

## Unaudited financial statements

### Directors' Responsibility Statement

The directors are responsible for ensuring that the financial statements give a true and fair view of the financial position of the company and group as at 31 December 2014, and the financial performance and cash flows for the six months ended on that date.

The directors consider that the financial statements of the company and group have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgments and estimates, and that all relevant financial reporting and accounting standards have been followed.

The directors consider that proper accounting records have been kept, which enable, with reasonable accuracy, the determination of the financial position of the company and group and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

The directors consider they have taken adequate steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors have the pleasure in presenting the interim financial statements, set out on pages 7 to 16, of Christchurch City Holdings Limited for the six months ended 31 December 2014.

The Board of Directors of Christchurch City Holdings Limited authorises these financial statements for issue on 26 February 2015.



**Bruce Irvine**  
Director  
26 February 2015



**Sarah Smith**  
Director  
26 February 2015

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## **Directory**

### **Registered Office**

53 Hereford Street  
Christchurch

### **Directors**

B Irvine (Chairman)  
V Buck  
W Dwyer  
J Gough  
Y Johanson  
R Manji  
A Pearce  
S Smith

### **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

## Chairman's/Chief Executive's review

Attached are the unaudited financial statements of the CCHL group and parent company for the six months ended 31 December 2014.

### Financial

#### **Group**

The group recorded a profit for the six months ended 31 December 2014 of \$48.7million, compared with \$365.7 million in the previous equivalent period. The previous period included the recognition of a \$358 million insurance settlement by Lyttelton Port Company Ltd, and a number of other earthquake-related gains and losses.

On a pre-tax profit basis, after allowing for the above-noted items, there was an improvement of some \$14m in the underlying profit before tax for the period under review. The improved result reflects, in the main, higher trading profits recorded by Orion New Zealand Ltd, Christchurch International Airport Ltd and Lyttelton Port Company Ltd. Further information is provided below.

#### **Parent**

The parent company's profit for the period was \$36.3 million, compared with \$12.4 million recorded in the previous half year. The main reasons for the improved profit were the receipt of a special \$16.3 million dividend from Lyttelton Port Company Ltd as part of the takeover process, and improved dividends from Orion New Zealand Ltd and City Care Ltd.

### Operations

#### **Christchurch City Holdings Ltd (parent company)**

A key focus for CCHL during the six month period was the completion of a successful takeover bid for the balance of the shareholding in Lyttelton Port Company Limited. In addition, in response to a Council request, CCHL undertook a review of options for the release of capital from the group, and formulated recommendations to the Council regarding those options

In December 2014, the Council announced a draft financial strategy, which included the partial sale of some of CCHL's assets. Since then, the Council has undertaken further work, and will incorporate a revised strategy in its Long Term Plan which is due to be released for public consultation in March 2015.

#### **Orion New Zealand Ltd**

Orion recorded a half-year profit of \$28.9 million, \$2.4 million above the equivalent period last year. Last year's result included the adverse impact of three severe windstorms.

Orion is well underway with its planned projects outlined in its ten-year asset management plan. This includes the major network resilience restoration project in the eastern suburbs. Virtually all of the 66kV underground cables between the key substations in Bromley, Dallington and Rawhiti have been installed. Work has also commenced on the 66kV "northern loop" to meet new connection and demand growth, and to ensure long term capacity and resilience in the city's electricity supply.

Orion's 100%-owned subsidiary Connetics Ltd continues to experience high workloads.

### ***Christchurch International Airport Ltd***

Christchurch International Airport Ltd ('CIAL') recorded an improved half year after tax profit of \$9.9 million, compared with \$6.1 million in the previous period. This reflects growth in both aeronautical and non-aeronautical revenue, coupled with cost control through the strategic focus on 'productivity driven management and investment'.

International and domestic passenger numbers both improved over the previous period, and future trends are positive. The 5.7% increase in international passenger numbers reflects strong capacity growth on Trans-Tasman routes driven by both new capacity from existing airlines and the addition of a new China Airlines service. Additionally, increased seasonal services from Singapore have occurred. Load factors on all new capacity have been high. Growth in domestic passengers compared to last year continues to be predominantly driven by increased capacity.

Route Development continues to be a key focus for CIAL, and CIAL continues to concentrate on building passenger numbers through a primary focus on Asia, Australia and domestic.

Development of the company's property portfolio continues, with its freight and logistics precinct, Dakota Park, progressing well. Construction of the new Spitfire Square retail development has commenced, and the design of a backpacker facility adjoining Spitfire Square is now being finalised.

### ***Lyttelton Port Company Ltd***

Lyttelton Port Company Ltd's (LPC's) result for the half year was a profit of \$11.2 million, compared with \$336.5 million in the previous equivalent period. The previous period's result was dominated by the recognition of a net \$330m accounting gain following a settlement agreed with its insurers in respect of its claims arising from the earthquakes. On a normalised basis, LPC's 2013 half year result was \$6.5m. The improvement in underlying profit is largely attributable to interest earned on the insurance cash settlement.

Container volumes for the half year were 3% higher than the same period last year. This is pleasing considering recent shipping changes and the loss of the Fonterra Clandeboye volume.

The company finalised its purchase of a 27 hectare site in Rolleston for the development of an inland hub. With the excellent road and rail connections this will significantly strengthen the Company's position as the main freight gateway in the South Island.

The company is continuing to invest to improve operational efficiency and capacity, including the reclamation of land available to the container terminal, the commissioning of the terminal's fourth ship to shore gantry crane and the ongoing rebuild of Cashin Quay (due to be completed in 2015).

### ***Enable Services Ltd***

Enable Services Ltd recorded a net loss for the period of \$(3.6) million, compared with \$(2.9) million in the previous year. Operating losses have always been budgeted for during the network construction period.

The Network Delivery Alliance with Transfield is operating ahead of plan in deploying new network. As at 31 December 2014, Enable had passed over 51,224 premises – meaning 70,000 end-users across greater Christchurch can now connect, an increase of 13,500 in six months. By the same date total customer connections reached 7,872, again ahead of plan. Enable is forecasting to maintain this rate of progress for the full financial year – to reach or be ahead of plan in terms of premises passed and connections completed.

Enable's core infrastructure programme is now complete – including construction of 12 central offices around the city that house the network equipment.

Vodafone entered the Christchurch market in October, which is already contributing to the boost in demand for new connections.

#### ***City Care Ltd***

City Care Ltd recorded a profit for the period of \$4.2 million, down on the previous equivalent period's result of \$5.7m. This in part reflects a reduction in SCIRT-derived work.

The company has continued to win new business which is ensuring a strong and full workload for the year, and is actively pursuing opportunities throughout the country to reduce the impact of the completion of the SCIRT work at the end of 2016.

The company has just under 1,500 full time equivalents on its payroll.

#### ***Red Bus Ltd***

Red Bus Ltd has continued to experience difficult trading conditions following the earthquakes, but recorded a slightly improved result with a loss of \$(0.13) million, compared with a loss of \$(0.35) million in the previous period. The company has a strong balance sheet, with cash reserves and no debt.

The company's new coach division, with four vehicles, is now operating successfully. Red Bus has also established a regular commercial service between the city and Oxford, which is proving successful.

Looking forward, results are improving following a successful renegotiation of the Environment Canterbury urban contracts in December 2014.

#### ***EcoCentral Ltd***

EcoCentral Ltd's profit for the half year improved significantly from \$0.42 million last year to \$1.03 million, largely reflecting improved volumes through the EcoDrops as well as continuing operational efficiencies. The EcoSort and EcoShop results were broadly consistent with the previous half year.

#### **District Energy Scheme**

CCHL supports the establishment of a District Energy Scheme for the central city, and is currently a member of an alliance with CDHB, CCC, and CERA together with two commercial partners. The Alliance is developing specific business cases for several district energy heating scheme hubs to provide reticulated hot and chilled water to heat and cool large buildings including the Christchurch Hospital, Civic Offices and several anchor projects.

CCHL has been a catalyst for this project and facilitates the Alliance. It is not envisaged that CCHL will invest directly – its role is as a promoter and facilitator.

#### **Outlook**

We expect the group to continue to grow profits both for reinvestment back into the development of the individual businesses, and to increase dividend payments to assist the City's rebuild programme.

CCHL will continue to work with the Council as it develops its plans to recycle capital from its commercial investments. These plans will be formalised in the Council's Long Term Plan, due to be issued in March for public consultation.

**Acknowledgments**

I would like to acknowledge the excellent performance of each of the CCHL group companies. Their response to the difficult conditions following the earthquakes, and their continued focus on growing their businesses, has made, and will continue to make, an invaluable contribution to the City's recovery efforts.



Bruce Irvine  
**Chairman**



Bob Lineham  
**Chief Executive**

## Income statement

For the six months ended 31 December 2014

	Unaudited 6 months 31 Dec 14 Group \$'000	Unaudited 6 months 31 Dec 13 Group \$'000	Audited Full year 30 Jun 14 Group \$'000	Unaudited 6 months 31 Dec 14 Parent \$'000	Unaudited 6 months 31 Dec 13 Parent \$'000	Audited Full year 30 Jun 14 Parent \$'000
Operating and other revenue	492,938	494,263	972,941	44,267	17,608	48,177
Insurance revenue	-	357,613	357,732	-	-	-
Other gains	176	3,650	13,841	-	-	426
<b>Total income</b>	<b>493,114</b>	<b>855,526</b>	<b>1,344,514</b>	<b>44,267</b>	<b>17,608</b>	<b>48,603</b>
Depreciation and amortisation	51,642	50,861	99,643	-	-	-
Personnel costs	134,088	124,476	243,142	331	321	616
Operating and other expenses	221,830	262,360	505,418	1,399	538	1,853
<b>Total operating expenses</b>	<b>407,560</b>	<b>437,697</b>	<b>848,203</b>	<b>1,730</b>	<b>859</b>	<b>2,469</b>
Share of (losses)/profits of associates	(2,156)	(1,664)	(5,158)	-	-	-
<b>Earnings before interest and tax</b>	<b>83,398</b>	<b>416,165</b>	<b>491,153</b>	<b>42,537</b>	<b>16,749</b>	<b>46,134</b>
Finance income	8,351	1,481	8,159	6,107	4,423	9,662
Finance costs	24,696	21,356	44,511	12,364	8,820	18,708
<b>Net finance costs</b>	<b>16,345</b>	<b>19,875</b>	<b>36,352</b>	<b>6,257</b>	<b>4,397</b>	<b>9,046</b>
<b>Profit before income tax expense</b>	<b>67,053</b>	<b>396,290</b>	<b>454,801</b>	<b>36,280</b>	<b>12,352</b>	<b>37,088</b>
Income tax expense	18,395	30,544	52,170	-	-	-
<b>Profit for the period</b>	<b>48,658</b>	<b>365,746</b>	<b>402,631</b>	<b>36,280</b>	<b>12,352</b>	<b>37,088</b>
<b>Attributable to:</b>						
Owners of the parent	43,075	361,402	323,234	36,280	12,352	37,088
Non-controlling interests	5,583	4,344	79,397	-	-	-
	<b>48,658</b>	<b>365,746</b>	<b>402,631</b>	<b>36,280</b>	<b>12,352</b>	<b>37,088</b>

*The accompanying notes form part of these financial statements*



## Statement of comprehensive income

For the six months ended 31 December 2014

	Unaudited 6 months 31 Dec 14 Group \$'000	Unaudited 6 months 31 Dec 13 Group \$'000	Audited Full year 30 Jun 14 Group \$'000	Unaudited 6 months 31 Dec 14 Parent \$'000	Unaudited 6 months 31 Dec 13 Parent \$'000	Audited Full year 30 Jun 14 Parent \$'000
Profit for the period	48,658	365,746	402,631	36,280	12,352	37,088
<b>Other comprehensive income</b>						
<i>Revaluation of assets</i>						
Revaluation of property, plant & equipment	-	(125)	185,408	-	-	-
	-	(125)	185,408	-	-	-
<i>Available-for-sale financial assets</i>						
Revaluation of investment in subsidiaries	-	-	-	-	13,143	117,809
	-	-	-	-	13,143	117,809
<i>Cash flow hedges</i>						
Effective portion of gains and losses on cash flow hedging instruments	(6,694)	9,839	13,799	(3,620)	4,833	2,972
Net change in cash flow hedges transferred to income statement	-	1,137	-	-	-	-
	(6,694)	10,976	13,799	(3,620)	4,833	2,972
<i>Income tax</i>						
Income tax - other comprehensive income	-	-	(48,674)	-	-	-
	-	-	(48,674)	-	-	-
Other comprehensive income for the period net of tax	(6,694)	10,851	150,533	(3,620)	17,976	120,781
Total comprehensive income for the period net of tax	41,964	376,597	553,164	32,660	30,328	157,869
Total comprehensive income is attributable to:						
Owners of the parent	37,664	370,711	447,929	32,660	30,328	157,869
Non-controlling interests	4,300	5,886	105,235	-	-	-
	41,964	376,597	553,164	32,660	30,328	157,869

The accompanying notes form part of these financial statements

## Statement of changes in equity

For the six months ended 31 December 2014

	Unaudited 6 months 31 Dec 14 Group \$'000	Unaudited 6 months 31 Dec 13 Group \$'000	Audited Full year 30 Jun 14 Group \$'000	Unaudited 6 months 31 Dec 14 Parent \$'000	Unaudited 6 months 31 Dec 13 Parent \$'000	Audited Full year 30 Jun 14 Parent \$'000
Opening equity	1,945,433	1,450,379	1,450,379	1,568,028	1,462,159	1,462,159
Total comprehensive income for the period	41,964	376,597	553,164	32,660	30,328	157,869
<i>Equity transactions</i>						
Dividends paid/payable	(29,619)	(24,550)	(57,704)	(22,000)	(22,000)	(52,000)
Adjustment to controlling and non- interests for share acquisitions	(83,533)	-	(406)	-	-	-
Closing equity	<u>1,874,245</u>	<u>1,802,426</u>	<u>1,945,433</u>	<u>1,578,688</u>	<u>1,470,487</u>	<u>1,568,028</u>

*The accompanying notes form part of these financial statements*

## Balance sheet

As at 31 December 2014

	Unaudited 31 Dec 14 Group \$'000	Unaudited 31 Dec 13 Group \$'000	Audited 30 Jun 14 Group \$'000	Unaudited 31 Dec 14 Parent \$'000	Unaudited 31 Dec 13 Parent \$'000	Audited 30 Jun 14 Parent \$'000
<b>Current assets</b>						
Cash and cash equivalents	141,381	31,309	221,921	20,458	12,684	2,341
Debtors and other receivables	154,279	118,634	143,958	2,379	1,528	1,763
Insurance receivables	-	382,737	213	-	-	-
Derivative financial instruments	119	112	97,243	-	-	-
Other financial assets	85,415	5,423	8,108	-	-	25,000
Prepayments	15,202	10,789	18,813	135	204	153
Inventories	21,063	15,250	-	-	-	-
Current tax assets	5,822	2,340	366	-	-	-
Non-current assets held for sale	-	-	59	-	-	-
Total current assets	<u>423,281</u>	<u>566,594</u>	<u>490,681</u>	<u>22,972</u>	<u>14,416</u>	<u>29,257</u>
<b>Non-current assets</b>						
Debtors and other receivables	20,409	6,603	2,989	-	-	-
Investments in associates	41,753	39,566	37,245	-	-	-
Derivative financial instruments	239	5,827	4,197	192	5,594	3,949
Other financial assets	96,553	41,149	55,790	2,071,630	1,826,042	1,925,888
Prepayments	7,721	8,197	10,659	-	-	-
Inventories	-	-	575	-	-	-
Property, plant and equipment	2,385,839	2,086,143	2,315,656	98	-	-
Investment property	193,175	169,433	193,175	-	-	-
Intangible assets	10,860	12,447	15,630	-	-	-
Deferred tax assets	3,799	846	9,165	-	-	-
Goodwill	39,888	39,150	39,152	-	-	-
Other	-	-	4	-	-	4
Total non-current assets	<u>2,800,236</u>	<u>2,409,361</u>	<u>2,684,237</u>	<u>2,071,920</u>	<u>1,831,636</u>	<u>1,929,841</u>
Total assets	3,223,517	2,975,955	3,174,918	2,094,892	1,846,052	1,959,098
<b>Current liabilities</b>						
Creditors and other payables	84,039	88,234	91,803	3,291	2,002	2,387
Borrowings	127,675	72,704	79,486	77,000	72,000	78,000
Derivative financial instruments	1,283	1,911	1,336	-	404	113
Employee entitlements	29,052	26,502	28,305	58	52	46
Current tax liabilities	21,422	10,417	19,057	-	-	-
Provisions and other	3,177	867	2,511	-	-	-
Total current liabilities	<u>266,648</u>	<u>200,635</u>	<u>222,498</u>	<u>80,349</u>	<u>74,458</u>	<u>80,546</u>
<b>Non-current liabilities</b>						
Borrowings	730,798	667,422	649,379	428,500	297,000	306,500
Derivative financial instruments	18,086	13,533	10,645	7,355	4,107	4,024
Employee entitlements	1,733	1,200	1,882	-	-	-
Deferred tax liabilities	330,449	288,403	340,690	-	-	-
Other	1,558	2,336	4,391	-	-	-
Total non-current liabilities	<u>1,082,624</u>	<u>972,894</u>	<u>1,006,987</u>	<u>435,855</u>	<u>301,107</u>	<u>310,524</u>
Total liabilities	1,349,272	1,173,529	1,229,485	516,204	375,565	391,070
Net assets	<u>1,874,245</u>	<u>1,802,426</u>	<u>1,945,433</u>	<u>1,578,688</u>	<u>1,470,487</u>	<u>1,568,028</u>
<b>Equity</b>						
Capital and other equity instruments	71,435	71,435	71,435	71,435	71,435	71,435
Reserves	438,564	329,039	443,979	1,211,923	1,112,738	1,215,543
Retained earnings	<u>1,098,583</u>	<u>1,124,024</u>	<u>1,056,351</u>	<u>295,330</u>	<u>286,314</u>	<u>281,050</u>
Parent entity interest	1,608,582	1,524,498	1,571,765	1,578,688	1,470,487	1,568,028
Non-controlling interests	265,663	277,928	373,668	-	-	-
Total equity	<u>1,874,245</u>	<u>1,802,426</u>	<u>1,945,433</u>	<u>1,578,688</u>	<u>1,470,487</u>	<u>1,568,028</u>

The accompanying notes form part of these financial statements

## Cash flow statement

For the six months ended 31 December 2014

	Unaudited 6 months 31 Dec 14 Group \$'000	Unaudited 6 months 31 Dec 13 Group \$'000	Audited Full year 30 Jun 14 Group \$'000	Unaudited 6 months 31 Dec 14 Parent \$'000	Unaudited 6 months 31 Dec 13 Parent \$'000	Audited Full year 30 Jun 14 Parent \$'000
<b>Cash flows from operating activities</b>						
Receipts from customers and other sources	485,201	493,199	947,552	7	1	2
Interest received	6,033	1,359	2,848	5,741	4,291	9,233
Dividends received	-	-	-	44,141	17,607	48,175
Proceeds from insurance	-	2,560	13,003	-	-	-
Payments to suppliers and employees	(381,404)	(384,331)	(764,370)	(1,782)	(1,134)	(2,349)
Interest and other finance costs paid	(22,050)	(20,498)	(41,591)	(11,482)	(8,394)	(17,834)
Income tax paid	(22,778)	(12,665)	(21,714)	-	-	-
Subvention payments	-	-	(1,081)	-	-	-
Net cash provided by operating activities	<u>65,002</u>	<u>79,624</u>	<u>134,647</u>	<u>36,625</u>	<u>12,371</u>	<u>37,227</u>
<b>Cash flows from investing activities</b>						
Payment for investment securities	(402,501)	(2,750)	-	(85,008)	(6,500)	-
Proceeds from sale of investment securities	372,000	-	-	-	-	-
Proceeds of return of capital from associated company	-	-	3	-	-	3
Payment for equity investment in subsidiaries/associated companies	-	-	(3,750)	-	-	(6,905)
Proceeds from repayment of related party loans	11,450	11,450	11,450	2,000	13,450	18,450
Advances made	-	(14,911)	(20,208)	-	(14,911)	(15,208)
Amounts advanced to related parties	-	-	(2,867)	(34,500)	(22,500)	(47,500)
Payment for property, plant and equipment	(213,422)	(58,212)	(133,411)	-	-	-
Proceeds from sale of property, plant and equipment	1,120	5,852	6,872	-	-	-
Proceeds from insurance	-	-	372,954	-	-	-
Payment for intangible assets	(328)	(709)	(5,672)	-	-	-
Payment for goodwill	(738)	-	-	-	-	-
Payment for investment properties	-	-	(14,569)	-	-	-
Proceeds from sale of investment properties	1,012	11,162	7,619	-	-	-
Maturity of/(investment in) term deposits	-	-	(87,324)	-	-	-
Other	(311)	(1,898)	-	-	-	-
Net cash used in investing activities	<u>(231,718)</u>	<u>(50,016)</u>	<u>131,097</u>	<u>(117,508)</u>	<u>(30,461)</u>	<u>(51,160)</u>
<b>Cash flows from financing activities</b>						
Proceeds from borrowing	257,000	125,814	154,700	242,000	67,000	101,500
Repayment of borrowings	(141,205)	(96,725)	(137,681)	(121,000)	(16,000)	(35,000)
Repayment of finance leases	-	-	(44)	-	-	-
Capitalised bond issue costs	-	-	(256)	-	-	-
Dividends paid	(22,000)	(22,000)	(52,000)	(22,000)	(22,000)	(52,000)
Dividends paid - non-controlling interests	(7,619)	(2,550)	(5,704)	-	-	-
Net cash used in financing activities	<u>86,176</u>	<u>4,539</u>	<u>(40,985)</u>	<u>99,000</u>	<u>29,000</u>	<u>14,500</u>
Net increase in cash and cash equivalents	(80,540)	34,147	224,759	18,117	10,910	567
Cash and cash equivalents at start of year	221,921	(2,838)	(2,838)	2,341	1,774	1,774
Cash and cash equivalents at end of year	<u>141,381</u>	<u>31,309</u>	<u>221,921</u>	<u>20,458</u>	<u>12,684</u>	<u>2,341</u>

*The accompanying notes form part of these financial statements*

## Notes to the financial statements

### Note 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 consolidated financial statements comprise CCHL, its subsidiaries ("the group") and the group's interest in associates and joint ventures.

### Note 2. Basis of preparation

The financial statements for the period ended 31 December 2014 are unaudited.

The financial statements have been prepared in accordance with New Zealand Equivalents to International Financial Reporting Standards 34, Interim Financial Reporting, and should be read in conjunction with the audited financial statements for the year ended 30 June 2014.

The balance date of all subsidiary companies, other than Orion New Zealand Ltd which has a balance date of 31 March, is 30 June. This interim report therefore includes the results of Orion New Zealand Ltd for the six months to 30 September 2014, and the results of other subsidiaries for the six months to 31 December 2014.

The accounting policies as published in the annual report for the year ended 30 June 2014 have been consistently applied in determining the earnings and cash flows for the six months ended 31 December 2014, and the financial position as at that date.

### Note 3. Reconciliation of profit for the period with operating cash flows

	Unaudited 6 months 31 Dec 14 Group \$'000	Unaudited 6 months 31 Dec 13 Group \$'000	Audited Full year 30 Jun 14 Group \$'000	Unaudited 6 months 31 Dec 14 Parent \$'000	Unaudited 6 months 31 Dec 13 Parent \$'000	Audited Full year 30 Jun 14 Parent \$'000
Profit for the period	48,658	365,746	402,631	36,280	12,352	37,088
<b>Add/(less) non-cash items</b>						
Depreciation, amortisation and impairment	51,642	50,861	99,643	-	-	-
(Gains)/losses in fair value of investment property	-	-	(9,223)	-	-	-
(Gains)/losses in fair value of derivative financial instruments	222	(1,149)	956	123	(354)	(422)
Share of associates' loss/(profit)	2,156	1,664	5,158	-	-	-
Net foreign exchange (gains)/losses	-	-	(152)	-	-	-
Realisation of fair value through equity reserv	-	-	-	-	-	(1)
Deferred tax charged/(credited) to income	(5,885)	12,359	10,197	-	-	-
Gain on disposal of investment	-	-	-	-	-	-
Issue of shares in Enable Networks Ltd as consideration for network build	(8,137)	(8,014)	(17,826)	-	-	-
Other	5,196	5,540	(2,121)	-	-	1
	45,194	61,261	86,632	123	(354)	(422)
<b>Add/(less) items classified as investing or financing activities</b>						
Gain on disposal of non-current assets	(246)	(3,487)	(1,822)	-	-	(4)
Movement in capital creditors	2,209	-	(14,790)	-	-	-
Insurance proceeds	-	-	(372,954)	-	-	-
Other	(183)	132	-	-	-	-
	1,780	(3,355)	(389,566)	-	-	(4)
<b>Add/(less) movement in working capital items</b>						
Current trade and other receivables	(10,321)	(348,908)	8,505	(486)	(145)	(329)
Current inventories	(2,250)	1,560	(2,003)	-	-	-
Current prepayments	(7,094)	(1,136)	1,545	18	(6)	44
Income tax receivable	(5,822)	(1,936)	404	-	-	-
Other current assets	59	24	(35)	-	-	-
Non-current receivables	(7,274)	(939)	(2,989)	-	-	-
Non-current prepayments	2,938	3	(2,459)	-	-	-
Non-current inventories	575	-	(575)	-	-	-
Other non-current assets	(10,142)	(5,664)	(4)	(94)	-	(4)
Current payables	7,764	5,894	9,463	772	516	850
Current provisions	(2,173)	1,304	884	12	8	-
Current employee benefits	-	-	3,107	-	-	4
Income tax payable	(2,365)	10,417	19,057	-	-	-
Other current liabilities	760	(825)	(65)	-	-	-
Non-current provisions	3,082	(2,000)	1,200	-	-	-
Non-current employee benefits	-	-	(118)	-	-	-
Other non-current liabilities	1,633	(1,822)	(967)	-	-	-
Net changes in net assets and liabilities	(30,630)	(344,028)	34,950	222	373	565
Net cash from operating activities	65,002	79,624	134,647	36,625	12,371	37,227

#### Note 4. 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.

	Consolidated					Parent				
31 December 2014	Fair value \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000		Fair value \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
<b>Financial assets measured at fair value</b>										
Investments in subsidiaries (CCHL parent only)	-	-	-	-		1,845,007	342,807	-	1,502,200	
Derivative financial instruments	358	56	302	-		192	-	192	-	
USD loan	22,635	-	22,635	-		22,635	-	22,635	-	
Investments	15	-	-	15		-	-	-	-	
Transfer LPC investment on de-listing	-	-	-	-		-	(342,807)	-	342,807	
	<b>23,008</b>	<b>56</b>	<b>22,937</b>	<b>15</b>		<b>1,867,834</b>	<b>-</b>	<b>22,827</b>	<b>1,845,007</b>	
<b>Financial liabilities measured at fair value</b>										
Fixed rate bonds	72,464	-	72,464	-		-	-	-	-	
Derivative financial instruments	4,659	23	4,636	-		(7,355)	-	(7,355)	-	
	<b>77,123</b>	<b>23</b>	<b>77,100</b>	<b>-</b>		<b>(7,355)</b>	<b>-</b>	<b>(7,355)</b>	<b>-</b>	
Net assets/liabilities at fair value	<b>(54,115)</b>	<b>33</b>	<b>(54,163)</b>	<b>15</b>		<b>1,875,189</b>	<b>-</b>	<b>30,182</b>	<b>1,845,007</b>	
<b>Financial liabilities not measured at fair value but for which fair values are disclosed</b>	<b>Fair value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Carrying value</b>	<b>Fair value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Carrying value</b>
\$70.0m bonds maturing 27 Jun 2016	(73,161)	-	(73,161)	-	-	(73,161)	-	(73,161)	-	-
CCC loan maturing 15 May 2021	(96,166)	-	(96,166)	-	-	(96,166)	-	(96,166)	-	-
CCC loan maturing 15 April 2023	(60,735)	-	(60,735)	-	-	(60,735)	-	(60,735)	-	-
	<b>(230,062)</b>	<b>-</b>	<b>(230,062)</b>	<b>-</b>	<b>-</b>	<b>(230,062)</b>	<b>-</b>	<b>(230,062)</b>	<b>-</b>	<b>-</b>

**Reconciliation of movements  
in Level 3 assets**

Group	31 December 2014			31 December 2014		
	Total	Shares	Other	Total	Shares	Other
	Level 3 \$'000	in subs \$'000	\$'000	Level 3 \$'000	in subs \$'000	\$'000
Opening carrying value	15	-	15	1,410,000	1,410,000	-
Additions	-	-	-	3,000	3,000	-
Fair value movements (OCI)	-	-	-	89,200	89,200	-
Transfers (to)/from Level 1 or 2	-	-	-	342,807	342,807	-
Closing carrying value	15	-	15	1,845,007	1,845,007	-

**31 December 2013**

	Fair value \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Fair value \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Financial assets measured at fair value</b>								
Investments in subsidiaries (CCHL parent only)	1,654,929	244,929	-	1,410,000	1,654,929	244,929	-	1,410,000
Derivative financial instruments	5,939	112	5,827	-	5,594	-	5,594	-
USD loan	21,378	-	21,378	-	21,378	-	21,378	-
Investments	15	-	-	15	-	-	-	-
	<u>1,682,261</u>	<u>245,041</u>	<u>27,205</u>	<u>1,410,015</u>	<u>1,681,901</u>	<u>244,929</u>	<u>26,972</u>	<u>1,410,000</u>
<b>Financial liabilities measured at fair value</b>								
Fixed rate bonds	68,815	-	68,815	-	-	-	-	-
Derivative financial instruments	9,840	772	9,068	-	-	-	-	-
	<u>78,655</u>	<u>772</u>	<u>77,883</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets/liabilities at fair value	<u>1,603,606</u>	<u>244,269</u>	<u>(50,678)</u>	<u>1,410,015</u>	<u>1,681,901</u>	<u>244,929</u>	<u>26,972</u>	<u>1,410,000</u>

**Financial liabilities not measured at fair value but  
for which fair values are disclosed**

	Fair value	Level 1	Level 2	Level 3	Carrying value	Fair value	Level 1	Level 2	Level 3	Carrying value
\$70.0m bonds maturing 27 Jun 2016	(74,778)	-	(74,778)	-	70,000	(74,778)	-	(74,778)	-	70,000
CCC loan maturing 15 May 2021	(69,016)	-	(69,016)	-	-	(69,016)	-	(69,016)	-	-
CCC loan maturing 15 April 2023	-	-	-	-	-	-	-	-	-	-
	<u>(143,794)</u>	<u>-</u>	<u>(143,794)</u>	<u>-</u>	<u>70,000</u>	<u>(143,794)</u>	<u>-</u>	<u>(143,794)</u>	<u>-</u>	<u>70,000</u>



**Note 5. Impact of seasonality on results**

There are no material cyclical impacts in the group.

**Note 6. Contingent liabilities**

The contingent liabilities of the group as disclosed in Note 39 of the annual report for the year ended 30 June 2014 are materially the same as at 31 December 2014.

**Note 7. Events subsequent to balance date**

In February 2015, 100% shareholder Christchurch City Council announced that, in the latest draft of its financial strategy, it was considering the option of releasing up to \$750 million in capital from CCHL. The financial strategy will form part of the consultation document for the Council's Long Term Plan, which is due to be released for public comment in March 2015. Details of the strategy and amount to be released from CCHL will not be finalised until the Long Term Plan is adopted in June 2015. CCHL remains ready to cooperate with the Council to assist it in achieving its aims.

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