

WRC HOLDINGS LIMITED
HALF YEAR REPORT AND FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2001 (UNAUDITED)

<u>Contents</u>	Page
Directory	2
Directors' Report	3
Statement of Financial Performance	6
Statement of Movements in Equity	6
Statement of Financial Position	7
Statement of Cash Flows	8
Notes to the Financial Statements	9

WRC HOLDINGS LIMITED

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

WRC HOLDINGS LIMITED
STATUTORY REPORT OF DIRECTORS
FOR THE HALF YEAR ENDED 31 DECEMBER 2001 (UNAUDITED)

The Directors have pleasure in submitting their Half Year Report including the Financial Statements of the Company and its Subsidiaries for the half year ended 31 December 2001.

Principal Activities

WRC Holdings Limited is an investment holding company of the Wellington Regional Council. The Group consists of WRC Holdings Limited and its wholly owned subsidiary companies Port Investments Limited and Pringle House Limited.

The primary objectives of the group are:

- To operate as a successful and responsible business.
- To own and operate the Wellington Regional Council's headquarters at 142-146 Wakefield Street, Wellington (known as "The Regional Council Centre") on a cost effective basis.
- To own Wellington Regional Council's interest in CentrePort Ltd and to maximise the commercial value to the shareholders and to protect the shareholders investment.
- To effectively manage any other investments held in the group to maximise commercial value to the shareholders and to protect the shareholders investment.

The financial objectives of the group are:

- To provide a commercial return to shareholders.
- To adopt policies which minimise risk and protect the investment of shareholders.

The environmental objectives of the group are:

- To operate in an environmentally responsible manner.
- To minimise the impact of any of the group's activities on the environment.
- To raise awareness of environmental issues within the Group.

The social objectives of the group are:

- To provide a safe and healthy workplace.
- To participate in development, cultural and community activities within the Regions in which the Group operates.

Results	Actual Half Year to Dec-01	Target Full Year to June 2002
Net Profit Before Tax	\$ 3,844,000	\$ 6,113,000
Net Profit After Tax	\$ 2,650,000	\$ 3,776,000
Return on Total Assets	12.10%	10.00%
Return on Shareholder Equity	38.60%	22.70%
Dividend Stream	\$ -	\$ 668,000

Dividends

Interim	<u>\$0</u>
Final	<u>\$0</u>
Total	<u><u>\$0</u></u>

Directors

Directors holding office during the year were:

Parent & Wholly Owned Subsidiaries

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

Subsidiary -- CentrePort Limited

N J Gould
K D Harris
M Cashin
J G Jefferies
E M M Johnson
W Larsen
H J Stone

Remuneration of Directors

Directors' remuneration received during the period was as follows:

Hon M K Shields	Nil
S A Macaskill	\$628
A E McQueen	\$628
A M Lawson	\$1,563
J W Rowe	\$1,563

Entries in the Interest Register

Disclosure of Interests by Directors for the half year ended 31 December 2001:

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

Directors' Insurance

The Company has arranged Directors' and Officers' liability insurance cover to indemnify the Directors against loss as a result of actions undertaken by them as directors and employees respectively, provided they operate within the law. This disclosure is made in terms of Section 162 of the Companies Act 1993.

Directors' Use of Company Information

The Board received no notices during the year from Directors requesting use of Company information received in their capacity as Directors which would not have otherwise been available to them.

Remuneration of Employees

The company has no employees paid over \$100,000.

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 of Directors



Hon M K Shields
Director
12 March 2002



S A Macaskill
Director
12 March 2002

WRC HOLDINGS LIMITED
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF YEAR ENDED 31 DECEMBER 2001 (UNAUDITED)

	Notes	Group			Parent	
		Half Year to Dec-01 \$000	Half Year to Dec-00 \$000	Full Year to June 2001 \$000	Half Year to Dec-01 \$000	Half Year to Dec-00 \$000
REVENUE		20,491	19,415	39,912	1,354	1,598
Expenses		(16,647)	(15,747)	(32,729)	(1,395)	(1,632)
OPERATING SURPLUS BEFORE SUBVENTION & TAXATION						
Subvention Payment	2	3,844	3,668	7,183 (506)	(41) -	(34)
OPERATING SURPLUS BEFORE TAXATION		3,844	3,668	6,677	(41)	(34)
Taxation Expense / (Credit)	7	1,194	1,233	2,149		
SURPLUS AFTER TAXATION	14	2,650	2,435	4,528	(41)	(34)
Share of Surplus applicable to Minority Interest	3	(763)	(785)	(1,593)		
Share of Earnings of Associate Company after Taxation and Dividends		(86)	65	143		
SURPLUS ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY		1,801	1,715	3,078	(41)	(34)

WRC HOLDINGS LIMITED
STATEMENT OF MOVEMENTS IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2001 (UNAUDITED)

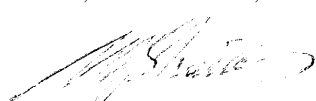
	Notes	Group			Parent	
		Half Year to Dec-01 \$000	Half Year to Dec-00 \$000	Full Year to June 2001 \$000	Half Year to Dec-01 \$000	Half Year to Dec-00 \$000
EQUITY - OPENING BALANCE		21,965	19,140	19,140	7,356	7,339
Total Recognised Revenue & Expenses		1,801	1,715	3,078	(41)	(34)
Contribution to Owners of Parent Company				(900)		
Issue of Ordinary Shares						
Buyback of Ordinary Shares						
Redemption of Redeemable Preference Shares						-
Pre-acquisition Minority Interest						-
Movements in Minority Interest	3	763	323	647		
EQUITY - CLOSING BALANCE	5	24,529	21,178	21,965	7,315	7,305

The Accounting Policies and Notes form part of these Financial Statements.

WRC HOLDINGS LIMITED
STATEMENT OF FINANCIAL POSITION
As at 31 DECEMBER 2001 (UNAUDITED)

	Notes	Group			Parent	
		Half Year to Dec-01 \$000	Half Year to Dec-00 \$000	Full Year to June 2001 \$000	Half Year to Dec-01 \$000	Half Year to Dec-00 \$000
EQUITY	5	24,529	21,178	21,965	7,315	7,305
Represented by:						
ASSETS						
Non Current Assets						
Fixed Assets	6	83,716	72,725	79,776		
Future Taxation Benefit	7	1,142	1,156	1,181		
Investments	9	9,059	7,832	7,645	49,411	49,511
Total Non Current Assets		93,917	81,713	88,602	49,411	49,511
Current Assets						
Cash and Deposits					1	
Receivables and Prepayments	10	4,028	3,647	3,850	304	405
Current Account - Wellington Regional Council	10	1,465	1,175	3,038	103	(6)
Current Account - Pringle House Limited	10				1,800	1,800
Inventories		297	505	324		
Tax Refund		442	4	746		-
Total Current Assets		6,232	5,331	7,958	2,208	2,199
TOTAL ASSETS		100,149	87,044	96,560	51,619	51,710
Less:						
LIABILITIES						
Non Current Liabilities						
Bank Borrowing	11	70,000	59,750	65,800	44,000	44,000
Current Liabilities						
Bank Overdraft		44	209	19		
Current portion of Bank Borrowing	11					
Creditors and Accruals		3,627	3,505	5,913	304	405
Provision for Employee Entitlements		1,949	1,879	1,917		
Provision for Maintenance			61			-
Provision for Dividend	4	-	462	946		-
Provision for Taxation						-
Total Current Liabilities		5,620	6,116	8,795	304	405
TOTAL LIABILITIES		75,620	65,866	74,595	44,304	44,405
NET ASSETS		24,529	21,178	21,965	7,315	7,305

For, and on behalf of, the Board of Directors



Hon M K Shields
Director
 12 March 2002



S A Macaskill
Director
 12 March 2002

The Accounting Policies and Notes form part of these Financial Statements.

WRC HOLDINGS LIMITED
STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2001 (UNAUDITED)

Notes	Group			Parent	
	Half Year to Dec-01 \$000	Half Year to Dec-00 \$000	Full Year to June 2001 \$000	Half Year to Dec-01 \$000	Half Year to Dec-00 \$000
CASH FLOWS FROM OPERATING ACTIVITIES					
<i>Cash was Provided from:</i>					
Receipts from Customers	19,418	18,344	37,787		
Dividends Received	135	30	30	1,100	1,700
Interest Received	6	15	36	1,407	1,601
Other Income					
Taxation Dispute Refund	-		-	-	-
<i>Cash was Disbursed to:</i>					
Payments to Suppliers and Employees	(12,427)	(12,331)	(22,501)		
Restructuring Costs Paid	(297)	(216)	(286)		
Subvention Payment to WRC			(535)		
Income Taxation Paid	(850)	(800)	(2,500)		
Interest Paid	(2,049)	(2,154)	(4,373)	(1,407)	(1,601)
NET CASH FLOWS FROM OPERATING ACTIVITIES	3,936	2,888	7,658	1,100	1,700
14					
CASH FLOWS FROM INVESTING ACTIVITIES					
<i>Cash was Provided from:</i>					
Proceeds from Sale of Fixed Assets	59	52	69		
Proceeds from Sale of Investments					-
<i>Cash was Applied to:</i>					
Purchase of Fixed Assets	(7,652)	(1,246)	(9,417)		
Investment in Shares					
Advance to Associate Companies	(500)	-	-		
Advance to Subsidiary Company		-	-		
Advance to Other Companies	(1,000)	-	-		-
NET CASH FLOWS FROM INVESTING ACTIVITIES	(9,093)	(1,194)	(9,348)		-
CASH FLOWS FROM FINANCING ACTIVITIES					
<i>Cash was Provided from:</i>					
Loan Advances	4,200	-	2,950		
Movement in Current Account - WRC		-	1,204		
Issue of Ordinary Share Capital	-				
<i>Cash was Applied to:</i>					
Settlement of Loans					
Redemption of Preference Share Capital		(3,100)			
Redemption of Ordinary Share Capital					
Movement in Current Account - WRC	1,878	2,781		(200)	(38)
Dividends Paid	(946)	(1,746)	(2,646)	(900)	(1,700)
NET CASH FLOWS FROM FINANCING ACTIVITIES	5,132	(2,065)	1,508	(1,100)	(1,738)
Net Increase in Cash Held	(25)	(371)	(182)		(38)
Add Opening Cash Brought Forward	(19)	162	163	1	38
CLOSING CASH BALANCE	(44)	(209)	(19)	1	

The Accounting Policies and Notes form part of these Financial Statements.

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2001 (UNAUDITED)

NOTE 1

Statement of Accounting Policies

Reporting Entity

WRC Holdings Limited is registered under the Companies Act 1993 and 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 Group consists of WRC Holdings Limited, Pringle House Limited and Port Investments Limited and its subsidiary CentrePort Limited as disclosed in Note 9.

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.

General Accounting Policies

The general accounting policies recognised as appropriate for the measurement and reporting of financial performance, cash flows and financial position under the historical cost method have been followed with the following exceptions: Investment properties are revalued annually to net current value in accordance with SSAP- 17, Accounting for Investment Properties.

The going concern concept has been adopted in the preparation of these financial statements.

Accrual accounting is used to match income and expenses.

Specific Accounting Policies

The specific accounting policies adopted in the preparation of these financial statements which materially affect the measurement of financial performance, cash flows and financial position are set out below:

1.1 Revenue

Revenue shown in the Statement of Financial Performance comprise the amounts received and receivable by the Group for services provided to customers in the ordinary course of business. Income is stated exclusive of Goods and Services Tax collected from customers. Interest income is recognised as it is earned and dividend income is also recognised on an accrual basis.

1.2 Fixed Assets

The Group has four classes of fixed assets:

Land
Buildings, Wharves and Paving
Cranes and Floating Plant
Plant, Vehicles, Furniture and Equipment

The fixed assets acquired by CentrePort Limited on 1 October 1988 are stated at cost based on a business valuation carried out in accordance with the Company plan under Section 21 of the Port Companies Act 1988.

Subsequent purchases of fixed assets are recorded at cost. Cost represents the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service.

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2001 (UNAUDITED)

1.3 Leases

The Group leases certain land, buildings, vehicles and wharves. Operating lease payments, where the lessors effectively retain substantially all risks and benefits of ownership of the leased items, are charged to the Statement of Financial Performance in equal instalments over the lease term.

1.4 Depreciation

Depreciation on fixed assets other than land, is charged on a straight line basis so as to write off the cost of the fixed assets to their estimated residual value over their expected economic lives. The expected economic lives are as follows:

Wharves and Paving	10 to 50 years
Buildings	20 to 50 years
Container Cranes and Floating Plant	10 to 50 years
Plant, Vehicles, Furniture and Equipment	3 to 20 years

1.5 Investments

Investments in Subsidiaries are revalued annually at the lower of cost or net asset backing.

Investment Properties are revalued annually to net current value. The result of the revaluation is credited or debited to the statement of financial performance. There is no depreciation on investment properties.

Investments in Associates are stated at the fair market value of the net tangible assets at acquisition plus the share of post-acquisition increases in reserves.

Other investments are stated at the lower of cost and net realisable value.

1.6 Receivables

Receivables are valued at expected net realisable value inclusive of Goods and Services Tax. Provision has been made for doubtful debts.

1.7 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method. Provision has been made for obsolescence where applicable. Inventories are held for maintenance and construction purposes only.

1.8 Income Taxation

The income taxation expense charged to the statement of financial performance includes both current and deferred tax and is calculated after allowance for non taxable income and non deductible costs.

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.

1.9 Goods and 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.

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2001 (UNAUDITED)

1.10 Basis of Consolidation

The consolidated financial statements include WRC Holdings Limited and its Subsidiaries. The subsidiaries are accounted for using the purchase method which involves adding together corresponding assets, liabilities, revenues and expenses on a line by line basis. The Associate Companies are accounted for on an equity accounting basis, which shows the share of surplus/deficits in the consolidated statement of financial performance and share of post acquisition increases/decreases in net assets in the consolidated statement of financial position. All significant inter-company transactions are eliminated on consolidation.

1.12 Statement of Cash Flows

The following are the definitions used in the Statement of Cash Flows:

- (a) Cash is considered to be cash on hand and current accounts in banks, net of bank overdrafts.
- (b) Investing activities are those activities relating to the acquisition, holding and disposal of fixed assets and of investments. Investments can include securities not falling within the definition of cash.
- (c) Financing activities are those activities which result in the changes in size and composition of the capital structure of the Group. This includes both equity and debt not falling within the definition of cash. Dividends paid in relation to capital structure are included in financing activities.
- (d) Operating activities include all transactions and other events that are not investing or financing activities.

1.13 Financial Instruments

As part of normal operations, the Group is party to financial instruments with off balance sheet risk to meet financing needs. These financial instruments include bank overdraft facilities, forward interest rate and interest swap agreements. Forward interest rate and interest swap agreements are used solely to manage interest rate exposure. The differential to be paid or received is accrued as interest rates change and is recognised as a component of interest income / expense over the life of the agreements.

1.14 Employee Entitlements

Provision is made in respect of the group's liability for annual, long service and retirement leave. Annual leave has been calculated on an actual entitlement basis at current rates of pay whilst the other provisions have been calculated on an actuarial basis at current rates of pay.

1.14 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.

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2001 (UNAUDITED)

NOTE 2

Surplus before Subvention and Taxation

	Group			Parent	
	Half Year to Dec-0 1 \$000	Half Year to Dec-00 \$000	Full Year to June 2001 \$000	Half Year to Dec-0 1 \$000	Half Year to Dec-00 \$000
Surplus before Subvention and Taxation	3,844	3,667	7,183	(41)	(34)
<i>After Crediting:</i>					
REVENUE					
Rental Revenue	648	639	1,299		
Dividends from Associate	135	30	30		
Dividends from Subsidiaries	-				
Interest Revenue	75	110	181	1,354	1,598
<i>After Charging:</i>					
EXPENSES					
Bad Debts Write Off	-	1	8		
Change in Provision for Doubtful Debts			100		
Directors Fees	94	66	147	4	3
Depreciation	2,003	1,787	3,643		
Fees paid to Company Auditors	25	27	61		
Fees paid to Company Auditors for Other Services					
Interest Expense	2,090	2,219	4,305	1,354	1,598
(Profit)/Loss on Sale of Fixed Assets	(59)	(45)	(31)		
Rental and Lease Expenses	340	430	808		
Restructuring Costs	297	216	286		
Write down of investment in subsidiaries	-				
Write down of investment property			265		
Retiring Allowances					

NOTE 3

Minority Interests

	Group		
	Half Year to Dec-01 \$000	Half Year to Dec-00 \$000	Full Year to June 2001 \$000
Opening Balance	13,535	12,888	12,888
Minority share of operating surplus	763	785	1,593
Minority dividends paid or payable		(462)	(946)
Closing Balance	14,298	13,211	13,535

Minority interests represent the Manawatu-Wanganui Regional Council's 23.1% share of CentrePort Limited.

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2001 (UNAUDITED)

NOTE 4

Dividends

	Group			Parent	
	Half Year to Dec-0 1 \$000	Half Year to Dec-00 \$000	Full Year to June 2001 \$000	Half Year to Dec-0 1 \$000	Half Year to Dec-00 \$000
Interim Distributions: Dividend Paid on Ordinary Shares			900		-
Proposed Distributions: Proposed Dividend on Ordinary Shares		462	946		-
Total Dividends Payable		462	1,846		-

NOTE 5

Equity

	Group			Parent	
	Half Year to Dec-01 \$000	Half Year to Dec-00 \$000	Full Year to June 2001 \$000	Half Year to Dec-01 \$000	Half Year to Dec-00 \$000
Ordinary Share Capital					
50,000,000 \$1 shares, uncalled, issued without a premium					
34,541,100 \$1 shares, fully paid, issued without a premium	34,541	34,541	34,541	34,541	34,541
Redeemable Preference Share Capital					
1,200,000 \$1 shares, fully paid, issued at a premium of \$10.25 per share					
1,466,600 \$1 shares, fully paid, issued without a premium					
25,000 \$1000 shares, paid to 1 cent, issued without a premium					
Total Redeemable Preference Shares					
Total Share Capital	34,541	34,541	34,541	34,541	34,541
Retained Earnings	(24,310)	(26,574)	(26,111)	(27,226)	(27,236)
Minority Interest (Note 3)	14,298	13,211	13,535		
Total Equity	24,529	21,178	21,965	7,315	7,305

The Redemption date and dividend payable on the redeemable preference shares is determined by the Directors.

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2001 (UNAUDITED)

NOTE 6

Fixed Assets

	Cost	Revaluation	Accumulated Depreciation	Net Book Value
	\$000	\$000	\$000	\$000
Group - Dec 2001				
Freehold Land	35,539	(832)		34,707
Buildings, Wharves and Paving	54,558	(589)	(19,315)	34,654
Cranes and Floating Plant	12,999	(72)	(3,913)	9,014
Plant, Vehicles, Furniture and Equipment	17,964	(125)	(12,498)	5,341
Total Fixed Assets	121,060	(1,618)	(35,726)	83,716
Group - Dec 2000				
Freehold Land	35,539	(832)		34,707
Buildings, Wharves and Paving	45,101	(589)	(17,040)	27,472
Cranes and Floating Plant	8,303	(72)	(3,508)	4,723
Plant, Vehicles, Furniture and Equipment	22,305	(125)	(16,357)	5,823
Total Fixed Assets	111,248	(1,618)	(36,905)	72,725
Group - June 2001				
Freehold Land	35,539	(832)		34,707
Buildings, Wharves and Paving	52,767	(589)	(18,111)	34,067
Cranes and Floating Plant	9,219	(72)	(3,687)	5,460
Plant, Vehicles, Furniture and Equipment	20,572	(125)	(14,905)	5,542
Total Fixed Assets	118,097	(1,618)	(36,703)	79,776

A Directors valuation of all Group freehold land (other than land associated with investment property) was completed in June 1999. The valuation confirmed that the total value of all freehold land held by the Group was \$43 million.

The revaluation of fixed assets was a necessary component of the acquisition by Port Investments Ltd of 76.9% of CentrePort Limited in 1998/99.

The parent company, WRC Holdings Limited, does not hold any fixed assets.

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2001 (UNAUDITED)

NOTE 7

Taxation

	Group			Parent	
	Half Year to Dec-01 \$000	Half Year to Dec-00 \$000	Full Year to June 2001 \$000	Half Year to Dec-0 1 \$000	Half Year to Dec-00 \$000
Taxation Expense					
The Income Taxation Expense has been calculated as follows:					
Surplus before Taxation	3,844	3,668	6,677	(41)	(34)
Income Taxation on the Surplus for the Year at 33%	1,269	1,210	2,203		
Adjusted for permanent differences					
Imputation Credits			(15)	-	-
Non-assessable income				-	-
Non-deductible expenditure			185		
Timing differences not recognised			(198)		
1998 tax loss recognised			27		
Depreciation					
Prior Period Adjustment			(53)		
Taxation Expense / (Credit)	1,194	1,233	2,149		

The Taxation Expense is represented by:

Current Year Taxation	2,315
Future Taxation Benefit	(166)
Taxation Expense / (Credit)	2,149

Future Taxation Benefit Comprises

Opening Balance	1,066
Current Year Movement	166
Prior Year Adjustments	(51)
Future Taxation Benefit	1,181

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

On 22 September 1998 WRC Holdings and its subsidiaries and the CentrePort Group entered into a Tax Loss Sharing Agreement under which the WRC Holdings Group will receive subvention payments from the CentrePort Group equivalent to 33% of its available losses with the balance of losses offset.

The WRC Holdings Group has obtained a legally binding Private Ruling from the Inland Revenue that confirms the tax treatment of the acquisition of CentrePort Limited, and in particular, the deductibility of interest to Port Investments Limited and WRC Holdings Limited in relation to money borrowed to acquire the company.

A deferred tax asset (June 2001 \$7.62 million), has not been recognised in relation to timing differences arising from the difference between accounting and tax depreciation on the basis that there is no virtual certainty of the realisation of that asset. Of this amount, \$6.9 million relates to CentrePort Limited.

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2001 (UNAUDITED)

NOTE 8

Imputation Credit Account

	Group			Parent	
	Half Year to Dec-0 1	Half Year to Dec-00	Full Year to June 2001	Half Year to Dec-01	Half Year to Dec-00
Opening Balance	\$000 7,173	\$000 6,060	\$000 6,060	\$000 15	\$000 15
Opening Balance of CentrePort & Subsidiaries Movements			1,113		
Closing Balance	7,173	6,060	7,173	15	15

The imputation credits available to the shareholders of the parent company as at 31 December 2001 include imputation credits available through direct shareholding in the Parent Company and through indirect interests in Subsidiaries.

Imputation credits available to the shareholders of the Parent Company as at 31 December 2001 are:

Through direct shareholding in the Parent Company	15	15
Through indirect interests in Subsidiaries	7,158	6,045

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2001 (UNAUDITED)

NOTE 9

Investments

All Group companies have a common balance date of 30 June and all significant inter-company transactions have been eliminated on consolidation.

Name	Relationship	Equity Held	Principal Activity		
Pringle House Limited	Subsidiary	(100%)	Property	Owner	
Port Investments Limited	Subsidiary	(100%)	Investment	Management	
CentrePort Limited	Subsidiary	(76.9%)	Port	Operations	
Container Terminals Limited	Subsidiary	(76.9%)	Inactive	Company	
Port of Wellington (1988) Limited	Subsidiary	(76.9%)	Property	Owner	
Port Wellington Limited	Subsidiary	(76.9%)	Inactive	Company	
Medical Waste Limited	Associate	(38.5%)	Incineration	of Waste	
CentrePac Limited	Associate	(38.5%)	Container	Packing	
Transport Systems 2000 Limited	Associate	(38.5%)	Container	Depot	

	Group			Parent	
	Half Year to Dec-01 \$000	Half Year to Dec-00 \$000	Full Year to June 2001 \$000	Half Year to Dec-0 1 \$000	Half Year to Dec-00 \$000
Investments in Subsidiary Companies					
Investments are stated at the lower of cost and net asset backing and comprise:					
Pringle House Limited				5,411	5,511
Port Investments Limited					
Investment in Associate Companies					
Shares in Associate Companies at Cost	461	396	461		
Share of Post-Acquisition Retained Earnings	218	291	304		
Advance to Associate Company	500				
Other Investments					
Investment Property	6,880	7,145	6,880		
Advance to Other Companies	1,000		-		
Advance to Subsidiary				44,000	44,000
Total Investments	9,059	7,832	7,645	49,411	49,5 11

The Company has an advance facility with its subsidiary Port Investments Limited. The facility matures on 28 October 2018. The interest rate charged on the facility as at 31 December 2001 was 5.37% p.a. (Dec 2000 7.14% and June 2001 6.33%).

Investment properties representing the Regional Council Centre at 142- 146 Wakefield Street, Wellington were valued as at 30 June 2001 by Richard Ellis (Wellington) Limited.

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2001 (UNAUDITED)

NOTE 10

Receivables and Prepayments

	Group			Parent	
	Half Year to Dec-01 \$000	Half Year to Dec-00 \$000	Full Year to June 2001 \$000	Half Year to Dec-01 \$000	Half Year to Dec-00 \$000
Trade Receivables	3,314	2,986	3,277		-
Prepayments and Other Receivables	635	581	494		
Shareholder Subvention Payment	29	12	29		-
Associate Company Advance	50	68	50		
Interest Receivable				304	405
Dividends Receivable					
Total Receivables and Prepayments	4,028	3,647	3,850	304	405
Current Accounts					
Current Account - PHL				1,800	1,800
Current Account - WRC	1,465	1,175	3,038	103	(6)
Total Current Accounts	1,465	1,175	3,038	1,903	1,794

NOTE 11

Bank Borrowing

The Parent has a bank loan facility of \$44,000,000 drawn to \$44,000,000 which is secured by a debenture over the assets of company and matures on 28 October 2006. The interest rate charged on the facility as at 31 December 2001 was 5.37% p.a. (Dec 2000 7.14% and June 2001 6.33%)

CentrePort Limited has a bank loan facility which is unsecured and matures on 14 April 2002. The interest rate charged on the facility as at 31 December 2001 ranged from 5.1% to 6.1% p.a.

NOTE 12

Operating Leases

	Group			Parent	
	Half Year to Dec-01 \$000	Half Year to Dec-00 \$000	Full Year to June 2001 \$000	Half Year to Dec-01 \$000	Half Year to Dec-00 \$000
Lease commitments for non-cancellable operating leases as at balance date were:					
Less than One Year	196	327	160		
One to Two Years	69	6			
	265	333	160	-	-

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2001 (UNAUDITED)

NOTE 13

Financial Instruments

Nature of activities and management policies with respect to financial instruments:

Fair Values

The estimated fair value of the Interest Rate Swap Agreements is a surplus of \$111,000 (Carrying Value Nil).

The estimated fair values of all other financial instruments of the Group are the carrying amounts of the financial instruments.

Interest Rate Risk

The Group has an exposure to interest rate movements as a result of its term borrowing facilities. To minimise this risk, management monitors the levels of interest rates on an ongoing basis and uses forward rate and swap agreements to hedge interest rates when rates are anticipated to rise. At balance date the Group had entered into the Forward Rate and Swap Agreements with maturities of

	Group			Parent	
	Half Year to Dec-01 \$000	Half Year to Dec-00 \$000	Full Year to June 2001 \$000	Half Year to Dec-01 \$000	Half Year to Dec-00 \$000
Less than One Year	13,000	6,000	11,000		
One to Two Years	7,000	7,000	6,000		
Two to Three Years	5,000		3,000		
Three to Four Years			5,000		

Credit Risk

Financial instruments which potentially subject the Group to credit risk principally consist of bank balances, money market deposits and accounts receivable. The Group performs credit evaluations on all customers requiring credit and generally does not require collateral. Maximum exposures to credit risk as at balance date are:

	Group			Parent	
	Half Year to Dec-01 \$000	Half Year to Dec-00 \$000	Full Year to June 2001 \$000	Half Year to Dec-0 1 \$000	Half Year to Dec-00 \$000
Cash and Deposits	(44)	(209)	(19)	1	
Receivables	5,493	4,822	6,888	2,207	2,199

No collateral is held on the above amounts. All amounts owed to the Parent are from related parties.

Concentrations of Credit Risk

The Group is not exposed to any significant concentrations of credit risk.

Credit Facilities

CentrePort Limited has a total bank overdraft facility of \$1,000,000 and New Zealand dollar Commercial Bill facilities of \$33,000,000. Of these, \$26,047,000 (Dec 2000: \$15,750,000 & June 2001: \$21,822,000) has been drawn down.

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2001 (UNAUDITED)

NOTE 14

Reconciliation of Surplus After Taxation with Cash Flows from Operating Activities

	Group			Yarent	
	Half Year to Dec-0 1 \$000	Half Year to Dec-00 \$000	Full Year to June 2001 \$000	Half Year to Dec-01 \$000	Half Year to Dec-00 \$000
Reported Surplus After Taxation and before including Share of Retained Surplus of Associate Companies	2,650	2,435	4,528	(41)	(34)
Add (Less) Non Cash Items:					
Depreciation	2,003	1,787	3,643		
(Profit)/Loss on Sale of Fixed Assets	(59)	(45)	(31)		-
Gain on Sale of Investments					
(Increase)/Decrease in value of investments/properties			265		
Increase in Future Taxation Benefit	39	(90)	(115)		
Add (Less) Movements in Working Capital:					
(Increase)/Decrease in Accounts Receivable	(176)	(412)	(617)	1,155	1,704
Increase/(Decrease) in Accounts Payable	(3,202)	(2,480)	391	(970)	(1,718)
(Increase)/Decrease in Current Account - Wellington Regional Council	1,573	2,532	668	(144)	10
Increase/(Decrease) in Current Account - Pringle House Limited					
Decrease in Inventory	27	(190)	(9)		
Decrease in Taxation Dispute Deposit					
(Increase)/Decrease in Taxation	304	523	(219)		
Add (Less) Items Classified as Investing and Financing Activities:					
Dividends Payable	946	(416)	800	900	1,700
Loan to Associate Company					
Increase in Current Accounts relating to Financing Activities	(1,878)	(1,081)	(1,204)	200	38
Increase in Accounts Payable related to Fixed Assets	1,709	325	(442)		
Net Cash Inflow From Operating Activities	3,936	2,888	7,658	1,100	1,700

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2001 (UNAUDITED)

NOTE 15

Related Parties

WRC Holdings Limited is 100% owned by the Wellington Regional Council. During the year transactions between WRC Holdings Limited and related parties included:

	Half Year to Dee-01 \$000	Parent Half Year to Dee-00 \$000	Full Year to June 2001 \$000
Wellington Regional Council			
Income received from interest on inter company current accounts			
Proposed Dividend		-	(900)
Payment for Management Fees	(33)	(30)	(60)
WRC Holdings Subsidiaries			
Dividend Income			1,100
Interest Income on PIL Advance	1,354	1,598	3,101

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.

NOTE 16

Contingent Liabilities

The following contingent liabilities existed at 31 December 2001:

Parent Company

The Parent Company has uncalled capital in Port Investments Limited of \$1 0,000, 100. (Dec 2000: \$10,000,100 and June 2001 \$10,000,100).

Subsidiary Companies - CentrePort Limited

Customers of CentrePort Limited have commenced litigation disputing the level of the Company's charges and seeking some reimbursement of charges paid. CentrePort has lodged counter claims against the customers for breach of contract in respect of fees that have been withheld. The charges determined by Centreport as appropriate are included within trade receivables (Note 10) at balance date. Professional advice indicates that Centreport has no significant further exposure to customer claims.

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2001 (UNAUDITED)

NOTE 17

Capital Commitments

The following capital commitments existed at 31 December 2001:

Parent Company

The Parent Company has no capital commitments. (Dec 2000: Nil and June 2001: Nil)

Subsidiary Companies - CentrePort Limited

At balance date there were commitments in respect of contracts for capital expenditure of \$449,000 (Dec 2000: \$4,250,000 and June 2001: \$4,149,000).

NOTE 18

Segment Information

WRC Holdings Limited operates in one industry, the operation of an investment company. All operations are carried out within New Zealand.