CENTREPQRT LIMITED
FOURTEENTI-I STATUTORY REPORT OF DIRECTORS
For the Year ended 30 June 2002

Your Directors have pleasure in submitting their Annual Report including the financial statements of the Company and its Subsidiaries for the year ended 30 June 2002.

Principal Business

CentrePort Limited is a port company pursuant to the Port Companies Act 1988. Its principal business is the management and operation of a commercial port.

Results

- Group revenue for the year ended 30 June 2002 was $40,443,000.
- Net profit attributable to shareholders of the Company was $7,359,000 after providing for taxation of $3,016,000.
- Total equity at 30 June 2002 was $61,611,000.

Dividends

Interim	$ 4,000,000
Final	$ 400.000
Total	$ 4,400,000

Directors

Directors' holding office during the year were:

Parent & Subsidiaries
N J Gould
M J Cashin
K D Harris
J G Jefferies
E M M Johnson
W A Larsen (appointed 22 August 2001)
H J Stone

Remuneration of Directors.

Directors' remuneration paid during the year, was as follows:	Group & Parent
N J Gould	$ 40,000
M J Cashin	$ 22,000
K D Harris	$200,000
J G Jefferies	$ 26,000
E M M Johnson	$ 26,000
W A Larsen	$ 20,167
H J Stone	$ 22,000

CentrePort maintains an Interests Register in which particulars of certain transactions and matters involving the Directors are recorded. The following are the particulars of changes made in the Interests Register for the year 1 July 2001 to 30 June 2002.

Directors disclosed interests in the following entities pursuant to section 140 of the Companies Act 1993:

NJ Gould, Chairman
- Resigned as Director of Wellington Regional Chamber of Commerce
- Director of Intaz Limited

M J Cashin
- No changes

K D Harris, Managing Director
- Chairman of Wellington Regional Economic Development Agency

J G Jefferies
- No changes

E M M Johnson
- Chairman of Awaroa Partners Limited
- Chairman of Honeyborne Investments Limited

W A Larsen
- Director of Air New Zealand Limited
- Director of Central Stevedoring Limited (formerly called Port Wellington Limited)
- Director / Shareholder in Fletcher Challenge Forests Limited
- Director of Owens Group Limited
- Director of Port of Wellington (1988) Limited
- Director of Port Wellington Limited (formerly called Container Terminals Limited)
- Director of Richmond Limited
- Director / Shareholder in Vending Technologies Limited

H J Stone
- No changes

Directors' Insurance

The Company has arranged Directors' and Officers' liability insurance cover for $20 million with QBE Insurance (International) Limited to indemnify the Directors against loss as a result of actions undertaken by them as directors and employees provided they operate within the law. This disclosure is made in terms of Section 162 of the Company 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 been otherwise available to them.

Remuneration of Employees

During the year, the number of employees or former employees of CentrePort Limited and its Subsidiaries who received remuneration and other benefits in excess of $100,000 are:

	Number of Current Employees	Number of Former Employees
$100,001 - $110,000	1	
$110,001 - $120,000	6	3
$140,001 - $150,000		1
$150,001 - $160,000		1
$170,001 - $180,000		1

A former employee is one who left the employment of the Company during the year by way of resignation, retirement or redundancy.

Auditor

The Audit Office continues in office in accordance with Section 19 of the Port Companies Act 1988. The Controller and Auditor-General has appointed Mr I C Marshall of Deloitte Touche Tohmatsu to undertake the audit.

For, and on behalf of, the Board of Directors

N J Gould
Chairman
22 August 2002

K D Harris
Managing Director
22 August 2002

CENTREPORT LIMITED

STATEMENT OF FINANCIAL PERFORMANCE
For the Year ended 30 June 2002

	Notes	Group 2002 $000	Group 2001 $000	Parent 2002 $000	Parent 2001 $000
REVENUE		40,443	38,451	46,446	38,308
Expenses		(28,690)	(27,225)	(35,522)	(34,030)
SURPLUS BEFORE INTEREST		11,753	11,226	10,924	4,278
Net Interest Expense		(1,378)	(1,162)	(1,378)	(1,167)
SURPLUS BEFORE TAXATION	2	10,375	10,059	9,546	3,111
Taxation Expense	7	(3,016)	(3,157)	(1,284)	(1,161)
SURPLUS AFTER TAXATION	15	7,359	6,902	8,262	1,950

STATEMENT OF MOVEMENTS IN EQUITY
For the Year ended 30 June 2002

	Note	Group 2002 $000	Group 2001 $000	Parent 2002 $000	Parent 2001 $000
EQUITY - OPENING BALANCE		58,652	55,850	21,292	23,442
Surplus after Taxation		7,359	6,902	8,262	1,950
Dividends	4	(4,400)	(4,100)	(4,400)	(4,100)
EQUITY - CLOSING BALANCE		61,611	58,652	25,154	21,292

The Statement of Accounting Policies and Notes on pages 7 to 18 form part of these Financial Statements.

For, and on behalf of, the Board of Directors

N J Gould
Chairman
22 August 2002

K D Harris
Managing Director
22 August 2002

CENTREPORT LIMITED
STATEMENT OF FINANCIAL POSITION
As at 30 June 2002

	Notes	Group 2002 $000	Group 2001 $000	Parent 2002 $000	Parent 2001 $000
EQUITY	5	**61,611**	58,652	25,154	2 1,292
Represented by:					
ASSETS					
Non Current Assets					
Fixed Assets	6	86,637	81,228	40,377	40,975
Future Taxation Benefit	7	1,145	1,181	1,145	1,181
Investments	12	2,262	765	33,314	31,814
Total Non Current Assets		90,044	83,174	74836	73,970
Current Assets					
Receivables and Prepayments	9	3,330	3,811	3,330	3,811
Inventories		278	324	278	324
Taxation Refund		**601**	746	340	475
Total Current Assets		4,209	4,881	**3,948**	4,610
TOTAL ASSETS		94,253	88,055	78,784	78,580
Less:					
LIABILITIES					
Bank Borrowing	10	25,800	21,800	**25,800**	21,800
Current Liabilities					
Bank Overdraft		593	22	593	22
Creditors and Accruals		3,905	5,464	3,905	5,464
Provision for Employee Entitlements	14	**1,944**	1,917	1,944	1,917
Provision for Dividend	4	400	200	400	200
Due to Subsidiaries	11			20,988	27,885
Total Current Liabilities		6 842	7 603	27 830	35,488
TOTAL LIABILITIES		32,642	29,403	53,630	57,288
NET ASSETS		**61,611**	58,652	25,154	21,292

The Statement of Accounting Policies and Notes on pages 7 to 18 form part of these Financial Statements.

CENTREPORT LIMITED
STATEMENT OF CASH FLOWS
For the Year ended 30 June 2002

	Note	Group 2002 $000	Group 2001 $000	Parent 2002 $000	Parent 2001 $000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash was Provided from:					
Receipts from Customers		40,476	37,787	40,476	37,787
Dividends Received		135	30	6,135	30
Interest Received		110	36	110	36
Cash was Disbursed to:					
Payments to Suppliers and Employees		(23,723)	(22,501)	(34,028)	(31,810)
Restructuring Costs Paid		(685)	(286)	(685)	(286)
Income Taxation Paid		(2,029)	(2,512)	(836)	(960)
Subvention Payments		(805)	(979)	(277)	(490)
Interest Paid		(1,393)	(1,222)	(1,393)	(1,222)
NET CASH FLOWS FROM OPERATING ACTIVITIES	15	12,086	10,353	9,502	3,085
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash was Provided from:					
Proceeds from Sale of Fixed Assets		65	69		
Repayment of Advance from Associate Companies		50		50	
Cash was Applied to:					
Purchase of Fixed Assets		(11,072)	(9,417)	(2)	(60)
Interest Bearing Advance		(1,000)	-	(1,000)	-
Advance to Associate Companies		(500)	-	(500)	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		(12,457)	(9,348)	(1,452)	(60)
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash was Provided from:					
Loan Advances		4,000	2,950	4,000	2,950
Cash was Applied to:					
Settlement of Subsidiary Company Advances			-	(8,421)	(2,020)
Dividends Paid		(4,200)	(4,100)	(4,200)	(4,100)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(200)	(1,150)	(8,621)	(3,170)
Net Decrease in Cash Held		(571)	(145)	(571)	(145)
Add Opening Cash / (Overdraft) Brought Forward		(22)	123	(22)	123
ENDING OVERDRAFT CARRIED FORWARD		(593)	(22)	(593)	(22)

The Statement of Accounting Policies and Notes on pages 7 to 18 form part of these Financial Statements.

CENTREPORT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 30 June 2002

NOTE I

Statement of Accounting Policies

Reporting Entity

CentrePort Limited is a company registered under the Companies Act 1993. The Group consists of CentrePort Limited, its Subsidiaries and Associates as disclosed in Note 12.

The financial statements and group fmancial statements of CentrePort Limited are presented in accordance with the Companies Act 1993 and the Port Companies Act 1988 and have been prepared to comply with the Financial Reporting Act 1993.

General Accounting Policies

The genera1 accounting policies recognised as appropriate for the measurement and reporting of fmancial performance, cash flows and financial position under the historical cost method have been followed. The going concern concept has been adopted in the preparation of these fmancial statements. Accrual accounting is used to match income and expenses.

Specific Accounting Policies

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

1.1 Revenue

Revenue shown in the Statement of Financial Performance comprises 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.

1.2 Fixed Assets

The Group has four classes of fixed assets:

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

The fixed assets acquired by the Group on 1 October 1988 are recorded at cost, based on a business valuation carried out in accordance with the Company plan under Section 2 1 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.

All fixed assets, except land are depreciated.

1.3 Leased Assets

Group entities lease certain land, buildings, wharves and plant. 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.

CENTREPORT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 30 June 2002

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:

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

1.5 Investments

Investments in Associate Companies 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 purposes only.

1.8 Income Taxation

The Group follows the liability method of accounting for deferred taxation.

The income taxation expense charged against the surplus for the year is the estimated liability in respect of that surplus and is calculated after allowance for permanent differences and timing differences not expected to reverse in the foreseeable future. This is the partial basis for the calculation of deferred taxation.

Future taxation benefits attributable to timing differences or taxation losses carried forward are only recognised when there is virtual certainty that the benefit of the timing differences or taxation losses will be utilised by the Group.

1.9 Basis of Consolidation

The consolidated financial statements include the Parent Company and its Subsidiaries. Subsidiaries are those entities controlled directly or indirectly by the Parent Company. The financial statements of subsidiaries are included in the consolidated financial statements using the purchase method. Associates are entities in which the Group has significant interest, but not control, over the operating and financial policies. The Associate Companies are accounted for on an equity accounting basis. The Group's share of the net surplus of Associate Companies is recognised as a component of revenue in the Statement of Financial Performance. Dividends received from Associate Companies are credited to the carrying amount of the investment in Associate Companies.

All significant inter-company transactions are eliminated on consolidation.

CENTREPORT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 30 June 2002

1.10 Provision for Employee Entitlements

A provision for employee entitlements is recognised as a liability in respect of benefits earned by employees but not yet received at balance date. Employee benefits include salaries, wages, annual leave and long service leave. Where the services that gave rise to the employee benefits are expected to be paid for within twelve months of balance date, the provision is the estimated amount expected to be paid by the Group. The provision for other employee benefits is stated at the present value of the future cash outflows expected to be incurred.

The present value is determined by discounting the future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liabilities.

1.11 Provision for Dividends

Dividends are recognised in the period that they are authorised and approved.

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 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 defmition 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 within predetermined policies and limits in order 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 Changes in Accounting Policies

In the current year the Group changed its policy of accounting for its Investments in Associate Companies in accordance with FRS – 38 Accounting for Investments in Associates (refer to accounting policy 1.9). The implementation of the new accounting policy has not had a material impact on the consolidated financial statements in the current year.

The Group's share of the net surplus of Associate Companies is recognised as a component of revenue in the Statement of Financial Performance. Dividends received from Associate Companies are credited to the carrying amount of the Investments in Associate Companies. Previously the Group's share of the net surplus of Associate Companies, after adjusting for any dividends received, was recognised in the Statement of Financial Performance following the surplus after taxation. Dividends received from Associate Companies were recognised as a component of revenue in the Statement of Financial Performance.

With the exception of the above change in accounting policies, uniform accounting policies have been applied throughout the Group on a consistent basis with those of the previous year.

CENTREPORT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 30 June 2002

NOTE 2

Surplus before Taxation

	Note	Group 2002 $000	Group 2001 $000	Parent 2002 $000	Parent 2001 $000
Surplus before Taxation		**10,375**	10059	9546	3111
After Crediting:					
REVENUE					
Equity Accounted Earnings of Associate Companies	3	132	173		
Dividend Received from Associates				135	30
Dividend Received from Subsidiaries				6,000	
Interest Received		119	36	119	36
After Charging:					
EXPENSES					
Bad Debts Written Off		10	8	10	8
Change in Provision for Doubtful Debts		132	100	132	100
Depreciation	6	4,140	3,602	601	625
Directors' Fees		156	122	156	122
Fees Paid to Parent Company Auditors for:					
- Audit Services		49	50	49	50
- Other Assurance Services		68	13	68	13
- Consultancy Services		29	12	29	12
Interest Expense		1,497	1,203	1,497	1,203
Net Profit on Sale of Fixed Assets		(65)	(31)		
Rental and Lease Expenses		712	808	15,264	14,971
Restructuring Costs		695	286	695	286

NOTE 3

Equity Accounted of Earnings of Associate Companies

	Group 2002 $000	Group 2001 $000
Share of Earnings of Associate Companies before Taxation	196	265
Taxation	(64)	(92)
Equity Accounted of Earnings of Associate Companies after Taxation	132	173

NOTE 4

Dividends

	Group and Parent 2002 $000	Group and Parent 2001 $000
Interim Distributions: Dividend Paid on Ordinary Shares	4,000	3,900
Proposed Distributions: Proposed Dividend on Ordinary Shares	400	200
Total Dividends Paid or Payable	4,400	4,100

CENTREPORT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 30 June 2002

NOTE 5

Equity

	Group and Parent 2002 $000	2001 $000
Equity includes:		
Issued and Paid Up Capital		
23,424,657 ordinary shares	30,000	30,000

NOTE 6

Fixed Assets

	cost $000	Accumulated Depreciation $000	Net Book Value $000	Depreciation Expense $000
Group – 2002				
Freehold Land	35,539		35,539	
Buildings,.Wharves and Paving	56,284	20,586	35,698	2,491
Cranes and Floating Plant	14,525	4,177	10,348	502
Plant, Vehicles and Equipment	12,582	7,530	5,052	1,147
Total Fixed Assets	118,930	32,293	86,637	4,140
Group – 2001				
Freehold Land	35,539		35,539	
Buildings, Wharves and Paving	52,767	18,111	34,656	2,127
Cranes and Floating Plant	9,219	3,687	5,532	340
Plant, Vehicles and Equipment	18,079	12,578	5,501	1,135
Total Fixed Assets	115,604	34,376	81,228	3,602
Parent – 2002				
Freehold Land	35,539		35,539	
Paving	11,481	6,643	4,838	601
Total Fixed Assets	47,020	6,643	40,377	601
Parent – 2001				
Freehold Land	35,539		35,539	
Paving	11,479	6,043	5,436	625
Total Fixed Assets	47,018	6,043	40,975	625

A Directors' valuation of all Group freehold land was completed in June 1999 at $43 million.

CENTREPORT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 30 June 2002

NOTE 7

Taxation

	Group 2002 $000	Group 2001 $000	Parent 2002 $000	Parent 2001 $000
Taxation Expense				
The Income Taxation Expense has been calculated as follows:				
Surplus before Taxation	10,375	10,059	9,546	3,111
Income Taxation on the Surplus for the Year at 33%	3,424	3,319	3,150	1,027
Taxation Effect of				
- Permanent Differences	140	97	(1,863)	96
- Timing Differences not Recognised	(257)	(144)	99	103
- Equity Accounted Earnings from Associate Companies	(1)	(47)	-	-
Benefit of Imputation Credits Received	(59)	(15)	(59)	(15)
Current Year Taxation Expense	3,247	3,210	1,327	1,211
Prior Year Adjustments	(231)	(53)	(43)	(50)
Taxation Expense	3,016	3,157	1,284	1,161
The Taxation Expense is represented by:				
Current Year Taxation	2,234	2,344	1,030	837
Future Taxation Benefit	(23)	(166)	(23)	(166)
Subvention Payments	805	979	277	490
	3,016	3,157	1,284	1,161
Future Taxation Benefit Comprises				
Opening Balance	1,181	1,066	1,181	1,066
Current Year Movement	23	166	23	166
Prior Year Adjustments	(59)	(51)	(59)	(51)
Closing Balance	1,145	1,181	1,145	1,181
Taxation Balances Not Recognised				
Taxation Effect of the Differences between the Accounting and Taxation Treatment of Depreciation	6,465	6,910	749	669

A deferred tax asset of $6.465m (2001: $6.910m) has not been recognised in the financial statements in relation to timing differences in the Group from the difference between accounting and tax depreciation on the basis that there is no virtual certainty of the realisation of that asset.

CENTREPORT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 30 June 2002

NOTE 8

Imputation Credit Account

	Parent 2002 $000	Parent 2001 $000
Opening Balance	1,756	2,739
Imputation Credits Attached to Dividends Received	3,022	36
Imputation Credits Attached to Dividends Paid	(2,069)	(2,019)
Income Taxation Paid	930	1,000
Closing Balance	3,639	1,756
Imputation credits available to the Shareholders of the Parent Company as at 30 June 2002 are:		
Through direct shareholding in the Parent Company	3,639	1,756
Through indirect interests in Subsidiaries	1,283	3,168

NOTE 9

Receivables and Prepayments

	Group 2002 $000	Group 2001 $000	Parent 2002 $000	Parent 2001 $000
Trade Receivables	3,145	3,267	3,145	3,267
Prepayments and Other Receivables	185	494	185	494
Associate Company Advance		50		50
Total Receivables and Prepayments	3,330	3,811	3,330	3,811

NOTE 10

Bank Borrowing

The Parent Company has a bank loan facility which is unsecured and matures on 14 April 2004. The interest rate charged on the facility as at 30 June 2002 ranged from 4.9% to 6.4% p.a.

NOTE 11

Due to Subsidiaries

	Parent 2002 $000	Parent 2001 $000
Central Stevedoring Limited	20	20
Port Wellington Limited	1,167	1,167
Port of Wellington (1988) Limited	19,801	26,698
Total Due to Subsidiaries	20,988	27,885

CENTREPORT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 30 June 2002

NOTE 12

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
Central Stevedoring Limited (formerly Port Wellington Limited)	Subsidiary	(100%)	Inactive Company
Port Wellington Limited (formerly Container Terminals Limited)	Subsidiary	(100%)	Inactive Company
Port of Wellington (1988) Limited	Subsidiary	(100%)	Property Owning
CentrePac Limited	Associate	(50%)	Container Packing
Medical Waste (Wellington) Limited	Associate	(50%)	Treatment of Waste
Transport Systems 2000 Limited	Associate	(50%)	Container Depot

	Note	Group		Parent	
		2002 $000	2001 $000	2002 $000	2001 $000
Investments in Subsidiary Companies					
Investments are stated at the lower of cost and net realisable value and comprise:					
Central Stevedoring Limited				1	1
Port Wellington Limited				633	633
Port of Wellington (1988) Limited				30,719	30,719
				31,353	31,353
Investments in Associate Companies					
Opening Balance of Carrying Amount		765	622	461	461
Equity Accounted Earnings of Associate Companies	3	132	173	-	
Dividends from Associate Companies		(135)	(30)	-	
Closing Balance of Carrying Amount		762	765	461	461
Term Investments					
Interest Bearing Advance		1,000		1,000	
Advance to Associate Companies		500		500	
		1,500		1,500	
Total Investments		2,262	765	33,314	31,814

The interest bearing advance is secured by debenture, mortgage and guarantees. Other investments are unsecured.

CENTREPORT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 30 June 2002

NOTE 13

Financial Instruments

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

Fair Values

The estimated fair value of the forward interest rate swap agreements is a surplus of $62,500 (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

Interest rate risk is the risk that the value of the Group's assets and liabilities will fluctuate due to changes in market interest rates. The Group is exposed to interest rate risk primarily through its cash balances and advances, bank overdrafts and borrowings. To minimise this risk, management monitors the levels of market interest rates on an on going 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 following forward rate and swap agreements with maturities of:

	Group and Parent	
	2002	**2001**
	$000	**$000**
Less than One Year	**3,000**	11,000
One to Two Years	**7,000**	**6,000**
Two to Three Years	**5,000**	**3,000**
Three to Four Years		5,000

Credit Risk

Credit risk is the risk that the counter party to a transaction with the Group will fail to discharge its obligations, causing the Group to incur a-financial loss. The Group is exposed to credit risk through the normal trade credit cycle and advances to third parties. 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 and Parent	
	2002	**2001**
	$000	**$000**
Receivables	**3,255**	**3,666**
Term Investments	**1,500**	

No collateral is held on the above amounts except for those disclosed in Note 12.

Concentrations of Credit Risk

The Group's major concentration of credit risk is in respect to its $1,500,000 term investments. The Group is not exposed to any other concentrations of credit risk.

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds at short notice to meet its financial commitments as they fall due. To reduce the exposure to liquidity risk the Group has a bank overdraft facility of $1 ,000,000 and New Zealand dollar Commercial Bill facilities of $40,000,000 (2001: $33,000,000). Of these $26,393,000 (200 1: $2 1,822,000) had been drawn down by the Group at balance date.

CENTREPORT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 30 June 2002

NOTE 14

Provision for Employee Entitlements

	Group and Parent 2002 $000	Group and Parent 2001 $000
Opening Balance	**1,917**	1,797
Additional Provision Made	**1,126**	1,142
Amount Utilised	**(1,099)**	(1,022)
Closing Balance	**1,944**	**1,917**

The provision for employee entitlements relates to employee benefits such as accrued annual leave and long service leave. The provision is affected by a number of estimates, including the expected length of service of employees and the timing of benefits being taken.

NOTE 15

Reconciliation of Surplus After Taxation with Cash Flows from Operating Activities

	Group 2002 $000	Group 2001 $000	Parent 2002 $000	Parent 2001 $000
Reported Surplus After Taxation	**7,359**	**6,902**	**8,262**	**1,950**
Add (Less) Non Cash Items:				
Depreciation	**4,140**	**3,602**	**601**	**625**
Net (Profit) / Loss on Sale of Fixed Assets	**(65)**	**(31)**	-	
Equity Accounted Earnings from Associate Companies	**3**	**(143)**	-	-
Future Taxation Benefit	**36**	(115)	**36**	(115)
Add (Less) Movements in Working Capital:				
Accounts Receivable	**481**	(600)	**481**	(600)
Accounts P a y a b l e	**(1,532)**	1,408	**(1,532)**	**1,408**
Lnventory Taxation	145 46	(219) (9)	135 46	(174) (9)
Add (Less) Items Classified as Investing and Financing Activities:				
Advance to Associate Company	**(50)**	-	**(50)**	
Accounts Payable related to Advances to Subsidiary . Companies			**1,523**	
Accounts Payable related to Fixed Assets	**1,523**	**(442)**	-	
Net Cash Inflow From Operating Activities	**12,086**	10,353	**9,502**	**3,085**

CENTREPORT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 30 June 2002

NOTE 16

Operating Leases

	Group and Parent 2002 $000	2001 $000
Lease commitments for non-cancellable operating Leases as at balance date were:		
Less than One Year	263	160
One to Two Years	139	
Two to Three Years	55	
	457	160

NOTE 17

Related Parties

CentrePort Limited is 76.9% owned by Port Investments Limited, a subsidiary of Wellington Regional Council, and 23.1% owned by Manawatu-Wanganui Regional Council (trading as Horizons. mw). During the year transactions.between CentrePort Limited and related parties included:

	2002 $000	2001 $000
Wellington Regional Council and Subsidiaries		
Income received from rent and services performed	**33**	24
Payment for use of navigational facilities	**(550)**	(550)
CentrePac Limited		
Income received from rent and services performed	**158**	149
Medical Waste (Wellington) Limited		
Income received from rent and services performed	**60**	**84**
Waste disposal expenditure	**(191)**	(198)
Transport Systems 2000 Limited		
Income received from rent and services performed	332	312

During the year Subsidiary Companies charged by way of lease rentals $14,552,000 to the Parent Company (2001: $14,163,000).

Subvention payments were made to Wellington Regional Council and its subsidiaries totalling $805,000 (2001: $979,000) (Group) and $277,000 (200 1: $490,000) (Parent).

All transactions with related parties have been carried out on normal commercial terms.

CENTREPORT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 30 June 2002

NOTE 18

Contingent Liabilities

The following contingent liabilities existed at 30 June 2002:

Certain parties have commenced litigation disputing the level of the Group's charges and seeking some reimbursement of charges paid. The Group has lodged counter claims against these parties for breach of contract in respect of charges that have been withheld. The charges determined by the Group as appropriate, are included within trade receivables (Note 9) at balance date. Professional advice indicates that the Group has no significant further exposure to the claims.

NOTE 19

Capital Commitments

At balance date the Parent Company and Group had commitments in respect of contracts for capital expenditure and future loan funding of $1,159,000 (200 1: $4,149,000).

NOTE 20

Segment Information

	Port Operations 2002 $000	Property 2002 $000	Group 2002 $000
Revenue	37,049	3,394	40,443
Surplus after Taxation	5,981	1,378	7,359
Total Assets	81,425	12,828	94,253

CentrePort Limited operates in the property and port operation segments. All operations are carried out within New Zealand.

NOTE 21

Events after Balance Date

In July 2002 the Group received a claim for damage to a vessel. The quantum of this claim has not as yet been determined. The Group believes that it is unlikely that any liability will eventuate.

NOTE 22

Comparatives

Certain comparative amounts have been restated due to a change in accounting policy (Note 1.14).

Deloitte Touche Tohmatsu

REPORT OF THE AUDIT OFFICE

TO THE READERS OF THE FINANCIAL STATEMENTS OF CENTREPORT LIMITED AND GROUP FOR THE YEAR ENDED 30 JUNE 2002

We have audited the financial statements on pages 4 to 18. The financial statements provide information about the past financial performance of CentrePort Limited and group and their financial position as at 30 June 2002. This information is stated in accordance with the accounting policies set out on pages 7 to 9.

Responsibilities of the Board of Directors
The Port Companies Act 1988 and the Financial Reporting Act 1993 require the Board of Directors (the “Board”) to prepare financial statements which comply with generally accepted accounting practice in New Zealand that give a true and fair view of the financial position of CentrePort Limited and group as at 30 June 2002 and the results of their operations and cash flows for the year ended on that date.

Auditor’s Responsibilities
Section 15 of the Public Audit Act 2001 and section 19(1) of the Port Companies Act 1988 require the Auditor-General to audit the financial statements presented by the Board. It is the responsibility of the Auditor-General to express an independent opinion on the financial statements and report its opinion to you.

The Auditor-General has appointed Mr I C Marshall of Deloitte Touche Tohmatsu to undertake the audit.

Basis of Opinion
An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Board in the preparation of the financial statements, and
- whether the accounting policies are appropriate to CentrePort Limited’s and group’s circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with the Auditing Standards published by the Auditor-General, which incorporate the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our, audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

We have performed certain tax assurance and other consulting work. Other than this in our capacity as auditor acting on behalf of the Auditor-General, we have no relationship with or interests in CentrePort Limited or any of its subsidiaries.

Unqualified Opinion
We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by CentrePort Limited and group as far as appears from our examination of those records, and
- the financial statements of CentrePort Limited and group on pages 4 to 18:
  - comply with generally accepted accounting practice in New Zealand, and
  - give a true and fair view of:
    - CentrePort Limited’s and group’s financial position as at 30 June 2002, and
    - the results of operations and cash flows for the year ended on that date.

Our audit was completed on 22 August 2002 and our unqualified opinion is expressed as at that date

I C Marshall
Deloitte Touche Tohmatsu
Wellington, NZ
On behalf of the Auditor-General
Wellington, New Zealand