

**PORT INVESTMENTS LIMITED**  
**HALF YEAR REPORT AND FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2001 (UNAUDITED)**

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PORT INVESTMENTS LTD  
DIRECTORY

Directors

Hon M K Shields  
S A Macaskill  
A E McQueen  
A M Lawson  
J W Rowe

Secretary

E P Maguire

Registered Office

142- 146 Wakefield Street  
Wellington

Auditors

Audit New Zealand  
on behalf of the Controller and Auditor-General

Solicitors

Chapman Tripp Sheffield Young

Bankers

The National Bank of New Zealand Limited

PORT INVESTMENTS LIMITED  
DIRECTORS' REPORT

The Directors have pleasure in submitting their half year Report and unaudited Financial Statements for the period ended 31 December 2001.

Principal Activities

Port Investments Ltd is an investment vehicle of the Wellington Regional Council. The object of the company is to effectively manage any investments held, in order to maximise the commercial value to shareholders, while protecting the shareholders' long term interests.

76.9% of CentrePort Limited was purchased by Port Investments Limited from the Wellington Regional Council on 28 October 1998.

|  | Half Year to<br>Dec-01<br>\$000 | Half Year to<br>Dec-00<br>\$000 | Full Year to<br>June-01<br>\$000 |
|--|---------------------------------|---------------------------------|----------------------------------|
| Results and Distributions                              |                                 |                                 |                                  |
| Net surplus (deficit) after tax for the financial year | (1,055)                         | 313                             | 1,106                            |
| Dividend distribution                                  |                                 |                                 | 1,100                            |

The Directors intend to transfer by way of subvention payment all assessable income for the full year to another member of the group. No allowance for such a subvention payment has been incorporated into these financial statements.

Disclosure of Interests by Directors

Hon M K Shields  
Chairperson of the Wellington Regional Council

S A Macaskill  
Former Chairperson of the Wellington Regional Council

A E McQueen  
Former Councillor of the Wellington Regional Council

A M Lawson  
None

J W Rowe  
None

Directors' Interest Register

Directors have had no interest in any transaction or proposed transaction of the company.

Directors' Use of Company Information

There were no notices from Directors requesting use of Company information received in their capacity as Directors which would not have otherwise been available to them.

Directors' Indemnity and Insurance

The company's parent company, WRC Holdings Limited, has arranged insurance to indemnify the Directors against any liability resulting from any act or omission in their capacity as Directors.

Directors' Remuneration

Details of Directors' remuneration are as follows:


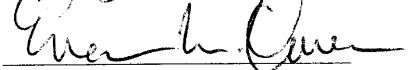
|                 |                |
|-----------------|----------------|
| Hon M K Shields | Nil            |
| S A Macaskill   | <b>\$628</b>   |
| A E McQueen     | <b>\$628</b>   |
| A M Lawson      | <b>\$1,563</b> |
| J W Rowe        | <b>\$1,563</b> |

Auditor

The Audit Office continues in office in accordance with Section 594 of the Local Government Act 1974. The Controller and Auditor-General has appointed E M Mason of Audit NZ to undertake the audit.

For and on behalf of the Board

Director

Date: 12-03-02

Date: 12-3-02

PORT INVESTMENTS LTD  
STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE HALF YEAR ENDED 31 DECEMBER 2001 (UNAUDITED)

|   | Note | Half Year to<br>Dec-01<br>\$000 | Half Year to<br>Dec-00<br>\$000 | Full Year to<br>June-01<br>\$000 |
|---|------|---------------------------------|---------------------------------|----------------------------------|
| <b>REVENUE</b>                              |      |                                 |                                 |                                  |
| Interest income                             |      | 58                              | 83                              | 116                              |
| Convertible note interest                   |      |                                 |                                 |                                  |
| Dividends                                   |      |                                 | 1,538                           | 3,154                            |
| <b>TOTAL REVENUE</b>                        |      | <u>58</u>                       | <u>1,621</u>                    | <u>3,270</u>                     |
| <b>OPERATING EXPENSES</b>                   |      |                                 |                                 |                                  |
| Audit fees                                  | 8    |                                 | 2                               | 2                                |
| Interest on WRC Holdings Limited advance    |      | 1,353                           | 1,597                           | 3,101                            |
| Legal fees                                  |      |                                 | 1                               | 1                                |
| Management fees                             |      | 31                              | 27                              | 54                               |
| Professional fees                           |      |                                 | 8                               | 8                                |
| Directors fees                              | 4    | 4                               | 3                               | 6                                |
| Other expenses                              |      |                                 |                                 |                                  |
| <b>TOTAL EXPENSES</b>                       |      | <u>1,388</u>                    | <u>1,638</u>                    | <u>3,172</u>                     |
| <b>NET OPERATING SURPLUS (DEFICIT)</b>      |      | (1,330)                         | <b>(17)</b>                     | 98                               |
| Taxation (expense) credit                   | 5    | 275                             | 330                             | 1,008                            |
| <b>NET SURPLUS (DEFICIT) FOR THE PERIOD</b> |      | <u><b>(1,055)</b></u>           | <u><b>313</b></u>               | <u><b>1,106</b></u>              |

PORT INVESTMENTS LTD  
STATEMENT OF MOVEMENTS IN EQUITY  
FOR THE HALF YEAR ENDED 31 DECEMBER 2001 (UNAUDITED)

|   | Half Year to<br>Dec-01<br>\$000 | Half Year to<br>Dec-00<br>\$000 | Full Year to<br>June-01<br>\$000 |
|---|---------------------------------|---------------------------------|----------------------------------|
| <b>EQUITY AT START OF THE YEAR</b>                  | 1,575                           | 1,569                           | 1,569                            |
| Net Surplus (deficit) for the year                  | (1,055)                         | 313                             | 1,106                            |
| Total recognised revenues and expenses for the year | (1,055)                         | 313                             | 1,106                            |
| Distributions to owners during the period           |                                 |                                 | (1,100)                          |
| <b>EQUITY AT END OF THE PERIOD</b>                  | <u><b>520</b></u>               | <u><b>1,882</b></u>             | <u><b>1,575</b></u>              |

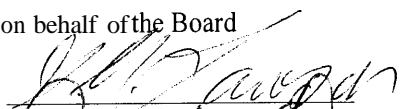

The accompanying notes and accounting policies form part of these financial statements.

PORT INVESTMENTS LTD  
STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2001 (UNAUDITED)

|   | Note     | Half Year to<br>Dee-01<br>\$000 | Half Year to<br>Dee-00<br>\$000 | Full Year to<br>June-01<br>\$000 |
|---|----------|---------------------------------|---------------------------------|----------------------------------|
| <b>EQUITY</b>                                 |          |                                 |                                 |                                  |
| Ordinary share capital                        | <b>2</b> |                                 |                                 |                                  |
| Retained earnings                             |          | <b>520</b>                      | <b>1,882</b>                    | 1,575                            |
| <b>TOTAL EQUITY</b>                           |          | <b>520</b>                      | <b>1,882</b>                    | <b>1,575</b>                     |
| <br>  |          |                                 |                                 |                                  |
| Represented by:                               |          |                                 |                                 |                                  |
| <br>  |          |                                 |                                 |                                  |
| <b>NON-CURRENT ASSETS</b>                     |          |                                 |                                 |                                  |
| Investment in subsidiaries                    | 3        | 44,000                          | 44,000                          | 44,000                           |
| <b>TOTAL NON-CURRENT ASSETS</b>               |          | <b>44,000</b>                   | <b>44,000</b>                   | <b>44,000</b>                    |
| <br>  |          |                                 |                                 |                                  |
| <b>CURRENT ASSETS</b>                         |          |                                 |                                 |                                  |
| Bank & short term deposits                    |          | 1                               | 1                               | 1                                |
| Subvention receivable                         | 5        | 29                              | 12                              | 29                               |
| Dividends receivable                          |          |                                 | 1,538                           | 154                              |
| Current account - Wellington Regional Council | 4        | 794                             | 745                             | 2,859                            |
| <b>TOTAL CURRENT ASSETS</b>                   |          | <b>824</b>                      | <b>2,296</b>                    | <b>3,043</b>                     |
| <b>TOTAL ASSETS</b>                           |          | <b>44,824</b>                   | <b>46,296</b>                   | <b>47,043</b>                    |
| <br>  |          |                                 |                                 |                                  |
| <b>NON-CURRENT LIABILITIES</b>                |          |                                 |                                 |                                  |
| Advance from WRC Holdings Limited             | 4        | 44,000                          | 44,000                          | 44,000                           |
| <b>TOTAL NON-CURRENT LIABILITIES</b>          |          | <b>44,000</b>                   | <b>44,000</b>                   | <b>44,000</b>                    |
| <br>  |          |                                 |                                 |                                  |
| <b>CURRENT LIABILITIES</b>                    |          |                                 |                                 |                                  |
| Creditors                                     |          | 304                             | 414                             | 368                              |
| Dividends payable                             |          |                                 |                                 | 1,100                            |
| <b>TOTAL CURRENT LIABILITIES</b>              |          | <b>304</b>                      | <b>414</b>                      | <b>1,468</b>                     |
| <b>TOTAL LIABILITIES</b>                      |          | <b>44,304</b>                   | <b>44,414</b>                   | <b>45,468</b>                    |
| <br><b>NET ASSETS</b>                         |          | <b>520</b>                      | <b>1,882</b>                    | <b>1,575</b>                     |

For and on behalf of the Board

Director

Date: 12-03-02

Date: 12-3-02

The accompanying notes and accounting policies form part of these financial statements.

PORT INVESTMENTS LTD  
STATEMENT OF CASH FLOWS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2001 (UNAUDITED)

|  | Note | Half Year to<br>Dee-01<br>\$000 | Half Year to<br>Dee-00<br>\$000 | Full Year to<br>June-01<br>\$000 |
|--|------|---------------------------------|---------------------------------|----------------------------------|
| Cash flows from operating activities:                    |      |                                 |                                 |                                  |
| Cash was provided from:                                  |      |                                 |                                 |                                  |
| Dividends received                                       |      | 154                             | 154                             | 3,154                            |
| Interest received  |      |                                 |                                 |                                  |
| Subvention advance received                              |      | 275                             | 330                             | 991                              |
| Cash was applied to:                                     |      |                                 |                                 |                                  |
| Interest paid  |      | (1,407)                         | (1,602)                         | (3,151)                          |
| Net cash flow from operating activities                  | 6    | <u>(978)</u>                    | <u>(1,118)</u>                  | <u>994</u>                       |
| Cash flows from investing activities:                    |      |                                 |                                 |                                  |
| Cash was applied to:                                     |      |                                 |                                 |                                  |
| Investments in shares in subsidiaries                    |      | -                               | -                               | -                                |
| Net cash flow from investing activities                  |      | <u>-</u>                        | <u>-</u>                        | <u>-</u>                         |
| Cash flows from financing activities :                   |      |                                 |                                 |                                  |
| Cash was provided from:                                  |      |                                 |                                 |                                  |
| Movement in current account -Wellington Regional Council |      | 2,078                           | 2,819                           | 706                              |
| Cash was applied to:                                     |      |                                 |                                 |                                  |
| Dividend Paid to WRC Holdings Limited                    |      | (1,100)                         | (1,700)                         | (1,700)                          |
| Net cash flow from financing activities                  |      | <u>978</u>                      | <u>1,119</u>                    | <u>(994)</u>                     |
| Net increase (decrease) in cash held                     |      |                                 | 1                               |                                  |
| Add opening cash brought forward                         |      | 1                               | 1                               | 1                                |
| Closing cash carried forward                             |      | <u>1</u>                        | <u>2</u>                        | <u>1</u>                         |

The accompanying notes and accounting policies form part of these financial statements.

PORT INVESTMENTS LTD  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2001 (UNAUDITED)

1. STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

Port Investments Limited is registered under the Companies Act 1993 and is a wholly owned subsidiary of WRC Holdings Limited, which in turn is a wholly owned subsidiary of the Wellington Regional Council.

The Company is a Local Authority Trading Enterprise as defined in S594 of the Local Government Act 1974. The financial statements are presented in accordance with FRS-24 (Interim Financial Statements) and should be read in conjunction with the Company's 2001 annual report and financial statements.

MEASUREMENT BASE

The general accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis are followed by the company.

REVENUE RECOGNITION

Interest income and dividend income is recognised on an accrual basis.

ACCOUNTING POLICIES

The following accounting policies which materially affect the financial statements have been applied.

(a) Income Tax

The tax credit for the year represents the payments received or receivable from other group companies for income tax losses transferred to those companies.

Deferred taxation is accounted for using the liability method on a comprehensive basis. A deferred tax benefit is only recognised if there is virtual certainty of realisation.

(b) Goods & Services Tax (GST)

All items in the financial statements are exclusive of GST, with the exception of receivables and payables, which are stated as GST inclusive. Where GST is not recoverable as an input tax then it is recognised as part of the related asset or expense.

(c) Investments

Investments in subsidiaries are valued at the lower of cost or net realisable value.

(d) Financial Instruments

The Company is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, investments, debtors and creditors and are detailed in the Statement of Financial Position. Revenue and expenses in relation to financial instruments are recognised in the Statement of Financial Performance.

(e) Revenue Recognition

Interest income and dividend income are recognised on an accrual basis.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies since the date of the last audited financial statements. All policies have been applied on a basis consistent with prior years.



PORT INVESTMENTS LTD  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2001 (UNAUDITED)

|                  | Half Year to<br>Dec-01 | Half Year to<br>Dec-00 | Full Year to<br>June-01 |
|------------------|------------------------|------------------------|-------------------------|
| 2. SHARE CAPITAL | \$000                  | \$000                  | \$000                   |

Authorised and issued capital

10,000,100 ordinary shares of \$1 each issued but uncalled.

|                               | Half Year to<br>Dec-01 | Half Year to<br>Dec-00 | Full Year to<br>June-01 |
|-------------------------------|------------------------|------------------------|-------------------------|
| 3. INVESTMENT IN SUBSIDIARIES | \$000                  | \$000                  | \$000                   |
| CentrePort Limited            | 44,000                 | 44,000                 | 44,000                  |

The estimated value of the company's 76.9% holding in CentrePort Ltd at 30 June 1999 was \$48 million.

4. RELATED PARTY DISCLOSURES

The Company pays a management fee to the Wellington Regional Council for administrative and management services, meeting expenses and travel reimbursement.

At 31 December 2001 the Company has on advance to the Wellington Regional Council \$794,000 (Dec 2000: \$745,000 and June 2001: \$2.86m) on which interest is payable. The interest rate charged on the facility as at 31 December 2001 was 4.86% p.a. (6.61% - Dec 2000 and 5.79% - June 2001). The advance has no fixed repayment term.

The Company has an unsecured advance facility of \$44m with its parent WRC Holdings Limited. The facility matures on 28 Oct 2018. The interest rate charged on the facility as at 31 December 2001 was 5.37% p.a. (7.14% - Dec 2000 and 6.33% - June 2001).

During the year the Company has received dividends and subvention advances from its subsidiary, CentrePort Limited.

Directors Fees:

S A Macaskill received a salary from the Wellington Regional Council during the period until the Local Body elections. Similarly, Hon M K Shields and A E McQueen were entitled to a daily allowance of \$195 for attending WRC Holdings Group meetings on those days where they are not receiving an allowance meeting for attendance at a Wellington Regional Council until the Local Body elections.

Subsequently, Hon M K Shields receives a salary from the Wellington Regional Council.

Because S A Macaskill and A E McQueen did not seek re-election each received fees of \$628 for the period after those elections until 31 December 2001.

A M Lawson and J W Rowe each received fees of \$1,563 during the period.

PORT INVESTMENTS LTD  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2001 (UNAUDITED)

5. TAXATION

|                                       | Half Year to<br>Dec-01<br>\$000 | Half Year to<br>Dec-00<br>\$000 | Full Year to<br>June-01<br>\$000 |
|---------------------------------------|---------------------------------|---------------------------------|----------------------------------|
| Net surplus (deficit) before taxation | (1,330)                         | (17)                            | 98                               |
| Prima facie tax expense @ 33%         | (439)                           | (6)                             | 32                               |
| Adjusted for permanent differences    |                                 |                                 |                                  |
| Non-deductible expenditure            |                                 |                                 | 1                                |
| Non assessable income                 |                                 |                                 |                                  |
| Imputation credits                    |                                 |                                 | (1,041)                          |
| Taxation expense / (credit)           | <u>(275)</u>                    | <u>(330)</u>                    | <u>(1,008)</u>                   |

The tax calculations have not been completed for the half year.

On 22 September 1998 the Company and CentrePort Limited entered into a Tax Loss Sharing Agreement under which the Company will receive a subvention payment from CentrePort Limited equivalent to 33% of its available losses with the balance of losses offset with CentrePort Limited. The tax credit for the period represents the amount due from CentrePort Limited for the current year losses. At 31 December 2001 CentrePort Limited had advanced \$1,254,000 on account of the subvention payment, leaving \$29,000 payable by CentrePort Limited to the Company.

The Company has obtained a legally binding Private Ruling from the Inland Revenue that confirms the deductibility of interest payments made on the company's loan from WRC Holdings Limited.

Imputation Credit Account

|                    | Half Year to<br>Dec-01<br>\$000 | Half Year to<br>Dec-00<br>\$000 | Full Year to<br>June-01<br>\$000 |
|--------------------|---------------------------------|---------------------------------|----------------------------------|
| Opening balance    | 3,367                           | 2,651                           | 2,651                            |
| Dividends received |                                 |                                 | 1,553                            |
| Dividends paid     |                                 |                                 | (837)                            |
| Closing balance    | <u>3,367</u>                    | <u>2,651</u>                    | <u>3,367</u>                     |

PORT INVESTMENTS LTD  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2001 (UNAUDITED)

6. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO  
NET SURPLUS (DEFICIT) AFTER TAX

|  | Half Year to<br>Dec-01<br>\$000 | Half Year to<br>Dec-00<br>\$000 | Full Year to<br>June-01<br>\$000 |
|--|---------------------------------|---------------------------------|----------------------------------|
| Net surplus (deficit) after taxation                                 | (1,055)                         | 313                             | 1,106                            |
| Add (less) movement in working capital:                              |                                 |                                 |                                  |
| (Increase) decrease in debtors                                       | 154                             | (1,384)                         | (17)                             |
| Increase (decrease) in creditors                                     | (1,164)                         | (1,703)                         | (650)                            |
| (Increase) decrease in current account - WRC                         | 2,065                           | 2,775                           | 661                              |
| Add (less) items classified as financing activities:                 |                                 |                                 |                                  |
| Decrease in provision for dividends relating to financing activities | 1,100                           |                                 | 600                              |
| Increase in WRC current account relating to financing activities     | (2,078)                         | (1,119)                         | (706)                            |
| Net cash flow from operating activities                              | <u>(978)</u>                    | <u>(1,118)</u>                  | <u>994</u>                       |

7. KEY PERFORMANCE TARGETS - Statement of Corporate Intent

Key performance targets are set for the WRC Holdings Limited Group as a whole and are reported on in the WRC Holdings Limited Half Year Report and Financial Statements.

8. AUDITORS' REMUNERATION

|  | Half Year to<br>Dec-01<br>\$000 | Half Year to<br>Dec-00<br>\$000 | Full Year to<br>June-01<br>\$000 |
|--|---------------------------------|---------------------------------|----------------------------------|
| Fees to auditors for audit of financial statements |                                 | 2                               | 2                                |
| Fees to auditors for other services                |                                 |                                 |                                  |
|  |                                 | <u>2</u>                        | <u>2</u>                         |

9. CONTINGENT LIABILITIES & ASSETS

The contingent liabilities and assets of the Company at 31 December 2001 were nil (Dec 2000: nil and June 2001: nil)

10. CAPITAL EXPENDITURE COMMITMENTS

Estimated capital expenditure contracted for at balance date but not provided was nil (Dec 2000: nil and June 2001: nil)