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MEDIA RELEASE

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Development West Coast makes steady comeback

Development West Coast (DWC) has recovered well from the significant financial challenges of the last two years, resulting in strong year end financial and operational results.

Combining Group Income of \$7.8m with unrealised gains from investments of \$8.7m (\$-8.8m 2009) has delivered a year end total group revenue of \$16.5m.

The Group's 2010 net surplus was \$9.7m. DWC is pleased with this turnaround, reversing the last two years' losses of \$10.0m in 2009 and \$7.0m in 2008.

Total Comprehensive Income, which adds gains in bond and alternative asset values with the Net Surplus, was \$11.3m.

As at 31 March 2010, Group's net assets rose to \$112.3m from \$101.0m in 2009.

"World financial markets, while remaining volatile, have contributed to DWC's equity investments returning over 35% for the year. While this result goes some way to recovering the losses recorded in the previous two financial years, the funds are still not at the levels reached prior to the global financial crisis. The world economies continue to cause concerns and a conservative investment strategy is being maintained with 62.3% of the fund was invested in cash and bonds at balance date" said Chairman, Tony Williams..

Organisational restructuring resulted in a reduction of almost 14% in DWC's Total Operating Expenses for 2010 to \$2.5m (Group Operating Expenses were \$3.6m down from \$4.5m in 2009). These expenses contain the residual costs of managing the remaining distressed Distribution Assets.

Having focused efforts on exiting distressed assets, DWC has now successfully dealt with most of the 'at-risk' Distributions.

"With improved management of the Group's Distribution Assets and lending, DWC has reduced losses with the level of provisioning in 2010 at \$140,000 (Group) compared with \$3.9m in 2009. These results demonstrate a solid turnaround in the short space of a 12 month period", said Chief Executive Officer, Dr John Chang.

Mr Williams said *“the Trust continued to support the West Coast through Community Distributions and Projects, investing \$3m into the region during 2010. However, in future, this aspect of the business must be balanced with the necessity to protect the Trust Fund.*

2011 will be another challenging year for the Trust with a key goal being the implementation of a reserving policy to provide the best possible opportunity to grow the Fund in the long term to meet the needs of both current and future communities of the West Coast.

DWC has made a steady comeback in the past 12 months but we will remain cautious with the ongoing unease in the world financial markets”, said Mr Williams.

2011 will also be a year of consolidation to ensure the changes introduced over the past year are bedded down and operating effectively.

“Our Business Development and Business Services teams will be integral in this as they endeavour to provide West Coast business with access to the information and assistance they require to ensure their ongoing sustainability. We recognise the contribution our SME’s make to the region and supporting them is a key part of our business going forward”, said Dr Chang

For further information, contact

Tony Williams, Chair, DWC, 021 348 150
John Chang, CEO, DWC, 03 768 1065

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