the careful selection and training of qualified personnel.

**BOARD OPERATIONS**

The Board meets several times a year establishing the Group's principal objectives, determining major strategies for achieving those objectives and providing the policy framework within which the Group operates. Each year management submits to the Board a proposed annual budget for approval prior to the commencement of each financial year. Major policies which are subject to the Board's approval and review include capital expenditure, treasury policy, guidelines for the appointment of senior staff and delegated authority limits.

<b>BOARD MEMBERS</b>	<b>MEETINGS ATTENDED</b>
J Wilson	4
JM Tsang	4
HR Wong	3
J Lindsay	4
VWE Yeo	4
J Henderson	4
4 Meetings held	

The Company's constitution requires that Directors stand for re-election to the Board at the Annual Meeting of Shareholders once every three years.

**GROUP MANAGEMENT STRUCTURE**

The Group's organisational structure is focused on property investment and development. These operations are all separately managed, with at least one of the Company's Directors being on the Board of each subsidiary. The Board compares the actual business results of these operations to forecasts and to budgets at board meetings.

**RISK IDENTIFICATION AND MANAGEMENT**

The Group has in place policies and procedures to identify areas of significant business risk and implement procedures to effectively manage those risks. Where appropriate, the Board obtains advice directly from external advisers. Once a significant business risk is identified, the Board is advised and corrective action is taken promptly to mitigate and monitor the risk.

**THE ROLE OF SHAREHOLDERS**

The Board aims to ensure that shareholders are informed of all major developments affecting the Group's state of affairs. Information is communicated to shareholders in the Annual Report, the Interim Report and the release of specific announcements to the New Zealand Stock Exchange as required. The Board encourages participation of shareholders at the annual meeting to ensure a high level of accountability and identification with the Group's strategies and goals.

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CORPORATE DIRECTORY	IBC

# FINANCIAL REPORT

**To the Shareholders of CDL Investments New Zealand Limited.**

We have audited the financial statements on pages 3 to 11. The financial statements provide information about the past financial performance and financial position of the company and group as at 31 December 2003. This information is stated in accordance with the accounting policies set out on page 6.

**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 and group as at 31 December 2003 and the results of their 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 issued by the Institute of Chartered Accountants of New Zealand. 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 certain of its subsidiaries in relation to taxation and general accounting 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 and group. 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 3 to 11:
  - comply with New Zealand generally accepted accounting practice;
  - give a true and fair view of the financial position of the company and group as at 31 December 2003 and the results of their operations and cash flows for the year ended on that date.

Our audit was completed on 18 February 2004 and our unqualified opinion is expressed as at that date.

A handwritten signature in dark ink, appearing to read 'KPMG' with a stylized flourish below it.

Auckland

FOR THE YEAR ENDED 31 DECEMBER 2003		GROUP		PARENT	
DOLLARS IN THOUSANDS	NOTE	2003	2002	2003	2002
<b>REVENUE</b>					
Property Sales		26,892	23,641	-	-
Other Revenue	2	325	238	3,000	13
<b>Total Revenue</b>		<b>27,217</b>	<b>23,879</b>	<b>3,000</b>	<b>13</b>
<b>EXPENSES</b>					
Operating		17,230	14,367	196	2,492
<b>Total Expenses</b>		<b>17,230</b>	<b>14,367</b>	<b>196</b>	<b>2,492</b>
Profit / (Loss) Before Taxation	2	9,987	9,512	2,804	(2,479)
Taxation Charge / (Benefit)	3	3,392	3,527	(1)	1
<b>Net Profit / (Loss) After Taxation</b>		<b>6,595</b>	<b>5,985</b>	<b>2,805</b>	<b>(2,480)</b>
<b>EARNINGS PER SHARE (CENTS)</b>					
- Primary		3.36	3.20		
- Fully Diluted		3.36	3.20		

Primary and Fully Diluted earnings per share is based on the net profit after taxation attributable to ordinary shareholders and the weighted average number of ordinary shares on issue during the year.

## STATEMENT OF MOVEMENTS IN EQUITY

CDL INVESTMENTS NEW ZEALAND LIMITED AND SUBSIDIARY COMPANIES

FOR THE YEAR ENDED 31 DECEMBER 2003		GROUP		PARENT	
DOLLARS IN THOUSANDS	NOTE	2003	2002	2003	2002
Total Recognised Revenues and Expenses for the Year		6,595	5,985	2,805	(2,480)
Dividends	7	(2,994)	-	(2,994)	-
Shares Issued under Dividend Reinvestment Plan	5	2,572	-	2,572	-
Movements in Equity for the Year		6,173	5,985	2,383	(2,480)
Equity at Start of Year		45,163	39,178	13,936	16,416
<b>Equity at End of Year</b>		<b>51,336</b>	<b>45,163</b>	<b>16,319</b>	<b>13,936</b>

The attached notes on pages 6 to 11 form part of, and are to be read in conjunction with, these Financial Statements.

AS AT 31 DECEMBER 2003		GROUP		PARENT		
DOLLARS IN THOUSANDS		NOTE	2003	2002	2003	2002
<b>EQUITY</b>						
Share Capital	5		24,221	21,649	24,221	21,649
Reserves	6		27,115	23,514	(7,902)	(7,713)
<b>Total Equity</b>			<b>51,336</b>	<b>45,163</b>	<b>16,319</b>	<b>13,936</b>
<b>NON CURRENT LIABILITIES</b>						
Deferred Tax Liability/(Benefit)	3		722	928	(6)	(5)
<b>Total Non Current Liabilities/(Assets)</b>			<b>722</b>	<b>928</b>	<b>(6)</b>	<b>(5)</b>
<b>CURRENT LIABILITIES</b>						
Current Portion of Loan	8		-	5,000	-	-
Trade Creditors and Accruals			878	638	51	53
Employee Entitlements			32	29	1	1
<b>Total Current Liabilities</b>			<b>910</b>	<b>5,667</b>	<b>52</b>	<b>54</b>
<b>Total Equity and Liabilities</b>			<b>52,968</b>	<b>51,758</b>	<b>16,365</b>	<b>13,985</b>
<b>NON CURRENT ASSETS</b>						
Fixed Assets	9		43	53	23	29
Property Held for Development and Sale	10		11,084	20,971	-	-
Intercompany Receivables	11		-	-	2,164	292
Investments in Subsidiaries	12		-	-	13,266	13,144
<b>Total Non Current Assets</b>			<b>11,127</b>	<b>21,024</b>	<b>15,453</b>	<b>13,465</b>
<b>CURRENT ASSETS</b>						
Bank and Short Term Deposits			8,825	2,339	220	80
Accounts Receivable and Prepayments			12,871	15,094	13	18
Property Held for Development and Sale	10		19,949	12,733	-	-
Taxation Refund Receivable			196	568	679	422
<b>Total Current Assets</b>			<b>41,841</b>	<b>30,734</b>	<b>912</b>	<b>520</b>
<b>Total Assets</b>			<b>52,968</b>	<b>51,758</b>	<b>16,365</b>	<b>13,985</b>

For, and on behalf of, the Board



J WILSON  
CHAIRMAN  
18 FEBRUARY 2004



JM TSANG  
MANAGING DIRECTOR  
18 FEBRUARY 2004

The attached notes on pages 6 to 11 form part of, and are to be read in conjunction with, these Financial Statements.

FOR THE YEAR ENDED 31 DECEMBER 2003		GROUP		PARENT	
DOLLARS IN THOUSANDS		2003	2002	2003	2002
	Note				
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<b>Cash was provided from:</b>					
Receipts from Customers		28,779	19,101	5	2
Interest Received		193	138	-	13
Dividends Received		-	-	3,000	-
		28,972	19,239	3,005	15
<b>Cash was applied to:</b>					
Payments to Suppliers and Employees		(13,754)	(7,602)	(308)	(534)
Taxation Paid		(2,837)	(2,860)	(673)	-
Interest Paid		(8)	(2)	-	-
Interest Capitalised		(70)	(473)	-	-
		(16,669)	(10,937)	(981)	(534)
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	13	12,303	8,302	2,024	(519)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
<b>Cash was provided from:</b>					
Sale of Fixed Assets		-	8	-	-
		-	8	-	-
<b>Cash was applied to:</b>					
Advances to Subsidiaries		-	-	(1,067)	-
Purchase of Fixed Assets		(6)	(35)	(6)	(18)
<b>Net Cash Outflow from Investing Activities</b>		(6)	(27)	(1,073)	(18)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
<b>Cash was applied to:</b>					
Dividend Paid		(422)	-	(422)	-
Supplementary Dividend Paid		(389)	-	(389)	-
Repayment of Borrowings		(5,000)	(4,894)	-	-
		(5,811)	(4,894)	(811)	-
<b>Net Cash Outflow from Financing Activities</b>		(5,811)	(4,894)	(811)	-
Net Increase/(Decrease) in Cash		6,486	3,381	140	(537)
Opening Cash Brought Forward		2,339	(1,042)	80	617
<b>Closing Cash Carried Forward</b>		8,825	2,339	220	80
<b>Comprising:</b>					
Bank and Short Term Deposits		8,825	2,339	220	80

The attached notes on pages 6 to 11 form part of, and are to be read in conjunction with, these Financial Statements.

## 1. STATEMENT OF ACCOUNTING POLICIES

### REPORTING ENTITY

CDL Investments New Zealand Limited is a public company registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange.

The Group consists of CDL Investments New Zealand Limited and its subsidiaries. CDL Investments New Zealand Limited is an issuer for the purposes of the Financial Reporting Act 1993.

### STATUTORY BASE

These financial statements have been prepared in accordance with the Companies Act 1993 and the Financial Reporting Act 1993.

### MEASUREMENT SYSTEM

The measurement base adopted is that of historical cost.

### SPECIFIC ACCOUNTING POLICIES

The following specific accounting policies, which materially affect the measurement of financial performance and the financial position, have been applied:

#### a) Basis of Consolidation - Purchase Method

The consolidated financial statements include the holding company and its subsidiaries, and are accounted for using the purchase method of consolidation. All significant intercompany transactions are eliminated on consolidation. Goodwill arising on the acquisition of subsidiaries has been written off on a straight-line basis to the Statement of Financial Performance over a period considered appropriate by the Directors.

#### b) Property Held for Development and Sale

Property held for future development is stated at the lower of cost or net realisable value. All holding costs are written off through the Statement of Financial Performance in the year incurred with the exception of interest holding costs which are capitalised during the period when active development is taking place.

#### c) Accounts Receivable

Accounts receivable are stated at estimated realisable value after providing against debts where collection is doubtful.

#### d) Fixed Assets

Fixed assets are recorded at cost less accumulated depreciation.

#### e) Depreciation of Fixed Assets

Depreciation is provided on a straight-line basis to write off the cost of depreciable assets over their expected useful lives, which are:

Office Furniture and Equipment	3 - 7 years
Plant and Equipment	10 years

#### f) Taxation

The taxation charge for the year is the estimated total liability in respect of the profit after allowance for permanent differences. The Group follows the comprehensive liability method of accounting for deferred taxation. Future tax benefits, to the extent they exceed related deferred taxation liabilities, are not recognised unless realisation of the asset is virtually certain.

#### g) Investments

Investments in subsidiaries are stated at cost less any provision for permanent diminution in value.

#### h) Revenue Recognition

Revenue and profit is not recognised on property sales until the point of formal unconditional contract for sale.

### CHANGES IN ACCOUNTING POLICY

There have been no changes in the accounting policies during the period and all policies have been applied on a consistent basis with the previous year.

DOLLARS IN THOUSANDS	GROUP		PARENT	
	2003	2002	2003	2002
<b>2. PROFIT BEFORE TAXATION</b>				
<b>Profit before taxation is arrived at after (crediting) / charging:</b>				
Auditors' Remuneration				
- Audit Fees	35	35	17	17
- Tax Advisory Services	10	31	10	31
Depreciation				
- Plant and Equipment	3	8	-	-
- Office Furniture and Equipment	12	11	12	11
(Gain) on Sale of Fixed Assets	-	(3)	-	-
Directors' Remuneration				
- Directors' Fees	10	10	10	10
- Other Payments to Directors	215	155	-	-
Leasing and Rental Costs	62	62	16	11
Legal Fees	207	145	1	45
Interest Expense	8	2	-	-
Bad Debts				
- Bad Debts Written Off	8	6	-	-
- Movement in Provision for Bad Debts	2	6	-	-
Writedown of Investment in Subsidiary	-	-	(123)	2,000
Interest from Other Investments	(193)	(138)	-	(13)
Dividends Received	-	-	(3,000)	-
<b>3. TAXATION</b>				
Profit / (Loss) Before Taxation	9,987	9,512	2,804	2,479
Prima Facie Taxation at 33%	3,296	3,139	926	818
<b>Adjustment for the Tax Effect of:</b>				
Permanent Differences	9	(115)	(1,027)	(674)
Taxation Losses Not Recognised	-	-	-	(143)
Group Tax Offset	-	-	100	-
Under Provision of Prior Year Taxation	87	503	-	-
<b>Total Taxation Expense / (Benefit)</b>	<b>3,392</b>	<b>3,527</b>	<b>(1)</b>	<b>1</b>
<b>Income Taxation Expense Consists of:</b>				
Current Taxation	3,598	2,991	-	-
Deferred Taxation	(206)	536	(1)	1
<b>Total Taxation Expense</b>	<b>3,392</b>	<b>3,527</b>	<b>(1)</b>	<b>1</b>
<b>Deferred Taxation Liability/(Benefit)</b>				
Opening Balance	928	392	(5)	(6)
Deferred Taxation Expense / (Benefit)	(206)	536	(1)	1
<b>Closing Balance</b>	<b>722</b>	<b>928</b>	<b>(6)</b>	<b>(5)</b>

DOLLARS IN THOUSANDS	GROUP		PARENT	
	2003	2002	2003	2002
<b>4. IMPUTATION CREDIT ACCOUNT</b>				
Opening Balance	9,123	6,263	103	103
Taxation Paid	2,856	2,860	673	-
Credits Attached to Dividends Received	-	-	1,478	-
Credits Attached to Dividends Paid	(1,086)	-	(1,086)	-
<b>Closing Balance</b>	<b>10,893</b>	<b>9,123</b>	<b>1,168</b>	<b>103</b>

#### 5. SHARE CAPITAL

(a) Share Capital Comprises:	SHARES IN THOUSANDS		\$ 000	
Opening Balance	187,144	187,144	21,649	21,649
Shares Issued Under Dividend Reinvestment Plan	12,215	-	2,572	-
<b>Closing Balance</b>	<b>199,359</b>	<b>187,144</b>	<b>24,221</b>	<b>21,649</b>

All shares are fully paid, carry equal rights, and rank pari passu with regard to residual assets of the Company.

#### (b) 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.

DOLLARS IN THOUSANDS	GROUP		PARENT	
	2003	2002	2003	2002
<b>6. RESERVES</b>				
Capital Reserves	83,020	83,020	83,005	83,005
Accumulated Deficit	(55,905)	(59,506)	(90,907)	(90,718)
<b>Total Reserves</b>	<b>27,115</b>	<b>23,514</b>	<b>(7,902)</b>	<b>(7,713)</b>
<b>7. DIVIDENDS</b>				
Dividend of 1.6 cents per share (2002: nil)	2,994	-	2,994	-
Supplementary Dividend	389	-	389	-
Total Dividends Declared	3,383	-	3,383	-
Foreign Investor Tax Credit	(389)	-	(389)	-
<b>Total Dividends</b>	<b>2,994</b>	<b>-</b>	<b>2,994</b>	<b>-</b>
<b>8. LOAN</b>				
Secured Over All Fixed Assets and Property Held for Development and Sale	-	5,000	-	-
Less Amount Classified as Current Liability	-	(5,000)	-	-
<b>Total Loan</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

DOLLARS IN THOUSANDS	GROUP		PARENT	
	2003	2002	2003	2002
<b>9. FIXED ASSETS</b>				
Plant and Equipment (at cost)	31	31	-	-
Accumulated Depreciation	(11)	(8)	-	-
	20	23	-	-
Office Furniture and Equipment (at cost)	125	119	116	110
Accumulated Depreciation	(102)	(89)	(93)	(81)
	23	30	23	29
<b>Net Book Value</b>	43	53	23	29
<b>10. PROPERTY HELD FOR DEVELOPMENT AND SALE</b>				
<b>Property Intended for Development and Sale:</b>				
- Within One Year	19,949	12,733	-	-
- Later than One Year	11,084	20,971	-	-
	31,033	33,704	-	-

#### Valuation

Property held for development and sale is carried at the lower of cost or net realisable value. Interest of \$70,000 (2002: \$473,000) has been capitalised during the year. The net realisable value of properties held at 31 December 2003 was determined by D.M. Koomen of DTZ New Zealand Limited, an independent registered valuer. D.M. Koomen is a member of the New Zealand Institute of Valuers. The total of these valuations is \$63,070,000 (2002: \$59,185,000).

#### 11. RELATED PARTY

##### Consolidated

CDL Investments New Zealand Limited is a subsidiary of CDL Hotels New Zealand Limited by virtue of CDL Hotels New Zealand Limited owning 61.48% (2002: 60.12%) 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. The ultimate holding company is Hong Leong Investment Holdings Pte Limited in Singapore.

During the year CDL Investments Limited has reimbursed its parent, CDL Hotels New Zealand Limited, for \$127,000 (2002: \$130,320) in expenses incurred by the parent on behalf of the Group.

##### Parent

At balance date, there were non-interest bearing advances owing from subsidiaries. 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:

- \$3,000,000 dividends were received from CDL Land New Zealand Limited (2002: nil).

## 12. SUBSIDIARY COMPANIES

SUBSIDIARY	PRINCIPAL ACTIVITY
CDL Land New Zealand Limited	Property Investment and Development
LPL Group Limited	Holding Company
Landcorp Property Limited	Non trading
Knight Frank (NZ) Limited	Struck off during the year

The subsidiaries are wholly owned direct subsidiaries of CDL Investments New Zealand Limited and all have balance dates of 31 December 2003.

DOLLARS IN THOUSANDS	GROUP		PARENT	
	2003	2002	2003	2002
<b>13. RECONCILIATION OF NET PROFIT AFTER TAX WITH NET CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit / (Loss) after Taxation	6,595	5,985	2,805	(2,480)
<b>Add Non-Cash Items:</b>				
Depreciation	15	19	12	11
Deferred Tax Expense/(Benefit)	(206)	536	(1)	1
Writedown of Investment in Subsidiary	-	-	(123)	2,000
	(191)	555	(112)	2,012
<b>Add/(Less) Movements in other Working Capital Items:</b>				
Increase/(Decrease) in Creditors and Accruals	244	(343)	(2)	(53)
(Increase)/Decrease in Accounts Receivable	2,223	(4,637)	5	2
(Increase)/Decrease in Taxation Refund	761	137	(672)	-
(Increase)/Decrease in Development Property	2,671	6,608	-	-
	5,899	1,765	(669)	(51)
<b>Add Items Classified as Investing:</b>				
Loss/(Gain) on Sale of Fixed Assets and Business	-	(3)	-	-
	-	(3)	-	-
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	<b>12,303</b>	<b>8,302</b>	<b>2,024</b>	<b>(519)</b>

## 14. NATURE OF BUSINESS AND GROUP SEGMENT ACCOUNTING

The Group operates in real estate and related activities, including property development, in New Zealand.

DOLLARS IN THOUSANDS	GROUP		PARENT	
	2003	2002	2003	2002
<b>15. COMMITMENTS</b>				
<b>Capital Commitments</b>				
Contracts for Development Expenditure	9,564	157	-	-
<b>Lease Commitments</b>				
Unexpired Operating Leases Due:				
- Within One Year	10	8	-	-
<b>Total Lease Commitments</b>	<b>10</b>	<b>8</b>	<b>-</b>	<b>-</b>

The capital commitments include \$8,325,000 (2002: nil) in respect of land purchases for which deposits have been paid.

## 16. FINANCIAL INSTRUMENTS

Exposure interest and credit risk arises in the normal course of the Group's business.

### Credit Risk

No collateral is required in respect of financial assets. 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. Reputable financial institutions are used for investing and cash handling purposes. At balance date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position.

Maximum Credit Exposure as at 31 December is as follows:

DOLLARS IN THOUSANDS	GROUP		PARENT	
	2003	2002	2003	2002
Bank and Short Term Deposits	8,825	2,339	220	80
Accounts Receivable	12,871	15,094	13	18

Included in Accounts Receivable are deferred property settlements of \$12,317,000 (2002: \$14,432,910), which are secured by the underlying property assets.

### Interest Rate Risk

The current interest rate on the Company's bank overdraft facility is 9.85% (2002: 9.35%). This is a floating rate set monthly by the bank. The Company has entered into a series of rolling commercial bills.

### Fair Values

The carrying amount is considered to approximate the fair value for all financial instruments.

**TOP TWENTY SHAREHOLDERS**

as at 19 February 2004

NAME OF SHAREHOLDER	NUMBER OF SHARES	%
1. CDL Hotels New Zealand Limited	122,564,886	61.48
2. Adrian Ho	11,722,568	5.88
3. Yong Khee Ong	2,500,581	1.25
4. UOB Kay Hian Nominees Pte Limited	2,500,000	1.25
5. Christina Seet	2,369,065	1.19
6. Forhomes Furnishings & Floorings Limited	980,000	0.49
7. Citibank Nominees (New Zealand) Limited	942,918	0.47
8. Teck Kim Chua	930,000	0.47
9. Geok Loo Goh	900,000	0.45
10. Roger Parker	836,032	0.42
11. Ronald Peter Cations	599,149	0.30
12. Zheng Qiang	587,826	0.29
13. Accident Compensation Corporation	540,866	0.27
14. Hemat Lal Patel	500,000	0.25
15. Graham Kenneth Gaskin & Donald Eric Forsyth	490,000	0.25
16. Darshan Singh Kler	445,000	0.22
17. Leveraged Equities Custodians Limited	359,941	0.18
18. Allan Leslie Goldsack & Lois Dulcie Goldsack	356,200	0.18
19. Raymond John Randolph French & Alys Gay Christabel French	347,599	0.18
20. Katherine Ho Siew Hong	332,000	0.17
<b>Total</b>	<b>150,804,631</b>	<b>75.64</b>

**DISTRIBUTION OF SECURITY HOLDERS AND SECURITY HOLDINGS**

AS AT 19 FEBRUARY 2004

SIZE OF HOLDING	NUMBER OF SECURITY HOLDERS	%	NUMBER OF SECURITIES	%
1 - 1,999	744	16.05	961,642	0.49
2,000 - 9,999	2,761	59.58	11,565,447	5.80
10,000 - 49,999	926	19.98	17,248,781	8.65
50,000 and over	204	4.39	169,582,869	85.06
	<b>4,635</b>	<b>100.00</b>	<b>199,358,739</b>	<b>100.00</b>

**DOMICILE OF SECURITY HOLDERS**

AS AT 19 FEBRUARY 2004

SIZE OF HOLDING	NUMBER OF SECURITY HOLDERS	%	NUMBER OF SECURITIES	%
New Zealand	4,497	97.03	175,630,166	88.10
Australia	74	1.59	582,913	0.30
Others	64	1.38	23,145,660	11.60
	<b>4,635</b>	<b>100.00</b>	<b>199,358,739</b>	<b>100.00</b>

**DIRECTORS' SECURITY HOLDERS**

AS AT 19 FEBRUARY 2004

EQUITY SECURITIES HELD	2003	2002
J Wilson	NIL	NIL
HR Wong	NIL	NIL
JM Tsang	NIL	NIL
J Lindsay	NIL	NIL
J Henderson	NIL	NIL

**SUBSTANTIAL SECURITY HOLDERS**

As at 19 February 2004

The following persons are deemed to be substantial security holders in accordance with section 26 of the Securities Amendment Act 1988.

	NUMBER OF VOTING SECURITIES	
CDL Hotels New Zealand Limited	122,564,886	61.48
Adrian Ho	11,722,568	5.88

The total number of issued voting securities as at 19 February 2004 of CDL Investments New Zealand Limited was 199,358,739.

**INTERESTS REGISTER RECORD**

There were no items recorded in the interest register of the Company and its subsidiaries during the period.

**DIRECTOR'S REMUNERATION**

The total remuneration and other benefits received by each Director or former Directors during the year are:

	DIRECTORS FEES	OTHER BENEFITS
	(\$000)	(\$000)
J Wilson	Nil	Nil
HR Wong	Nil	Nil
JM Tsang	Nil	Nil
VWE Yeo	Nil	Nil
J Henderson	10	Nil
J Lindsay	Nil	215

**INDEMNITY AND INSURANCE**

The Company has insured all its Directors and Officers 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 and Officers. The insurance does not cover liabilities arising from criminal actions.

**SHARE DEALINGS**

There was no record of any transactions in the shares of the Company by any Directors during the accounting period.

### BOARD OF DIRECTORS OF SUBSIDIARY COMPANIES

The names of persons holding office as Directors of the Company and its subsidiaries as at 31 December 2003 and the names of any persons who ceased to hold office as Directors of the Company during this accounting period are as follows:

NAME	OWNERSHIP	ACTIVITY
<b>CDL Land New Zealand Limited</b>	100%	Property Investment and Development
HR Wong		
JM Tsang		
J Lindsay		
S Harrison		
<b>LPL Group Limited</b>	100%	Holding Company
HR Wong		
JM Tsang		
S Harrison (Appointed 30/6/03)		
K Arasaratnam (Resigned 30/6/03)		
<b>Landcorp Property Limited</b>	100%	Non-Trading
HR Wong		
JM Tsang		
S Harrison (Appointed 30/6/03)		
K Arasaratnam (Resigned 30/6/03)		

The Directors of these subsidiary companies did not receive in their capacity as directors, any fees or other benefits from the subsidiaries.

### INFORMATION USED BY DIRECTORS

During the year the Board received no notice 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.

### EMPLOYEE REMUNERATION

There was one employee who received remuneration between \$210,001 - \$220,000. No other employees or former employees received any remuneration and any other benefits in their capacity as employees exceeding \$100,000 per annum during the accounting period.

### DONATIONS

The Company and subsidiaries made donations totalling \$100 during the year.

### AUDIT FEES

During the year the following amounts were payable to the auditors of the Company.

\$000	2003	2002
KPMG Audit	\$35	\$35
KPMG Tax Advisory Services	\$10	\$31

**BOARD OF DIRECTORS**

J Wilson, Chairman  
JM Tsang, Managing Director  
HR Wong, Director  
VWE Yeo, Director  
J Henderson, Director  
J Lindsay, Executive Director

**COMPANY SECRETARY**

Boon Pua

**REGISTERED OFFICE**

280 Centre,  
Level 13  
280 Queen Street  
PO Box 3248, Auckland 1  
New Zealand  
Telephone (09) 913 8077  
Facsimile (09) 913 8098

**AUDITORS**

KPMG

**BANKERS**

ANZ Banking Group (New Zealand) Limited, Auckland

**SHARE REGISTRY**

Computershare Registry Services  
Level 2  
159 Hurtsmere Road  
Takapuna  
Private Bag 92119, Auckland 1020, New Zealand  
Telephone (09) 488 8700  
Facsimile (09) 488 8787

**STOCK EXCHANGE LISTING**

New Zealand Stock Exchange



CDL INVESTMENTS NEW ZEALAND LIMITED