

4. TRANSWASTE CANTERBURY LTD – INTERIM REPORT TO 31 DECEMBER 2010

General Manager responsible:	General Manager, City Environment, DDI 941-8608
Officer responsible:	Water and Waste Manager
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INTRODUCTION

This report reviews and comments on the half year accounts to 31 December 2010.

OPERATIONS

The Statement of Objectives and Performance contained in the interim report (covering letter **Attachment 1** and report **Attachment 2**) indicates all measures have been achieved or are in progress except for 1) Consultation and Community Relations: Two complaints received regarding odour against a target of nil complaints about landfill operations and four complaints regarding waste transport operations in 5,882 trips in period against a target of no more than one complaint per 2000 trips.

FINANCIAL PERFORMANCE

FINANCIAL PERFORMANCE	% Change	6 months	6 months	Last Year
		31-Dec-10	31-Dec-09	Actual
		\$m	\$m	\$m
Operating Revenue	24%	15.4	12.4	24.6
Total Revenue	21%	15.4	12.7	24.8
Total Expenses	12%	10.1	9.0	18.3
NPAT (<i>net profit after tax</i>)	50%	3.0	2.0	3.2

Revenue has increased by \$3m for the half year, a increase of 21% compared to the same period the previous year. This reflects the increase tonnage to landfill which is forecast to be 9% higher than budget.

Total expenditure is up \$1.1m or 12%. This is a driven primarily increased operating expenditure (\$1.1m) which aligns with increased tonnage to landfill. Note that Total Expenses now excludes Finance Costs which are now reported separately. Finance costs are in line with prior periods.

FINANCIAL POSITION	% Change	31-Dec-10	31-Dec-09	Last Year
		31-Dec-10	31-Dec-09	30-Jun-10
		\$m	\$m	\$m
Current Assets	-34%	6.8	10.3	5.9
Non-current Assets	-2%	52.7	53.9	53.6
Current Liabilities	-23%	(2.7)	(3.5)	(4.0)
Non-current Liabilities	-11%	(34.0)	(38.0)	(34.5)
Shareholders' Equity	0%	22.8	22.7	21.0

Overall the net asset position has improved since last balance date by \$1.8m, being the Net Profit for the period less dividends paid in August 2010.

The \$52.7 million of non-current assets comprises approximately \$48.3m in respect of landfill development and \$4.4m of land.

Non-current liabilities of \$34.0m include \$23.9m drawn down of a \$36m multi option credit facility with Westpac. This is a reduction of \$5.7m since the last balance date. They also include \$2.2 million landfill aftercare provision – this provision will gradually increase over the life of the landfill, helping to ensure that sufficient funds are retained within the company to complete the required remedial work once the landfill is full. The balance is comprised of \$7.4m deferred tax liability and \$0.4m liability for the unrealised loss on interest rate swaps.

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CASH FLOWS	% Change	6 months	6 months	Last Year
		31-Dec-10	31-Dec-09	Actual
		\$m	\$m	\$m
Operating	-8%	3.7	4.0	6.9
Investing	-50%	(0.4)	(0.8)	3.1
Financing	-14%	(3.2)	(3.7)	(10.4)
Net Cash Flows	-120%	0.1	(0.5)	(0.4)

Operating cash flows decreased by \$0.3m mainly because of decreased higher payments to suppliers and employees compared to the increased receipts from customers as well as higher net payments of GST.

Financing cash flows in the current period represent the repayment of borrowings of \$2.0m and dividend payments of \$1.2m.

RECOMMENDATION

For information.