

5. CHRISTCHURCH CITY HOLDINGS LTD - SIX MONTHLY REPORT

Officer responsible Chief Executive, Christchurch City Holdings Ltd	Author Richard Simmonds DDI 941-8817
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The purpose of this report is to present to the Council the CCHL report for the six months ended 31 December 2003.

CCHL REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2003

The report has been separately circulated.

The Chairperson's review contained within the report is reproduced here:

"Group results

The group, which comprises Christchurch City Holdings Limited ('CCHL'), Orion Group Limited, Christchurch International Airport Limited, Lyttelton Port Company Limited, Red Bus Limited, City Care Ltd and an equity interest in Selwyn Plantation Board Limited, recorded a consolidated net profit after tax and minority interests of \$29.7 million, compared with \$33.4 million in the previous equivalent period.

A factor contributing to the lower group result in the six months to 31 December 2003 was the revaluation by Orion of its electricity distribution system as at 31 March 2003, leading to an increase in depreciation expense in the period under review. Orion's result was also impacted by higher interest costs.

Christchurch International Airport Limited, City Care Limited and Red Bus Limited reported strong growth and very positive trading performances in the six months to 31 December 2003, although City Care's net result was affected by contract price adjustments negotiated with Christchurch City Council last year. Lyttelton Port Company Limited's result was ahead of last year's, although the previous year was negatively impacted by abnormal restructuring costs.

Parent Company

The parent company's financial performance and position is in accordance with projections. It has paid two fully-imputed interim dividends of \$12 million each in the year to date, with a budgeted final dividend of \$4.9 million.

Subsequent to the period under review, CCHL received an unbudgeted fully-imputed special dividend from Orion of \$35.05 million.

Directors

In November 2003, Peter Taylor retired from his position as director of CCHL, having served on the Board since the formation of the company in 1993. During that period he provided outstanding and invaluable service to the company, and I would like to extend my heartfelt thanks to him for his assistance and support.

Peter is replaced by Bruce Irvine, a director with extensive commercial experience. I welcome Bruce to the Board, and look forward to working with him.

Outlook

The outlook for the group is positive. The subsidiary companies are trading successfully, and in many cases expanding their operations. Some, however – in particular, Christchurch International Airport Limited – will need to reinvest significantly into their business over the next few years to meet capacity demands.

The CCHL Board will continue to monitor industry developments, and consider and report on strategies that it considers will maintain or enhance shareholder value. It will also continue to review and enhance governance procedures, both within the company itself and on a wider group basis."

Staff

Recommendations: That the CCHL report for the six months ended 31 December 2003 be received.

Chair's

Recommendation: That the above recommendation be adopted.