

MEDIA RELEASE

21 October 2010

CCHL released its annual report today for the year to 30 June 2010.

CCHL is the investment arm of Christchurch City Council and owns or has majority holdings in major infrastructure including the electricity network (Orion New Zealand Ltd), transport, freight and logistics (Christchurch International Airport Ltd, Red Bus Ltd, Lyttelton Port Company Ltd), optical fibre network (Enable Networks) and infrastructure, maintenance and services (City Care Ltd).

In a special note about the effects of the earthquake on the company's \$2 billion worth of mainly infrastructure assets, Mr Irvine said that having the city's infrastructure operating effectively in such a short time after the earthquake was testament to both its quality and the efficiency of the response.

"All companies were operational within hours of the earthquake and doing what was necessary to get the city's infrastructure back to normal.

"We do not anticipate that the earthquake will have a major impact on the group's revenues moving forward," he said.

While there was some damage to certain infrastructure assets, insurance was expected to cover virtually all reinstatement costs.

In 2010 CCHL and some of its companies had once again to contend with a number of large one-off, non-cash adjustments in their financial accounts, making it difficult to directly compare financial performance with the previous year.

CCHL's 2010 reported group profit was \$55.0 million compared with \$78.6 million the previous year. Similar to many large corporates, the 2010 result was impacted by a significant one-off deferred tax adjustment of \$24.5 million (in CCHL's case) as a result of the removal of depreciation on buildings in the 2010 Government Budget, and a change in corporate tax rates. This adjustment has no cash impact and has no relevance to underlying or future performance. After taking account of this and other one-off adjustments in both years, the normalised profit for the group was \$76.5 million compared with \$89.8 million in the previous year - some \$13 million lower.

The principal reasons for the fall in normalised profit were lower contributions from Orion New Zealand and Red Bus, the effects of a one-off gain in 2009 by Enable Networks and higher interest costs within the parent company.

Against that, Christchurch International Airport and City Care had “very successful” years with increased operating profits.

In the past ten years, CCHL has paid \$337 million in ordinary dividends and \$298 million in special dividends and capital repayments to its owner, Christchurch City Council. When required, CCHL has also sourced loans for its subsidiary companies at favourable rates.

During the year CCHL paid \$36 million in ordinary dividends and \$78 million in special dividends to the city.

-Ends-

For further comment contact:

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Christchurch City Holdings Limited is the 100% owned infrastructure investment arm of Christchurch City Council. It is the majority shareholder of Orion Group, Christchurch International Airport Limited, Lyttelton Port Company Limited, Christchurch City Networks Limited, Red Bus Limited and City Care limited. It also monitors on behalf of the Council the Council's investments in the Vbase group of companies.