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FOR IMMEDIATE RELEASE

ATTENTION: CHIEF REPORTERS

### **ICC shares in Bond Contracts sold**

The Invercargill City Council's holding company, Invercargill City Holdings Ltd (Holdco), has sold its remaining 49% in Bond Contracts Ltd to BCL Management Ltd, Holdco Chairman Cr Norman Elder confirmed today.

Cr Elder said Holdco Directors would use some of the sale proceeds to retire debt in Holdco and to pay an extraordinary dividend to Council.

Mr Elder said BCL Management Ltd had earlier this year approached Holdco asking to purchase the remaining 49% of Bond Contracts Ltd. Negotiations had been ongoing.

"Holdco Directors felt that now was the best time to optimise the value of Bond Contracts Ltd and complete transfer of the shares to BCL Management Ltd.

"The Holdco Board's decision was confirmed by its Directors on BCL Management Ltd and an independent share valuation undertaken. The terms of the sale have been discussed, major transaction approval was sought and given by Council," he said.

In June 2006 Holdco sold 51% of Bond Contracts Ltd to BCL Management Ltd (a company jointly owned by Trojan Holdings Ltd and HW Richardson Group Ltd), for approximately \$850,000 (inclusive of tax benefits).

Cr Elder said the sale of the remaining 49% of shares to BCL Management Ltd was the logical thing to do.

"BCL Management has been a good shareholder and Council enjoyed an excellent working relationship with the company, which we expect to continue under contract management.

"Bond Contracts Ltd carries out, on behalf of the City Council, waste collection and transportation, operates the Invercargill waste transfer station, water and drainage network maintenance, footpath construction and maintenance," he said.

ENDS.

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