



Christchurch
City Holdings
Limited

July 2017—December 2017

A WHOLLY OWNED SUBSIDIARY
of CHRISTCHURCH CITY COUNCIL

Interim Report 2018



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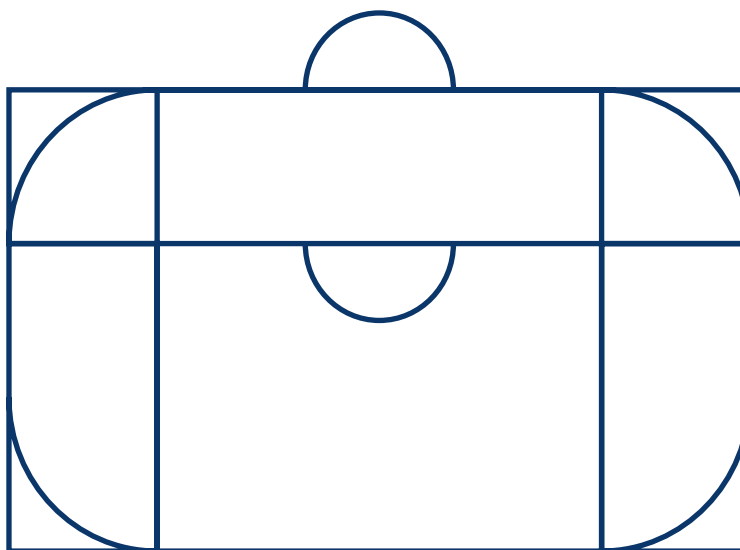
Group Structure



Christchurch City Holdings Ltd (CCHL) is the commercial and investment arm of Christchurch City Council (the Council). The company is responsible for managing the Council's investment in eight fully or partly-owned trading companies – Orion New Zealand Ltd, Christchurch International Airport Ltd, Lyttelton Port Company Ltd, Enable Services Ltd, City Care Ltd, Red Bus Ltd, EcoCentral Ltd and Development Christchurch Ltd.

Chair/Chief Executive's Review

Attached are the unaudited interim financial statements of the CCHL group for the six months ended 31 December 2017.



Group

The group recorded a profit for the six months ended 31 December 2017 of \$50.7 million, compared with \$48.7 million in the equivalent period last year.

Further information on the individual company results is provided below.

Parent Company

As part of its commitment to release capital to its shareholder, CCHL completed a very successful inaugural bond offer within the New Zealand debt capital markets. These bonds have been listed on the NZX debt market (NZDX). Raising \$150m will enable CCHL to meet its 2018 financial year capital release commitments, and it has provided a platform for continued diversification of its debt programme, which was a key driver in entering the debt market.

Listing the offer on the NZX Debt market has provided liquidity for the bondholders, and it supports CCHL's ongoing bond programme.

In December Standard & Poors (S&P) reaffirmed CCHL's credit rating

at A+ with a stable outlook. In their report, S&P noted "the outlook remains stable, reflecting that of the ratings on Christchurch City Council (CCC), as well as our expectation that CCHL's role will remain critical and its link integral to the Council during the next two years."

Sarah Smith retired from the board in November 2017, after serving 10 years. Sarah brought strong commercial and governance experience to the board as well as being the Chair of the Audit and Risk Committee. At the AGM we welcomed the appointment of Greg Campbell to the board, Greg brings strong executive and governance experience within and external to the group.

Electricity Network

Orion New Zealand Ltd (Orion) recorded a half-year after tax profit of \$30.7m compared to \$26.9m for the equivalent period last year. This is ahead of year to date (YTD) budget and this favourable variance is forecast to remain through to year end.

Orion has substantively completed its earthquake recovery programme more than a year ahead of its original target. Other successful projects completed during this year were the increasing of the security of supply to its high voltage feed to Lyttelton, and the moving of Orion's subsidiary Connetics, into its purpose built new depot at Waterloo Business Park, all which add to the reliability and resilience of the Orion network.

October 2017 saw Orion reach the milestone of 200,000 customers, which when compared to pre earthquake numbers of 194,000 highlights the strong growth that Orion has achieved.

Orion paid dividends of \$25.9m to CCHL during the period.

Airport

Christchurch International Airport Ltd (CIAL) recorded a half-year after tax profit of \$19.3m compared with \$18.3m in the equivalent period last year. This reflects growth in aeronautical revenue off the back of strong growth in passenger numbers, and additional aircraft capacity. This profit growth has been achieved despite allowable revenues from regulated aeronautical activities declining following Price Setting Event 3 (PSE3) regulatory pricing reset which took effect in July 2017.

International and domestic passenger numbers both improved over the previous period, and the future outlook continues to be positive. The 6.8% increase in international passenger numbers over last year was mainly due to the introduction of an additional direct service to China (China Southern), and strong growth in trans-Tasman services. December saw the achievement of the busiest month ever at Christchurch Airport, with 638,043 passengers through the terminal.

Development of the company's property portfolio continues, with the construction of the Novotel Christchurch Airport Hotel expected to be complete later this year.

Following the release of its first Sustainability report in September, CIAL won the Efficiency Champion category of the Sustainability Business Network Awards, a very worthwhile recognition of the work CIAL are undertaking in this area.

CIAL paid dividends of \$16.4m to CCHL during the period.

Port

Lyttelton Port Company Ltd (LPC) recorded a half-year after tax profit of \$8.7m compared with \$8.9m in the equivalent period last year. Record high container volumes of 224,000 TEU's were achieved during the period.

The opening of Waterfront House, a purpose built facility brings the administration, management and operations teams back together at the Port for the first time since the 2011 earthquakes.

The Port continues to implement the Lyttelton Port Recovery Plan approved in November 2015. The opening of the first pier of Te Ana Marina is a strong reflection of the commitment of LPC to working with the community to regenerate part of the inner harbour as a vibrant community focused destination.

Midland Port, in Rolleston continues to grow with a second daily train service starting during the period, taking 120 truck movements off the road between the Port and Rolleston for six days a week.

Lyttelton Port continues to devote significant focus to increasing Container Terminal productivity with the introduction of a fourth crane to the port.

LPC paid dividends of \$6.3m to CCHL during the period.

Fibre Network

Enable Services Ltd (ESL) recorded a half-year after tax loss of \$(3.6)m, compared with \$(4.7)m in the equivalent period last year. This is in line with expectations of operating losses being incurred during the network construction period.

The Network Delivery Alliance is still operating ahead of plan in deploying the new network. As at 31 December 2017, the network build is 95 percent complete and total customer connections have reached 62,704.

Customer service continues to be a significant focus, with online tools that make it easier for customers to make the move to fibre broadband.

Contracting

City Care Ltd (Citycare) recorded a half-year profit after tax for the period of \$.7m, compared with \$2.7m in the equivalent period last

year. This result is in line with budget expectations and a reflection of finishing post earthquake derived work and the very competitive tender market.

The roll out of the new brand and re-structuring of its business into three key sectors, namely Water, Property and Civil, is now complete, with customer feedback very positive.

The successful initial delivery of the Auckland Council contract continues, and Citycare has also acquired a long term contract with Christchurch International Airport during the period.

Citycare paid dividends of \$.4m to CCHL during the period.

Moving People

Red Bus Ltd (Red Bus) recorded a half-year profit after tax for the period of \$44k, compared with \$2k in the equivalent period last year. Red Bus continues to show improvement to its trading result, with strong growth shown in the Charter business this year. The company has a strong balance sheet, with cash reserves and only a modest level of debt.

Urban transport continues to be a challenging industry, however urban patronage has grown 3.8% this period compared to the previous three years of declining passenger numbers.

Red Travel continues to provide growth opportunities for the company with the introduction of the new Kaikoura Express service which not only gives our tourists access to other parts of the South Island it is a welcome support to the Kaikoura community following the November 2016 earthquake.

Recycling

EcoCentral Ltd (EcoCentral) recorded a half-year profit after tax for the period of \$.88m, compared with \$.87m in the equivalent period last year. This impressive start to the year is reflective of stronger fibre commodity prices for recycled paper and cardboard.

The EcoDrop volumes are down due to increased competition. EcoSort delivered a solid result for the year and the EcoShop has also had a very positive start to the year.

Health and Safety continues to be a focus for the company, with a significant reduction in their lost time injury rate.

EcoCentral paid dividends of \$.25m to CCHL during the period.

Urban Development

Development Christchurch Ltd (DCL) recorded a half-year profit after tax for the period of \$2.1m, compared with \$1.8m in the equivalent period last year. DCL's core role is to provide the Council with the increased strategic capacity that arises from its commercial focus and commitment to engage effectively with developers, investors, businesses and other stakeholders.

The successful opening of the beachside playground in December was welcomed by the New Brighton community. This was Phase 1 of the New Brighton foreshore development. DCL will continue to lead this development with the commencement of design work on the hot salt water pools.

The Christchurch Adventure Park reopened in December after the devastating fires last year. Whilst there are limited trails, these are being added to over the summer.

DCL continues to work closely with other key Christchurch rebuild partners namely, Otakaro and Regenerate Christchurch.

Acknowledgments

We would like to acknowledge the strong performance of the CCHL group companies over the period and we thank the respective subsidiary boards and management teams for their continued focus on growing their businesses.



Jeremy Smith
Chair



Paul Munro
Chief Executive

Unaudited interim condensed financial statements

Directors' Responsibility Statement

These interim condensed financial statements are for Christchurch City Holdings Group (Group), a group made up of Christchurch City Holdings Ltd and the entities over which it has control or joint control.

Christchurch City Holdings Ltd is registered in New Zealand under the Companies Act 1993.

The directors are responsible for ensuring that the Group interim condensed financial statements present fairly in all material respects:

- The financial position as at 31 December 2017, and
- The financial performance and cash flows for the six month period ended 31 December 2017

The directors consider that the interim condensed financial statements of the Group have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgments and estimates, and comply with New Zealand equivalent to International Accounting Standard NZ IAS 34 as appropriate for profit-oriented entities.

The directors consider that proper accounting records have been kept, which enable, with reasonable accuracy, the determination of the financial position of the Group.

The directors have pleasure in presenting the interim condensed financial statements of the Christchurch City Holdings Group for the six months ended 31 December 2017.

The Board of Directors of Christchurch City Holdings Limited authorises these financial statements for issue on 14 February 2018.

For and on behalf of the Board



Jeremy Smith
Chair
Christchurch
14 February 2018



Alex Skinner
Director
Christchurch
14 February 2018

Condensed statement of financial position

As at 31 December 2017

	NOTE	UNAUDITED 31 DEC 2017 \$'000	UNAUDITED 31 DEC 2016 \$'000	AUDITED 30 JUN 2017 \$'000
Non-current assets				
Investments in associates		858	826	153
Property, plant and equipment		2,977,184	2,779,851	2,892,317
Investment property		384,101	318,177	370,523
Loans and other financial assets		27,674	29,195	28,040
Intangible assets		60,457	56,380	56,561
Debtors, inventory and other assets		6,735	7,121	6,466
Total non-current assets		3,457,009	3,191,550	3,354,060
Current assets				
Cash and cash equivalents		94,283	70,026	14,740
Debtors, inventory and other assets		154,444	160,176	146,863
Loans and other financial assets		82,976	77,150	117,218
Total current assets		331,703	307,352	278,821
Total assets	3	3,788,712	3,498,902	3,632,881
Non-current liabilities				
Borrowings	8	1,223,256	1,072,285	1,145,598
Net deferred tax liabilities		310,543	309,779	309,692
Provisions and other liabilities		33,680	31,537	32,206
Total non-current liabilities		1,567,479	1,413,601	1,487,496
Current liabilities				
Borrowings	8	306,419	110,006	161,906
Creditors and other liabilities		94,294	107,557	106,038
Provisions and other liabilities		37,165	37,386	42,725
Current tax liabilities		4,786	7,020	4,741
Total current liabilities		442,664	261,969	315,410
Total liabilities	3	2,010,143	1,675,570	1,802,906
Net assets		1,778,569	1,823,332	1,829,975
Equity				
Capital and other equity instruments		71,435	71,435	71,435
Reserves		454,738	447,512	456,714
Retained earnings		977,277	1,036,478	1,026,457
Parent entity interest		1,503,450	1,555,425	1,554,606
Non-controlling interests		275,119	267,907	275,369
Total equity		1,778,569	1,823,332	1,829,975

The accompanying notes form part of and are to be read in conjunction with these interim financial statements.

Condensed statement of comprehensive income

For the six months ended 31 December 2017

	UNAUDITED 6 MONTHS 31 DEC 2017 \$'000	UNAUDITED 6 MONTHS 31 DEC 2016 \$'000	AUDITED FULL YEAR 30 JUN 2017 \$'000
Operating and other revenue	522,440	500,232	1,037,860
Operating and other expenses	356,428	345,939	700,006
Share of (losses)/profits of associates and joint arrangements	479	479	(194)
Earnings before interest, tax, depreciation and amortisation	166,491	154,772	337,660
Depreciation/amortisation and impairment	67,569	61,727	131,707
Earnings before interest and tax	98,922	93,045	205,953
Finance income	3,036	3,505	6,556
Finance costs	29,998	26,844	55,628
Net finance costs	26,962	23,339	49,072
Net profit before tax	71,960	69,706	156,881
Income tax expense	21,289	21,001	40,490
Net profit after tax	50,671	48,705	116,391
Profit for the year attributable to:			
Owners of the parent	42,547	41,200	94,608
Non-controlling interests	8,124	7,505	21,783
	50,671	48,705	116,391
Other comprehensive income			
<i>Items that will not be recycled to profit or loss:</i>			
Revaluation of assets	-	-	14,720
<i>Items that may be recycled to profit or loss in future:</i>			
Cash flow hedges	(1,845)	18,036	23,007
	(1,845)	18,036	37,727
Income tax (credit)/expense relating to other comprehensive income	21	139	(9,690)
Other comprehensive income for the period, net of tax	(1,824)	18,175	28,037
Total comprehensive income for the period, net of tax	48,847	66,880	144,428
Total comprehensive income attributable to:			
Owners of the parent	40,845	57,059	119,924
Non-controlling interests	8,002	9,821	24,504
	48,847	66,880	144,428

The accompanying notes form part of and are to be read in conjunction with these interim financial statements.

Condensed statement of changes in equity

For the six months ended 31 December 2017

	UNAUDITED 6 MONTHS 31 DEC 2017 \$'000	UNAUDITED 6 MONTHS 31 DEC 2016 \$'000	AUDITED FULL YEAR 30 JUN 2017 \$'000
Opening equity	1,829,975	1,813,370	1,813,370
Total comprehensive income for the period	48,847	66,880	144,428
Equity transactions			
Dividends paid/payable	(100,253)	(56,918)	(127,820)
Other	-	-	(3)
Closing equity	1,778,569	1,823,332	1,829,975

The accompanying notes form part of and are to be read in conjunction with these interim financial statements.

Condensed statement of cashflows

For the six months ended 31 December 2017

	UNAUDITED 6 MONTHS 31 DEC 2017 \$'000	UNAUDITED 6 MONTHS 31 DEC 2016 \$'000	AUDITED FULL YEAR 30 JUN 2017 \$'000
Cash flows from operating activities			
Receipts from customers and other sources	531,759	510,688	1,005,209
Interest received	3,193	5,477	3,393
Payments to suppliers and employees	(371,739)	(351,426)	(686,359)
Interest and other finance costs paid	(29,765)	(27,054)	(47,958)
Income tax paid	(19,243)	(23,114)	(37,082)
Subvention payments	-	-	(7,997)
Net cash provided by operating activities	114,205	114,571	229,206
Cash flows from investing activities			
Proceeds from sale of investment securities	34,500	73,000	-
Payments for equity investment in subsidiaries/associated companies	-	(50)	495
Advances made	(263)	(302)	(589)
Payment for property, plant and equipment	(170,721)	(134,956)	(285,750)
Proceeds from sale of property, plant and equipment	3,535	602	1,880
Payment for intangible assets	(3,582)	(3,576)	(7,063)
Payment for goodwill	(1,136)	-	-
Payment for investment properties	(17,331)	-	(30,905)
Proceeds from sale of investment properties	-	2,500	2,500
Maturity of/(investment in) term deposits	-	-	35,493
Other	-	2,493	-
Net cash used in investing activities	(154,998)	(60,289)	(283,939)
Cash flows from financing activities			
Proceeds from borrowing	344,655	102,911	341,344
Repayment of borrowings	(124,066)	(31,992)	(144,715)
Repayment of finance leases	-	-	(1,187)
Dividends paid - equity holders	(92,000)	(50,000)	(113,682)
Dividends paid - non-controlling interests	(8,253)	(6,917)	(14,138)
Net cash used in financing activities	120,336	14,002	67,622
Net increase in cash and cash equivalents	79,543	68,284	12,889
Cash and cash equivalents at start of year	14,740	1,742	1,851
Cash and cash equivalents at end of year	94,283	70,026	14,740

The accompanying notes form part of and are to be read in conjunction with these interim financial statements.

Notes to the condensed interim financial statements

For the six months ended 31 December 2017

1. Reporting Entity

Christchurch City Holdings Ltd (CCHL) is a wholly-owned subsidiary of Christchurch City Council, formed for the purpose of holding investments in subsidiary organisations. The company was incorporated on 12 May 1993, and commenced operations on 14 May 1993.

CCHL is a reporting entity for the purposes of the Financial Reporting Act 1993 and its financial statements comply with that Act. The reporting currency used in the preparation of these financial statements is New Zealand dollars.

The company has a bond listed on the NZX Debt board (NZXD) and as result is a FMC Reporting Entity in terms of Part 7 of the Financial Markets Conduct Act 2013.

The unaudited condensed consolidated interim financial statements comprise CCHL, its subsidiaries ("the group") and the group's interest in associates and joint ventures.

GROUP OWNERSHIP		SHAREHOLDERS		BALANCE DATE	
Parent	Business				
Christchurch City Holdings Ltd	Holding Company	100%	Christchurch City Council		30 June
Subsidiaries		CCHL %	NCI Holder	NCI %	
Orion New Zealand Ltd	Electricity network	89.275%	Selwyn District Council	10.725%	31 March
Christchurch International Airport Ltd	Airport	75.0%	Minister of Finance	12.5%	30 June
			Minister for State-Owned Enterprises	12.5%	
Lyttelton Port Company Ltd	Port	100%			30 June
Enable Services Ltd	Broadband network	100%			30 June
City Care Ltd	Contracting	100%			30 June
Red Bus Ltd	Passenger transport	100%			30 June
EcoCentral Ltd	Waste recycling	100%			30 June
Development Christchurch	Urban Development Agency	100%			30 June

2. Basis of Preparation

The interim condensed consolidated financial statements for the six months ended 31 December 2017 are unaudited.

The interim condensed consolidated financial statements have been prepared in accordance with New Zealand Equivalent to International Accounting Standard 34 Interim Financial Reporting (NZ IAS 34) as appropriate for profit-oriented entities. The report should be read in conjunction with the audited financial statements for the year ended 30 June 2017.

The balance date of all subsidiary companies, other than Orion New Zealand Ltd which has a balance date of 31 March, is 30 June. The interim report therefore includes the results of Orion New Zealand Ltd for the six months to 30 September 2017, and the results of other subsidiaries for the six months to 31 December 2017.

The accounting policies as published in the annual report for the year ended 30 June 2017 have been consistently applied in determining the earnings and cash flows for the six months ended 31 December 2017, and the financial position as at that date. The only change made to the accounting policies for the year ended 30 June 2017, is the inclusion of segment reporting as required under NZIFRS 8 Part 2 (a) (i). The equivalent segment reporting for the year ended 30 June 2017 have been included in Note 3 below.

3. Segment Information

The reportable segments of the CCHL Group have been identified in accordance with NZIFRS 8 'operating segments'. The Group's operating segments are identified on the basis of the nine significantly different businesses whose individual operating results are received on a quarterly basis by the Group chief operating decision maker (CCHL Board) to assess and monitor performance.

The nine reportable segments are as follows:

- 1) Orion New Zealand Ltd (Orion) – owns and operates the electricity distribution network in Christchurch and central Canterbury.
- 2) Christchurch International Airport Ltd (CIAL) – operates predominantly in the business of providing airport facilities and services to airline and airport users at Christchurch International Airport.
- 3) Lyttelton Port Company Ltd (LPC) – primarily involved in providing and managing port services and cargo handling facilities over three sites in the Canterbury region.
- 4) Enable Services Ltd (ESL) – owns and operates the ultra-fast broadband fibre network across greater Christchurch and parts of Waimakariri and Selwyn Districts.
- 5) City Care Ltd (Citycare) – provides construction, maintenance and management services in the infrastructure sector throughout New Zealand.
- 6) Red Bus Ltd (Red Bus) – provides transport services in the urban bus and tourism sector primarily in the Canterbury region.
- 7) EcoCentral Ltd (EcoCentral) – manages the processing of refuse and sorting of recycling throughout Canterbury.
- 8) Development Christchurch Ltd (DCL) – provides commercial and strategic support to Christchurch City Council to enable investment, development and regeneration activities for Christchurch City.
- 9) Christchurch City Holdings Ltd (Parent) – does not trade in its own right, its primary assets are its investments in and advances to its operating subsidiaries.

The group has no significant reliance on any one customer. All group assets are domiciled and operated in New Zealand. The Group's revenue from external customers by geographical location are not allocated to operating segments as they are not reported at group level.

Note the comparison to the year ended 30 June 2017 is unaudited as this disclosure was not required for inclusion in the 2017 annual report.

Segment reporting explanation:

1. Revenue from external customers reflects the revenue of each separate segment excluding revenue earned from other group entities.
2. Segment profit/(loss) represents the actual profit/(loss) of each segment except the Parent which excludes dividends received from subsidiaries.
3. The Parent total non-current assets and total assets includes the investment held in subsidiaries and advances to subsidiaries, which is then eliminated for the group total.
4. Capital expenditure and investments in the Parent total relates to equity investments made in subsidiaries during the period, which is then eliminated for the group total.

Statement of segment information

3a. For the six months ended 31 December 2017

	PARENT \$'000	ORION \$'000	CIAL \$'000	LPC \$'000	ESL \$'000
Segment revenue	49,258	164,802	88,943	62,643	22,823
Share of earnings of associate companies	-	-	-	-	-
Inter-segment revenue	(49,258)	(2,085)	(13)	(5)	(2)
Revenue from external customers	-	162,717	88,930	62,638	22,821
Interest income	7,024	240	-	2,033	160
Interest expense	(13,283)	(5,074)	(11,492)	(12)	(6,500)
Depreciation and amortisation	(7)	(28,103)	(17,624)	(6,192)	(8,727)
Net gain/(loss) on foreign exchange and derivatives	(1,449)	(89)	-	-	-
Net realisations, revaluations and (impairments)	-	-	-	-	-
Taxation expense	1,899	(12,112)	(7,518)	(3,629)	720
Segment profit/(loss)	(8,067)	30,657	19,332	8,666	(3,661)
Investments in associates	-	-	-	-	-
Total non-current assets (excluding derivatives and deferred tax)	2,921,748	1,145,085	1,352,420	377,238	417,531
Total assets	3,005,886	1,164,631	1,373,751	506,574	469,878
Total liabilities	882,315	487,233	549,864	25,845	290,596
Capital expenditure and investments	44,055	43,842	45,711	36,310	52,285

	CITY CARE \$'000	RED BUS \$'000	ECOCENTRAL \$'000	DCL \$'000	ELIMINATIONS \$'000	TOTAL \$'000
Segment revenue	150,575	10,319	18,023	7,258	(52,337)	522,307
Share of earnings of associate companies	479	-	-	-	-	479
Inter-segment revenue	(750)	-	(224)	-	52,337	-
Revenue from external customers	150,304	10,319	17,799	7,258	-	522,786
Interest income	9	1	34	43	(6,508)	3,036
Interest expense	(111)	(2)	(32)	-	6,508	(29,998)
Depreciation and amortisation	(4,600)	(1,371)	(906)	(39)	-	(67,569)
Net gain/(loss) on foreign exchange and derivatives	-	-	-	-	-	(1,538)
Net realisations, revaluations and (impairments)	-	8	125	-	-	133
Taxation expense	(291)	(17)	(341)	-	-	(21,289)
Segment profit/(loss)	707	44	876	2,117	-	50,671
Investments in associates	858	-	-	-	-	858
Total non-current assets (excluding derivatives and deferred tax)	53,594	40,761	9,988	2,240	(2,864,607)	3,455,998
Total assets	103,780	43,552	16,645	5,238	(2,901,223)	3,788,712
Total liabilities	47,185	5,554	7,696	684	(286,829)	2,010,143
Capital expenditure and investments	8,362	464	1,000	77	(44,054)	188,052

Statement of segment information

3b. For the six months ended 31 December 2016

	PARENT \$'000	ORION \$'000	CIAL \$'000	LPC \$'000	ESL \$'000
Segment revenue	46,869	156,574	86,539	57,803	16,661
Share of earnings of associate companies	-	-	-	-	-
Inter-segment revenue	(46,869)	(1,249)	(3)	(13)	(50)
Revenue from external customers	-	155,325	86,536	57,790	16,611
Interest income	6,694	44	-	2,878	103
Interest expense	(11,729)	(5,073)	(10,388)	(12)	(5,873)
Depreciation and amortisation	(8)	(25,298)	(17,606)	(5,603)	(6,670)
Net gain/(loss) on foreign exchange and derivatives	(273)	-	-	-	-
Net realisations, revaluations and (impairments)	-	-	-	-	-
Taxation expense	560	(10,712)	(7,105)	(3,736)	1,407
Segment profit/(loss)	(6,064)	26,969	18,270	8,857	(4,761)
Investments in associates	-	-	-	-	-
Total non-current assets (excluding derivatives and deferred tax)	2,683,013	1,105,926	1,265,393	322,813	335,425
Total assets	2,691,605	1,125,444	1,288,369	499,903	388,686
Total liabilities	616,094	464,335	486,175	25,842	263,587
Capital expenditure and investments	29,062	39,678	40,230	21,841	25,394

	CITY CARE \$'000	RED BUS \$'000	ECOCENTRAL \$'000	DCL \$'000	ELIMINATIONS \$'000	TOTAL \$'000
Segment revenue	152,833	9,803	18,674	3,585	(48,993)	500,348
Share of earnings of associate companies	479	-	-	-	-	479
Inter-segment revenue	(549)	-	(260)	-	48,993	-
Revenue from external customers	152,763	9,803	18,414	3,585	-	500,827
Interest income	40	26	19	12	(6,311)	3,505
Interest expense	(20)	(7)	(53)	-	6,311	(26,844)
Depreciation and amortisation	(4,444)	(1,253)	(845)	-	-	(61,727)
Net gain/(loss) on foreign exchange and derivatives	-	-	-	-	-	(273)
Net realisations, revaluations and (impairments)	-	114	12	-	-	126
Taxation expense	(1,074)	(1)	(340)	-	-	(21,001)
Segment profit/(loss)	2,760	3	866	1,803	-	48,705
Investments in associates	826	-	-	-	-	826
Total non-current assets (excluding derivatives and deferred tax)	47,967	40,844	11,190	2,309	(2,625,158)	3,189,722
Total assets	95,255	44,668	16,126	4,254	(2,655,408)	3,498,902
Total liabilities	38,375	6,919	7,882	180	(233,819)	1,675,570
Capital expenditure and investments	2,721	4,639	214	238	(29,062)	134,955

Statement of segment information

3c. For the year ended 30 June 2017

	PARENT \$'000	ORION \$'000	CIAL \$'000	LPC \$'000	ESL \$'000
Segment revenue	85,460	309,123	177,199	114,424	36,272
Share of earnings of associate companies	-	-	-	-	-
Inter-segment revenue	(85,460)	(2,297)	(12)	(13)	(5)
Revenue from external customers	-	306,826	177,187	114,411	36,267
Interest income	13,161	53	272	5,195	181
Interest expense	(23,821)	(10,660)	(21,412)	(25)	(11,987)
Depreciation and amortisation	(16)	(52,755)	(36,525)	(13,552)	(14,223)
Net gain/(loss) on foreign exchange and derivatives	(1,128)	2,093	(69)	-	-
Net realisations, revaluations and (impairments)	-	(870)	35,999	319	(16)
Taxation expense	3,739	(19,412)	(21,113)	(4,640)	3,221
Segment profit/(loss)	(10,711)	51,770	64,590	14,447	(8,519)
Total non-current assets (excluding derivatives and deferred tax)	2,870,636	1,132,901	1,328,883	347,399	382,798
Total assets	2,877,489	1,160,150	1,352,023	506,404	425,314
Total liabilities	699,408	487,409	525,123	27,976	286,427
Capital expenditure and investments	46,613	69,770	85,080	51,826	92,423

	CITY CARE \$'000	RED BUS \$'000	ECOCENTRAL \$'000	DCL \$'000	ELIMINATIONS \$'000	TOTAL \$'000
Segment revenue	303,547	20,568	37,879	4,317	(89,630)	999,159
Share of earnings of associate companies	(194)	-	-	-	-	(194)
Inter-segment revenue	(1,348)	-	(495)	-	89,630	-
Revenue from external customers	302,005	20,568	37,384	4,317	-	998,965
Interest income	53	28	46	22	(12,455)	6,556
Interest expense	(84)	(15)	(79)	-	12,455	(55,628)
Depreciation and amortisation	(9,367)	(2,480)	(2,758)	(31)	-	(131,707)
Net gain/(loss) on foreign exchange and derivatives	1,650	-	-	-	-	2,546
Net realisations, revaluations and (impairments)	246	119	10	-	-	35,807
Taxation expense	(1,399)	(96)	(724)	(66)	-	(40,490)
Segment profit/(loss)	3,539	207	902	166	-	116,391
Investments in associates	153	-	-	-	-	153
Total non-current assets (excluding derivatives and deferred tax)	49,818	41,688	9,869	2,214	(2,814,137)	3,352,069
Total assets	104,758	43,702	16,626	3,097	(2,856,682)	3,632,881
Total liabilities	48,456	5,749	8,212	660	(286,514)	1,802,906
Capital expenditure and investments	10,060	6,429	818	243	(46,607)	316,655

4. Reconciliation of profit for the period with operating cash flows

	UNAUDITED 6 MONTHS 31 DEC 2017 \$'000	UNAUDITED 6 MONTHS 31 DEC 2016 \$'000	AUDITED FULL YEAR 30 JUN 2017 \$'000
Profit for the period	50,671	48,705	116,391
Add/(less) non-cash items			
Depreciation, amortisation and impairment	67,569	61,727	131,707
(Gains)/losses in fair value of investment property	-	-	(35,926)
(Gains)/losses in fair value of derivative financial instruments	1,414	(38)	(896)
Share of associates' loss/(profit)	(479)	(479)	194
Net foreign exchange (gains)/losses	8	(23)	(27)
Deferred tax charged/(credited) to income	(315)	(1,162)	(2,872)
Other	270	782	(631)
	68,467	60,807	91,549
Add/(less) items classified as investing or financial activities			
Gain on disposal of non-current assets	(408)	(127)	119
Movement in capital creditors	17,037	(3,073)	(5,947)
Other	126	184	413
	16,755	(3,016)	(5,415)
Add/(less) movement in working capital items			
Debtors, inventory and other current assets	(8,396)	(8,914)	4,200
Non-current receivables, prepayments and other	(269)	344	999
Creditors and other liabilities	(11,744)	19,640	18,111
Provisions and other liabilities	(2,615)	(60)	3,496
Current tax liabilities	6,936	687	(1,766)
Other current liabilities	(2,849)	(1,192)	
Non-current provisions and other liabilities	(2,751)	(2,430)	1,641
Net changes in net assets and liabilities	(21,688)	8,075	26,681
Net cash from operating activities	114,205	114,571	229,206

5. Financial instruments

All financial assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — The fair value is calculated using quoted prices in active markets. Quoted market price represents the fair value determined based on quoted market prices in active markets as at the reporting date without any deduction for transaction costs.
- Level 2 — The fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). Financial instruments that use valuation techniques with only observable market inputs include interest rate swaps and foreign exchange contracts not traded on a recognised exchange.
- Level 3 — The fair value is estimated using inputs for the asset or liability that are not based on observable market data. The fair values of unlisted investments that do not have an active market are based on market data that is not observable.

31 DECEMBER 2017	FAIR VALUE \$'000	LEVEL 1 \$'000	LEVEL 2 \$'000	LEVEL 3 \$'000
Financial assets measured at fair value				
Derivative financial instruments	1,054	43	1,011	-
USD loan	24,612	-	24,612	-
Investments	2,050	-	-	2,050
	27,716	43	25,623	2,050
Financial liabilities measured at fair value				
Fixed rate bonds	76,354	-	76,354	-
Derivative financial instruments	32,182	124	32,058	-
Loans to External parties	134,784	-	-	134,784
	243,320	124	108,412	134,784
Net assets/(liabilities) at fair value	(215,604)	(81)	(82,789)	(132,784)

FINANCIAL LIABILITIES NOT MEASURED AT FAIR VALUE BUT FOR WHICH FAIR VALUES ARE DISCLOSED	FAIR VALUE \$'000	LEVEL 1 \$'000	LEVEL 2 \$'000	LEVEL 3 \$'000	CARRYING VALUE \$'000
\$150.0m bonds maturing 06 Dec 2022	150,880	150,880	-	-	150,000
CCC loan maturing 15 May 2021	87,416	-	87,416	-	79,500
CCC loan maturing 15 April 2023	68,133	-	68,133	-	60,000
CCC loan maturing 15 April 2024—2027	76,478	-	76,478	-	70,000
CCC loan maturing Jan, Feb & March 2018	85,025	-	85,025	-	85,000
	467,932	150,880	317,052	-	444,500

31 DECEMBER 2016	FAIR VALUE \$'000	LEVEL 1 \$'000	LEVEL 2 \$'000	LEVEL 3 \$'000
Financial assets measured at fair value				
Derivative financial instruments	1,835	7	1,828	-
USD loan	25,317	-	25,317	-
Investments	2,000	-	-	2,000
	29,152	7	27,145	2,000
Financial liabilities measured at fair value				
Fixed rate bonds	75,809	-	75,809	-
Derivative financial instruments	30,860	709	30,151	-
Loans to External parties	94,505	-	-	94,505
	201,174	709	105,960	94,505
Net assets/(liabilities) at fair value	(172,022)	(702)	(78,815)	(92,505)

FINANCIAL LIABILITIES NOT MEASURED AT FAIR VALUE BUT FOR WHICH FAIR VALUES ARE DISCLOSED	FAIR VALUE \$'000	LEVEL 1 \$'000	LEVEL 2 \$'000	LEVEL 3 \$'000	CARRYING VALUE \$'000
CCC loan maturing 15 May 2021	87,834	-	87,834	-	79,500
CCC loan maturing 15 April 2023	67,613	-	67,613	-	60,000
CCC loans maturing 15 April 2024-2027	32,199	-	32,199	-	30,000
CCC loans maturing Jan, Feb & March 2017	71,027	-	71,027	-	71,000
	258,673	-	258,673	-	240,500

There were no transfers between fair value hierarchy levels during either the current or prior periods.

6. Dividends

	UNAUDITED 6 MONTHS 31 DEC 2017 \$'000	UNAUDITED 6 MONTHS 31 DEC 2016 \$'000	AUDITED FULL YEAR 30 JUN 2017 \$'000
Fully paid ordinary shares	71,434	71,434	71,434
Partly paid redeemable preference shares	1	1	1
	71,435	71,435	71,435
Ordinary dividends	22,000	22,000	43,682
Special dividends	70,000	28,000	70,000
Total dividends declared on fully paid ordinary shares	92,000	50,000	113,682
Cents per share	362	197	448

7. Impact of seasonality

There are no material cyclical impacts in the group

8. Issues & repayments of debt & equity securities

	UNAUDITED 6 MONTHS 31 DEC 2017 \$'000	UNAUDITED 6 MONTHS 31 DEC 2016 \$'000	AUDITED FULL YEAR 30 JUN 2017 \$'000	
Unsecured:				
Bonds and floating rate notes	416,222	215,643	266,151	
Loans from external parties	464,500	442,200	429,000	
Loans from related entities	488,500	414,500	479,500	
Finance lease liabilities	12,669	15,433	13,226	
	1,381,891	1,087,776	1,187,877	
Secured:				
Loan from external parties	147,784	94,515	119,619	
Finance lease liabilities	-	-	8	
	147,784	94,515	119,627	
Total current group borrowings	306,419	110,006	161,906	
Total non current group borrowings	1,223,256	1,072,285	1,145,598	
Total group borrowings	1,529,675	1,182,291	1,307,504	
	UNAUDITED 6 MONTHS 31 DEC 2017 \$'000	UNAUDITED 6 MONTHS 31 DEC 2016 \$'000	AUDITED FULL YEAR 30 JUN 2017 \$'000	
Christchurch City Holdings Ltd				
Nature of Debt	Avg rate - Maturity			
Retail Bond	3.4% Dec 2022	150,000	-	-
Floating Rate Notes	2.64% 2018-2020	90,000	90,000	90,000
Related Party Funding - Short Term	2.1% Jan-Mar 2018	85,000	71,000	96,000
Related Party Funding - Long Term	4.24% 2019-2027	403,500	343,500	383,500
Total Related Party Funding		488,500	414,500	479,500
Crown Infrastructure Partners Ltd	Zero Interest 2021	134,784	94,505	120,503
Undrawn Bank Facility	Dec 2018- 2019	100,000	100,000	100,000
Christchurch International Airport Ltd				
Nature of Debt	Avg rate - Maturity			
Bank Facility	5.2-5.9% 2017-2027	219,000	220,000	193,000
Bond Funding	5.1-6.2% 2019-2027	175,000	125,000	175,000
Undrawn Bank Facility	2019-2021	76,000	75,000	102,000
Orion New Zealand Ltd				
Nature of Debt	Avg rate - Maturity			
Bank Loans	2.66% 2020	245,500	222,200	236,000
Undrawn Bank Facility	2020	44,500	37,800	54,000

In November 2017, Christchurch City Holdings Ltd made an offer of unsecured, unsubordinated, fixed rate 5 year bonds to the debt capital markets. In the offer, CCHL sought up to \$100 million with the ability to accept oversubscriptions of up to \$50 million at CCHL's discretion. Following a successful offer period, on the 6th December 2017, CCHL issued \$150m of unsecured, unsubordinated fixed rate 5 year bonds, maturing on 6 December 2022. The bonds were quoted on the NZX Debt Market on the same day.

A key purpose of the offer was to diversify CCHL's source of debt funding. Since June 2013, except for debt securities issued under its Existing Capital Markets Programme, CCHL has sourced all of its term borrowing requirements from the Council, which, to fund this, has in turn borrowed from the Local Government Funding Agency. Although CCHL expects this source of funding to remain available for the foreseeable future, CCHL considers it prudent to diversify its available sources of funding by issuing debt in its own name to complement its borrowing from the Council.

In its FY18 Statement of Intent CCHL noted its intention to release \$280 million of capital over the next two years to the Council to support post-earthquake infrastructure investment. The proceeds of the bond Offer will be used to fund special dividends to the Council of up to \$140 million during CCHL's 2018 financial year with the additional proceeds used to repay short term debt. Further information in relation to the bond offer can be found in the Product Disclosure statement available on CCHL's website.

9. Significant events & transactions

	UNAUDITED 6 MONTHS 31 DEC 2017 \$'000	UNAUDITED 6 MONTHS 31 DEC 2016 \$'000	AUDITED FULL YEAR 30 JUN 2017 \$'000
9a. Capital Commitments			
Property, plant & equipment	30,339	32,557	79,430
Electricity distribution network	14,735	7,658	27,636
UFB network	90,000	188,000	144,250
	135,074	228,215	251,316

9b. Acquisitions of Property/Plant and Equipment

Additions	170,721	134,956	285,750
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The acquisitions of property, plant and equipment reflects the network build progress by Enable, and the capital and earthquake recovery programmes of Orion, the Port and the Airport.

9c. Contingent liabilities

The contingent liabilities of the group as disclosed in Note 19 of the annual report for the year ended 30 June 2017 are materially the same as at 31 December 2017, other than the following update:

Orion New Zealand Ltd

On 13 February 2017, two fires started on the Port Hills near Christchurch. The fires caused significant costs and losses for third parties. In September 2017, a claim was filed against Orion by policy holders of Insurance Australia Group Limited (IAG) alleging that a failure of Orion's electricity equipment caused the fires. In October 2017, Orion filed a statement of defence denying the allegations and any liability.

In January 2018 Fire and Emergency New Zealand released the findings of its investigations into the causes of the Port Hills fires as follows:

"The final cause and origin reports of the Early Valley and Marley's Hill fires find the cause of each is undetermined. The lack of physical evidence or being able to interview anyone responsible has made it very difficult to determine the cause and origin conclusively. However, Fire and Emergency New Zealand believes both were deliberately lit and the matter remains in the hands of the police".

Until the claim is removed, we cannot determine whether these events will result in a financial liability for Orion. Orion insures for liability risks, in line with good industry practice.

10. Events subsequent to balance date

There were no significant events subsequent to balance date requiring disclosure up to the date of authorisation of these financial statements.

11. NZX approvals

NZX has granted CCHL a waiver from NZX Listing Rule 5.2.3 to enable CCHL to apply for quotation on the NZX Debt Market even though the Bonds may not initially be held by at least 100 members of the public holding at least 25% of the Bonds issued. The waiver has been granted for a 6 month period from 7th December the date of quotation of the Bonds. The effect of the waiver from NZX Listing Rule 5.2.3 is that initially the Bonds may not be widely held and there may be reduced liquidity in the Bonds. As at the date of these financial statements, CCHL have not needed to rely on this waiver.

Orion New Zealand Ltd

Orion New Zealand Ltd (Orion) owns and operates the electricity distribution network between Waimakariri and Rakaia rivers and from the Canterbury coast to Arthur's Pass.

89.3%

Owned by Christchurch City Holdings Limited.



Orion, New Zealand's third largest electricity distribution business, recorded an unaudited post-tax profit for the six months to 30 September, 2017 of \$30.7m. This was \$4.1m above YTD budget and \$3.7m above the equivalent period last year.

Orion is forecasting a full-year post-tax profit of \$50.8m, \$4m above its Statement of Intent (SOI) target. This includes a one-off \$1.9m uplift due to a change in accounting treatment of capital expenditure. Capital expenditure YTD was \$39.7m, \$3.6m above budget, including \$1.3m due to the change in accounting treatment.

Three major projects that support the resilience of its network and improve customer service have recently been finished.

Orion successfully completed an important network upgrade project on 13 September, increasing the security of supply and resilience of

its high voltage feed to Lyttelton and the surrounding area and reducing the risk of a total loss of supply. Five crews worked simultaneously, and generators kept the power flowing all day to Lyttelton, so businesses such as the family run Lyttelton Bakery and Glamour Cake, conceived by creative genius Bree Scott (pictured), could continue to make their extraordinary donuts, and keep the bakery operating.

Orion has now substantively completed its earthquake recovery programme to restore network resilience and reliability with the repair and rebuild of the Lancaster zone substation, more than a year ahead of its original target of 2019.

Orion subsidiary Connetics, an electrical contracting service provider, moved in early 2018 to a new fit-for-purpose depot at Waterloo Business Park which will enhance its efficient and sustainable operation and support Orion's network resilience, reliability and customer services.

In October, Orion welcomed its 200,000th customer, Tracey Hollands, who with husband Grant is building a new home in West Melton, west of Christchurch. The post-earthquake rebuild of Christchurch driving growth has increased Orion's customer base from 194,000 just before the earthquakes.

As reported in the media in mid-2017, insurance company IAG has filed a High Court claim against Orion regarding the Port Hills fires and Orion has filed a statement of defence denying IAG's allegations. On 30 January 2018, Fire and Emergency New Zealand released its final cause and origin reports of the Early Valley and Marley's Hill fires which find the cause of each is "undetermined". However, Fire and Emergency believes that both fires were deliberately lit and the matter remains in the hands of the Police. Fire and Emergency's investigations are now closed and will only reopen if new evidence comes to light.

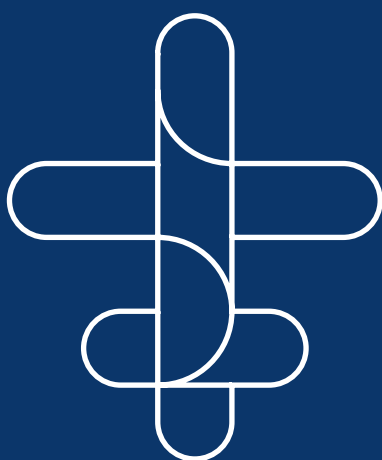


Christchurch International Airport Ltd

Christchurch International Airport Limited (CIAL) recognises the importance of its role as the primary gateway for the South Island.

75%

Owned by Christchurch City Holdings Limited.



Christchurch International Airport Limited (CIAL) has continued activation of its core strategies and delivered further growth in financial outcomes for the six months to 31 December 2017.

Total operating revenue for the period grew \$2.4m (2.8%) compared to the same period last year. This growth was achieved despite revenue from regulated aeronautical activities declining \$2.1m (5.0%) following CIAL's PSE3 aeronautical price reset which took effect from 1 July 2017.

This continued revenue growth, coupled with a reduced operating cost base has resulted in an improved net surplus after tax of \$19.3m, 5.8% ahead of last year.

The six months to 31 December 2017 saw total passenger movements increase by 172,695 or 5.3%, compared to the same period last year. This included CIAL recording its busiest month ever, with 638,043 passengers in the terminal during December 2017.

International arrivals led the growth, with a 6.8% increase compared to the same period last year. In addition, CIAL's international carriers are handling ever increasing demand to carry South Island produce directly to Asia.

In October 2017 CIAL released an updated Airport Master Plan ("Christchurch Airport 2040") that shares CIAL's long term vision for the airport. This latest Master Plan provides an insight into the long-term infrastructure needs of the airport and provides a framework to deliver future growth while making the most of exciting innovations in technology and sustainable management.

In September 2017 CIAL released its first Sustainability Report, to become more accountable for improving the business environmental record. The report is on the airport's website www.christchurchairport.co.nz and outlines achievements and objectives under the five areas of its Sustainability Strategy – energy, waste, land, water and noise.

Aligned to this, CIAL is currently finalising a plan to replace all but a handful of its fossil fuel vehicle fleet with electric and hybrid vehicles over the next 12-18 months.

CIAL won the Efficiency Champion category of the pre-eminent Sustainable Business Network Awards, recognising reduced energy use and use of cleaner energy sources.

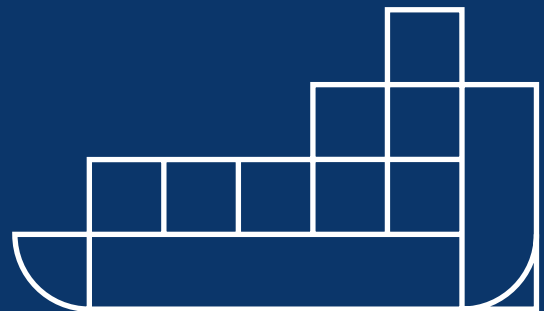


Lyttelton Port Company Ltd

Lyttelton Port Company Ltd (LPC) is the South Island's largest Port and Container Terminal, and the third largest container Port in the country.

100%

Owned by Christchurch City Holdings Limited



LPC is well positioned to meet the region's forecast freight volume. The Port achieved record container volume of 224,000 TEU in the half year and a strong financial result.

Our purpose is to facilitate trade throughout the South Island and we are efficiently supporting significant freight increases and the region's growth.

Our far reaching shipping services provide unmatched access to worldwide markets for South Island exporters, and fundamental to providing the best connectivity to markets is our Inland Port at Rolleston, MidlandPort. It has achieved a 201% volume increase compared to the same period the previous year. A second daily train service has started on the route with Lyttelton, taking 120 trucks off the road route each day (6 days per week) - a reduction of approximately 700 one way truck trips a week.

At Lyttelton Port we now able to more regularly load and unload two ships at the same time using four cranes, following our new crane becoming operational in July. This reflects our commitment to continuous customer service improvement.

Our major project investment programme is ensuring we have the best facilities in the South Island for exporters and importers and continue to attract major international shipping lines.

Essential to this are the two resource consents granted by Environment Canterbury. The first is to deepen our harbour's shipping channel to allow safe access for the largest container vessels envisaged in New Zealand ports in future. The second is to extend our reclamation by 24 hectares to triple our land space for the growing container trade.

The safety of everyone who works in our Port is a high priority and we are further enhancing our embedded safety culture and risk management.

Our plan for a thriving port well connected to the community includes development of the Te Ana Marina. Its first pier is open and 119 of the 170 berths have berth licences. We are also focused on planning for construction of the new cruise berth and gaining resource consent for it to proceed.

The harbour's health is important to us. LPC has installed a monitoring buoy system which reveals the water is clearer than expected. The information will help ensure channel dredging minimises any impact on the natural harbour systems.

Our Port is the most significant in the South Island and we are ready now to meet its increasing freight demands.

Enable Services Ltd

Enable Services Ltd (ESL) is building and connecting local homes and businesses to a world-class fibre network. ESL owns the critical fibre infrastructure that is connecting our community with unlimited opportunity.

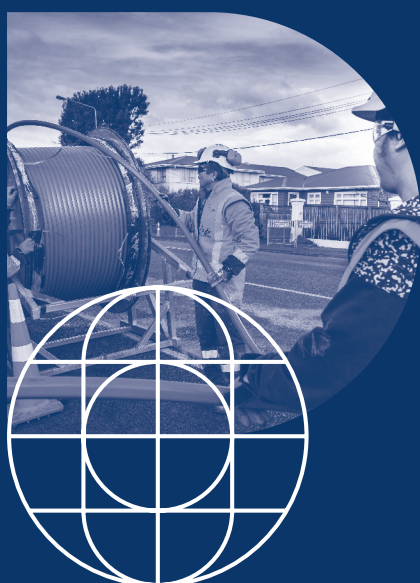
100%

Owned by Christchurch City Holdings Limited.

2018 is another year of significant growth for Enable as it connects its community with unlimited opportunity through the delivery of world-class fibre connectivity into homes, businesses and school across greater Christchurch.

12,500 new customers connected to fibre broadband since 1 July

At 31 December 2017, 62,704 customers were connected to Enable fibre broadband. Enable has maintained its uptake momentum from the previous year and is expected to exceed its SOI connections and uptake targets. Over 100 new customers are connecting each business day across Christchurch and the surrounding towns.



Network build 95 percent complete

Enable has grown the market for its services by continuing to accelerate its network deployment. Approximately 180,000 homes and businesses now have access to fibre broadband. North Canterbury towns Rangiora, Kaiapoi and Woodend are now fully fibred.

Providing excellent customer experience

Enable's ongoing investment in delivering excellent customer experience has continued to realise benefits in FY2018 with the delivery of key initiatives that make it easy for customers to make the move to fibre broadband.

After a 30 percent improvement in customer experience in FY2017, the business has delivered a further 21 percent increase in the first half of FY2018.

Financial performance

Enable's year to date revenue is \$18.04m and EBITDA is \$10.69m – both favourable to budget and forecasting to be above SOI target at year-end. Continued strong growth in telecommunications revenue and tight cost controls have resulted in Enable continuing to strengthen its financial position.

The business is expected to generate a lower net loss against SOI target, with a net profit forecast from FY2019 onwards as the expected returns in the long-term investment in the business and its infrastructure materialise.

Health, safety and wellness

Enable continues to drive health, safety and wellness as a value. Enable's Total Recordable Injury Frequency Rate (TRIFR) is 6.5 per million hours worked. This is slightly above Enable's FY2017 finishing position and the business is focused on reducing this figure by year end, having conducted 3,000 site audits and inspections since 1 July.

Commitment to the Christchurch community

Enable began a new partnership with the Canterbury Employers' Chamber of Commerce with the launch of the Enable Digital Event Series aimed at helping Christchurch businesses to grow by embracing digital opportunities.

Enable partnered with CERT NZ to promote Cyber Smart Week and supported a range of local organisations and groups' through its sponsorship programme.

City Care Ltd

City Care Ltd (Citycare) is a leading provider of construction, maintenance and management services.

100%

Owned by Christchurch City Holdings Limited.

An exciting new era

Citycare Group has recently re-energised and re-structured its business with the aim of becoming more agile and relevant in the markets we operate in. The new Sector-led structure also provides Citycare Group a platform to better position the business for future growth in key market Sectors:

- Citycare Water – construction and maintenance for water, wastewater and stormwater networks, with a focus on smarter management and optimisation of water sector infrastructure assets.
- Citycare Property - encompassing end-to-end construction and maintenance of public and private building and greenspace facilities.
- Citycare Civil – focusing on national construction and maintenance opportunities in roading, landscapes and subdivisions.

The work associated with this transformational change continues to progress well, with the related business rebrand almost fully completed as at the midway point of FY18. Importantly, during this change, Citycare has maintained its significant focus on the safety of its people.

We Discover.

Going forward, innovation has a key role to play in the company's success as it continues to build on solid foundations in the use of advanced 24/7 field service technologies and asset data management, now undertaking a range of IoT sensor device trials to further enrich its existing data platform.

We Deliver.

Citycare's capacity to utilise innovation and technology solutions to help drive tangible client benefits, was cited as a key factor in Auckland Council's decision to award Citycare with one of its new 5-year term, Full Facilities Maintenance contracts, for the maintenance and management of all community-owned Facilities and Parks in Auckland South in 2017.

In November 2017, Citycare followed up this success with the commencement of another significant, new long-term contract with Christchurch International Airport (CIAL), which included the acquisition of the existing internal delivery team and plant.

We Care.

Throughout FY17 and into FY18, Citycare's deep community connections continued to be showcased through a number of collaborative community initiatives up and down the country, from regeneration projects in Wellington,

to Social Housing support initiatives and various working bees with the University of Canterbury's Student Volunteer Army (SVA).

To better embed this type of activity in the Citycare business, work is currently underway on the development of a new, integrated community-focused platform.

Alongside this, Citycare remains wholly committed to the protection of the environment, prevention of pollution and sustainability of natural resources, continually working hard to identify opportunities to promote sustainable solutions throughout contract lifecycles.

Better people. Better places. Better communities.



Red Bus Ltd

Red Bus operate urban and school bus routes within Christchurch city, and tourism and coach services across the South Island.

100%

Owned by Christchurch City Holdings Limited.

Red Bus continues to expand its presence on the tourism market with the launch in October of Kaikoura Express, a daily service between Christchurch and Kaikoura. This new direct passenger connection was well received by the Kaikoura business community.

The future Christchurch urban transport service network is expected to transform as a result of Environment Canterbury's current review of the Regional Passenger Transport Plan (RPTP). Changing transport movements and business relocations across Christchurch following the 2010/11 earthquakes and technological advances in passenger transport pose some fascinating challenges for this future network design. As a result of the RPTP review due to finalised this year, current urban contracts are to be extended to enable tendering of the revised urban network to begin during 2019.

Current urban service patronage has grown 3.8% in the six months to December compared with the equivalent prior year period after three years of declining or stagnant growth across the Metro Christchurch passenger transport network. A promising sign of central city recovery and future growth.

Red Bus continues to lead ECan's monthly mystery shopper survey with an average annual score of 86.4 compared with 85.4 for the whole ECan Metro passenger transport network.

Following the successful implementation of fleet wide Telematics and the introduction of smaller urban buses the company is exploring other options to reduce its carbon footprint and improve customer service. An announcement is due shortly on an exciting project in this area.

The strong ongoing focus on health and safety includes effective

employee engagement, incident monitoring, investigations, reporting and process review to ensure all our employees go home safe. The lost time injury frequency per million worked hours for the 12 months to 31 December 2017 was 4.3 compared with 15.4 for the 12 months to 31 December 2016.

Red Bus retains its previous ACC Tertiary accreditation and 5 star NZTA transport operator safety rating and holds the Qualmark gold rating for its Red Travel coach and regional services.



EcoCentral Ltd

EcoCentral manages the processing of household and commercial refuse and the automated sorting of recycling throughout the Canterbury region.

100%

Owned by Christchurch City Holdings Limited.



Financial Results

EcoCentral's six-month financial performance has been strong, with the net profit before tax being significantly ahead of budget and marginally ahead of the previous year. The impressive result has been driven by a continuation of the stronger fibre commodity prices for recycled paper and cardboard at the EcoSort. For the first six months these prices have been up to 30% higher than budget. There have since been significant changes in the fibre market with an import ban being imposed by China on recovered waste products. While the effects of this haven't been felt in the reported period, they will have a significant impact on the Company's financial performance in the next six months.

The EcoDrops (refuse stations) have faced increased competition during the period with the introduction of an additional competing transfer station into the market. This has resulted in a loss of commercial tonnes to the new lower cost provider. While the increased competition has had an impact on the bottom line, the EcoDrops continue to remain profitable.

The EcoShop has had a strong financial performance during the period with revenue and profitability ahead of both budgeted and previous year results. This performance has been supported by strong revenue flows from recycled metals.

Operational Performance Targets

Further investigations of potential waste minimisation initiatives are being explored which would also be commercially viable. A new process has been developed to remove fire retardant powder safely from fire extinguishers to allow the recovery of the steel and aluminium canisters. The EcoSort's MRF plant efficiency (71.7%) and waste % (9.45%) are slightly behind their respective targets, having been adversely affected by worse-than-expected wet product during the winter months.

Customer numbers at the EcoShop are lower than the previous year and also less than current year targets.

The team has continued to keep a strong focus on health and safety, maintaining its ISO certification with an average lost-time-injury-frequency-rate (LTIFR) of 4.04.

EcoCentral continues to seek improved sustainable business practices. The EcoSort Facility has achieved continued reductions in energy usage (kilowatt hours per tonne). The EcoShop replacement vehicle is a hybrid as part of the vehicle fleet replacement programme.

Development Christchurch Ltd

Development Christchurch Ltd (DCL)'s objective is to accelerate development activities in Christchurch's built environment to achieve positive social outcomes that lead to a prosperous economy.

100%

Owned by Christchurch City Holdings Limited

DCL is on track to deliver against its targets for the financial year 2017/2018. Key highlights from the year to date are:

New Brighton Regeneration

Development Christchurch Limited (DCL) constructed the beachside playground (Phase 1a), as part of the wider New Brighton foreshore development, including the hot pools (Phase 1b) and surf club redevelopment. The successful opening of the park and handover to Christchurch City Council (CCC) occurred on the 20th December within budgeted guidelines. Completing the construction and commissioning of the playground prior to Christmas, given the very short timeframe was a successful demonstration of DCL's community engagement, procurement and delivery capability.

DCL continue to progress with activities related to the redevelopment of the commercial core.

Christchurch Adventure Park (CAP)

With DCL's assistance the Christchurch Adventure Park was re-opened for the first time since the February 2017 Port Hills Fires on the 5 December 2017 with a limited offering and appears to have been well received by the community. Early 2018 will see the addition of extra riding trails.

Peterborough Quarter Limited (PQL)

DCL continue to work closely with our development partners to progress the vision and development of the site.

Commercial Advisory

DCL continues to provide numerous commercial and professional advisory services to Christchurch City Council on a wide range of issues.



Directory

Registered Office	77 Hereford Street Christchurch
Directors	J Smith (Chair) V Buck G Campbell L Dalziel M Devine J Gough A Turner A Skinner
Management	Paul Munro (Chief Executive) Leah Scales (Chief Financial Officer) Noeline Halstead (Executive Officer)
Bankers	Westpac Institutional Bank, Auckland Bank of New Zealand, Christchurch ANZ New Zealand Ltd, Wellington
Auditors	Audit New Zealand (on behalf of the Controller and Auditor General) Christchurch
Ownership	100% owned by Christchurch City Council