CENTREPORT LIMITED
FIFTEENTH STATUTORY REPORT OF DIRECTORS
For the Year ended 30 June 2003

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 2003.

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 and of property.

Results

- Group revenue for the year ended 30 June 2003 was $41,167,000.
- Net profit attributable to shareholders of the Company was $6,270,000 after providing for taxation of $2,575,000.
- Total equity at 30 June 2003 was $64,421,000.

Dividends

Interim	$ 1,660,000
Final	$ 1,800,000
Total	$ 3.460.000

Directors

Directors' holding office during the year were:

Parent & Subsidiaries
N J Gould
M J Cashin
K D Harris (Resigned 31 May 2003)
J G Jefferies
E M M Johnson
W A Larsen
H J Stone

Remuneration of Directors

Directors' remuneration paid during the year, was as follows:

	Group & Parent
N J Gould	$ 58,000
M J Cashin	$ 22,000
K D Harris	$ -
J G Jefferies	$ 22,000
E M M Johnson	$ 27,500
W A Larsen	$ 22,000
H J Stone	$ 22,000

Entries in the Interests Register

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 to 30 June 2003.

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

N J Gould, Chairman
- Director of Brandon Management Limited
- Chancellor of Massey University

M J Cashin
- Director / Shareholder of Capital Properties New Zealand Limited

K D Harris
- No entries recorded

J G Jefferies
- Director of Aorangi Hospital Limited

E M M Johnson
- Trustee of Globus Group NZ Limited Superannuation Scheme
- Director of Savoy Equities Limited

W A Larsen
- Director / Shareholder of Air New Zealand Limited
- Director / Shareholder in Larsen Consultancy Limited
- Trustee of Massey University Foundation
- Chairman of New Zealand Racing Board
- Director of Owens Group Limited
- Director of Richmond Limited
- Resigned as Director of Vending Technologies Limited

H J Stone
- Director of Marlborough Lines Limited

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	3	1
$120,001 - $130,000	2	2
$130,001 - $140,000		2
$170,001 - $180,000		1
$180,001 - $190,000		2
$240,001 - $250,000		1
$450,001 - $460,000		1 (Managing Director)

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

Auditor

The Auditor-General continues in office in accordance with Section 19 of the Port Companies Act 1988. The 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
8 September 2003

J G Jefferies
Director
8 September 2003

CENTREPORT LIMITED
STATEMENT OF FINANCIAL PERFORMANCE
For the Year ended 30 June 2003

	Note	Group 2003 $000	Group 2002 $000	Parent 2003 $000	Parent 2002 $000
OPERATING REVENUE		**41,167**	40,443	43,558	46,446
Operating Expenses		**(30,900)**	(28,690)	**(37,262)**	(35,522)
OPERATING SURPLUS BEFORE INTEREST AND INCOME TAXATION		**10,267**	11,753	6,296	10,924
Net Interest Expense		**(1,422)**	(1,378)	**(1,422)**	(1,378)
OPERATING SURPLUS BEFORE INCOME TAXATION	2	8,845	10,375	4,874	9,546
Income Taxation	6	(2,575)	(3,016)	(905)	(1,284)
NET SURPLUS FOR THE YEAR		6,270	7,359	3,969	8,262

STATEMENT OF MOVEMENTS IN EQUITY
For the Year ended 30 June 2003

	Note	Group 2003 $000	Group 2002 $000	Parent 2003 $000	Parent 2002 $000
Total Recognised Revenues and Expenses					
Net Surplus for the Year		6,270	7,359	3,969	8,262
Distributions to Owners					
Dividends	9	**(3,460)**	(4,400)	**(3,460)**	(4,400)
MOVEMENTS IN EQUITY FOR THE YEAR		**2,810**	2,959	509	3,862
Equity at Beginning of Year		**61,611**	58,652	25,154	21,292
EQUITY AT END OF YEAR		**64,421**	61,611	25,663	25,154

The Statement of Accounting Policies and Notes on pages 7 to 19 form part of these Financial Statements.

For, and on behalf of, the Board of Directors

N J Gould
Chairman
8 September 2003

J G Jefferies
Director
8 September 2003

CENTREPORT LIMITED
STATEMENT OF FINANCIAL POSITION
As at 30 June 2003

	Note	Group 2003 $000	Group 2002 $000	Parent 2003 $000	Parent 2002 $000
EQUITY	4	64,421	61,611	25,663	25,154
Represented by:					
ASSETS					
Current Assets					
Cash		225		268	
Receivables and Prepayments	8	4,820	3,330	4,789	3,330
Inventories		285	278	285	278
Taxation Refund		293	601		340
Total Current Assets		5,623	4,209	5,342	3,948
Non Current Assets					
Fixed Assets	5	88,474	86,637	39,902	40,377
Future Taxation Benefit	6	1,338	1,145	1,308	1,145
Investments	10	2,399	2,262	33,445	33,314
Total Non Current Assets		92,211	90,044	74,655	74,836
TOTAL ASSETS		97,834	94,253	79,997	78,784
Less:					
LIABILITIES					
Current Liabilities					
Bank Overdraft			593		593
Creditors		5,006	3,905	4,879	3,905
Dividend Payable	9	1,800	400	1,800	400
Provision for Employee Entitlements	11	2,892	1,944	2,835	1,944
Taxation Payable				55	
Due to Subsidiaries	12			21,050	20,988
Total Current Liabilities		9,698	6,842	30,619	27,830
Borrowings	13	23,715	25,800	23,715	25,800
TOTAL LIABILITIES		33,413	32,642	54,334	53,630
NET ASSETS		64,421	61,611	25,663	25,154

The Statement of Accounting Policies and Notes on pages 7 to 19 form part of these Financial Statements.

CENTREPORT LIMITED
STATEMENT OF CASH FLOWS
For the Year ended 30 June 2003

	Note	Group 2003 $000	Group 2002 $000	Parent 2003 $000	Parent 2002 $000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash was Provided from.					
Receipts from Customers		**41,093**	40,476	**41,014**	40,476
Dividend Income Received		**125**	135	2,625	6,135
Interest Income Received		**149**	110	149	110
Cash was Disbursed to.					
Payments to Suppliers and Employees		(24,664)	(23,723)	(34,996)	(34,028)
Income Taxation Paid		(I ,540)	(2,029)	**(216)**	(836)
Interest Expense Paid		**(1,637)**	(1,393)	**(1,637)**	(1,393)
Restructuring Costs Paid		**(873)**	(685)	**(873)**	(685)
Subvention Payments Made		**(921)**	(805)	**(458)**	(277)
NET CASH FLOWS FROM OPERATING ACTIVITIES	15	**11,732**	12,086	5,608	9,502
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash was Providedfrom:					
Proceeds from Sale of Fixed Assets		6	65		
Proceeds from Sale of Investment in Associate Company		754		754	
Repayment of Loans by Associate Companies		**150**	50	150	50
Cash was Applied to:					
Purchase of Fixed Assets		**(6,644)**	(11,072)	**(126)**	(2)
Acquisition of Shares of Associate Company		**(820)**		**(820)**	
Loan Advance to Associate Company			(500)	-	(500)
Loan Advance to Others			(1,000)	-	(1,000)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(6,554)	(12,457)	**(42)**	(1,452)
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash was Providedji-om:					
Proceeds from Borrowings			4,000		4,000
Cash was Applied to:					
Repayment of Bank Borrowings		(2,300)	-	**(2,300)**	-
Repayment of Subsidiary Company Borrowings				(345)	(8,421)
Dividends Paid to Shareholders of the Company		**(2,060)**	(4,200)	**(2,060)**	(4,200)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(4,360)**	(200)	(4,705)	(8 621)
Net Increase / (Decrease) in Cash Held		**818**	(571)	861	(571)
Add Opening Overdraft Brought Forward		(593)	(22)	(593)	(22)
ENDING CASH / (OVERDRAFT) CARRIED FORWARD		225	(593)	268	(593)

The Statement of Accounting Policies and Notes on pages 7 to 19 form part of these Financial Statements.

NOTE 1

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 10.

Financial statements for CentrePort Limited (the "Parent") and consolidated financial statements (the "Group") are presented. The financial statements comprise statements of the following: financial performance; movements in equity; financial position; cash flows; as well as notes to these statements contained on pages 7 to 19 of this annual report. The financial statements and group financial 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 general accounting policies recognised as appropriate for the measurement and reporting of financial performance, movements in equity, financial position and cash flows under the historical cost method have been followed. 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, movements in equity, financial position and cash flows are set out below:

1.1 Basis of Consolidation

The consolidated financial statements include the Parent and its subsidiaries. Subsidiaries are those entities controlled directly or indirectly by the Parent. 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 intra-group transactions are eliminated on consolidation.

1.2 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 that 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.

CENTREPORT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 30 June 2003

1.3 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.

1.4 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 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 that have been incurred in bringing the assets to the location and condition necessary for their intended service.

All fixed assets, except land are depreciated.

1.5 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.

1.6 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

1.7 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 reserves.

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

1.8 Receivables

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

1.9 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.

1.10 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.

1.11 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.

1.12 Provision for Dividends

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

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

There have been no material changes in accounting policies during the year.

CENTREPORT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 30 June 2003

NOTE 2

Surplus before Taxation

	Note	Group		Parent	
		2003	2002	2003	2002
		$000	$000	$000	$000
Surplus before Taxation		8,845	10,375	**4,874**	9,546
After Crediting:					
REVENUE					
Equity Accounted Earnings of Associate Companies	3	131	132		
Dividend Income from Associate Companies				**125**	135
Dividend Income from Subsidiaries				2,500	6,000
Gain on Sale of Fixed Assets		6	65		
Interest Received		149	119	149	119
After Charging:					
EXPENSES					
Bad Debts Written Off		44	10	44	10
Change in Provision for Doubtful Debts		**101**	132	**101**	132
Depreciation	5	4,399	4,140	600	601
Directors' Fees		163	156	163	156
Fees Paid to Parent Company Auditors for:					
- Audit Services		52	49	52	49
- Other Assurance Services		29	68	29	68
- Consultancy Services		59	29	59	29
Interest Expense		1,571	1,497	1,570	1,497
Rental and Lease Expenses		703	712	15,408	15,264
Restructuring Costs		1708	695	1708	695

NOTE 3

Equity Accounted Earnings of Associate Companies

	Group	
	2003	2002
	$000	$000
Share of Earnings of Associate Companies before Taxation	**190**	196
Taxation	(59)	(64)
Equity Accounted Earnings of Associate Companies after Taxation	**131**	132

CENTREPORT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 30 June 2003

NOTE 4

Equity

	Group and Parent 2003 $000	Group and Parent 2002 $000
Equity includes:		
Issued and Paid Up Capital		
23,424,657 ordinary shares	30,000	30,000

NOTE 5

Fixed Assets

	Cost $000	**Accumulated Depreciation $000**	**Net Book Value $000**	**Depreciation Expense $000**
Group – 2003				
Freehold Land	35,539		35,539	
Buildings, Wharves and Paving	59,969	23,036	36,933	2,450
Cranes and Floating Plant	**16,346**	4,945	**11,401**	768
Plant, Vehicles and Equipment	**13,313**	**8,712**	**4,601**	**1,181**
Total Fixed Assets	**125,167**	36,693	88,474	4,399
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
Parent – 2003				
Freehold Land	35,539		35,539	
Paving	**11,607**	7,244	4,363	600
Total Fixed Assets	**47,146**	7,244	39,902	600
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

In July 2003 an independent valuer carried out a preliminary review of Group freehold land values. Based on this preliminary review, the Directors' value Group freehold land at a value of at least $130 million.

CENTREPORT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 30 June 2003

NOTE 6

Taxation

	Group		Parent	
	2003 $000	2002 $000	2003 $000	2002 $000
Taxation Expense				
The Income Taxation Expense has been calculated as follows:				
Surplus before Taxation	8,845	10,375	4,874	9,546
Income Taxation on the Surplus for the Year at 33%	2,919	3,424	1,608	3,150
Taxation Effect of				
- Permanent Differences	**88**	140	**(765)**	(1,863)
- Timing Differences not Recognised	**(285)**	(257)	**102**	99
- Equity Accounted Earnings from Associate Companies	-	(1)	-	-
Benefit of Imputation Credits Received	**(12)**	(59)	**(12)**	(59)
Current Year Taxation Expense	2,710	3,247	933	1,327
Prior Year Adjustments	**(135)**	(23 1)	(28)	(43)
Taxation Expense	2,575	3,016	905	1,284
The Taxation Expense is represented by:				
Current Year Taxation	**1,896**	2,234	659	1,030
Future Taxation Benefit	(242)	(23)	**(212)**	(23)
Subvention Payments	**921**	805	458	277
	2,575	3,016	905	1,284
Future Taxation Benefit Comprises				
Balance at Beginning of Year	**1,145**	1,181	**1,145**	1,181
Current Year Movement	242	23	212	23
Prior Year Adjustments	(49)	(59)	(49)	(59)
Balance at End of Year	**1,338**	1,145	**1,308**	1,145
Taxation Balances Not Recognised				
Taxation Effect of the Differences between the Accounting and Taxation Treatment of Depreciation	**6,120**	6,465	850	749

A deferred tax asset of $6.120m (2002 $6.465m) 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.

NOTE 7

Imputation Credit Account

	Parent	
	2003 $000	**2002 $000**
Balance at Beginning of Year	**3,639**	**1,756**
Imputation Credits Attached to Dividends Received	**1,222**	**3,022**
Imputation Credits Attached to Dividends Paid	**(1,015)**	(2,069)
Income Taxation Paid	**216**	**930**
Balance at End of Year	**4,062**	**3,639**

Imputation credits available to the Shareholders of the Parent Company as at 30 June 2003 are:		
Through direct shareholding in the Parent Company	**4,062**	**3,639**
Through indirect interests in Subsidiaries	**1,376**	**1,283**

NOTE 8

Receivables and Prepayments

	Group		Parent	
	2003 $000	**2002 $000**	**2003 $000**	**2002 $000**
Trade Receivables	**3,087**	**3,255**	**3,056**	**3,255**
Prepayments	**1,733**	**75**	**1,733**	**75**
Total Receivables and Prepayments	**4,820**	**3,330**	**4,789**	**3,330**

NOTE 9

Dividends

	Group and Parent	
	2003 $000	**2002 $000**
Interim Distributions: Dividend Paid on Ordinary Shares ,	**1,660**	**4,000**
Final Distributions: Dividends Payable on Ordinary Shares	**1,800**	**400**
Total Dividends Paid or Payable	**3,460**	**4,400**

CENTREPORT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 30 June 2003

NOTE 10

Investments

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

Name	Relationship	Equity Held	Principal Activity
Central Stevedoring Limited	Subsidiary	(100%)	Stevedoring
Port Wellington 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	
		2003	2002	2003	2002
		$000	$000	$000	$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					
Carrying Amount at Beginning of Year		762	765	461	461
Equity Accounted Earnings of Associate Companies	3	131	132		
Acquisition of Shares		**1,035**		**1,035**	
Disposal of Shares		(754)		(754)	
Dividends from Associate Companies		**(125)**	(135)	-	-
Carrying Amount at End of Year		**1049**	762	742	461
Term Investments					
Interest Bearing Advance		**1,000**	**1,000**	**1,000**	1,000
Advance to Associate Companies		350	500	350	500
		1,350	1,500	1,350	1,500
Total Investments		2,399	2,262	33,445	33,314

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

NOTE 11

Provision for Employee Entitlements

	Group		Parent	
	2003	2002	2003	2002
	$000	$000	$000	$000
Balance at Beginning of Year	**1,944**	1,917	**1,944**	1,917
Additional Provision Made	2,062	1,126	1,989	1,126
Amount Utilised	**(1,114)**	(1,099)	**(1,098)**	(1,099)
Balance at End of Year	2,892	1,944	2,835	1,944

The provision for employee entitlements relates to employee benefits such as redundancy provisions, 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 12

Due to Subsidiaries

	Parent	
	2003	2002
	$000	$000
Central Stevedoring Limited	223	20
Port Wellington Limited	**1,167**	1,167
Port of Wellington (1988) Limited	**19,660**	19,801
Total Due to Subsidiaries	**21,050**	20,988

NOTE 13

Borrowings

	Group		Parent	
	2003	2002	2003	2002
	$000	$000	$000	$000
Bank Borrowing	23,500	25,800	23,500	25,800
Other Borrowing	**215**		**215**	
Total Borrowings	**23,715**	25,800	23,715	25,800

The bank loan facility is unsecured and matures on 14 April 2004. The interest rate charged on this facility as at 30 June 2003 ranged from 5.4% to 6.1% p.a.

Other borrowing is unsecured and is repayable by four equal instalments of $53,750 on 1 May each year with the final payment due on 1 May 2007. There is no interest charged on this borrowing.

NOTE 14

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 deficit of $219,000 (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

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 that had interest rates ranging from 5.6% to 6.4% p.a. and maturities of:

	Group and Parent	
	2003	2002
	$000	$000
Less than One Year	7,000	3,000
One to Two Years	7,500	7,000
Two to Three Years	2,500	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		**Parent**	
	2003	2002	2003	2002
	$000	**$000**	$000	$000
Receivables	3,087	3,255	3,056	3,255
Term Investments	**1,350**	1,500	**1,350**	1,500

No collateral is held on the above amounts except for those disclosed in Note 10.

Concentrations of Credit Risk

The Group's major concentration of credit risk is in respect to its $1,350,000 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 (2002: $1 ,000,000), New Zealand dollar Commercial Bill facilities of $40,000,000 (2002: $40,000,000) and other borrowings of $215,000 (2002: Nil). Of these $23,715,000 (2002: $26,393,000) had been drawn down by the Group at balance date.

CENTREPORT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 30 June 2003

NOTE 15

Reconciliation of Surplus After Taxation with Cash Flows from Operating Activities

	Group		Parent	
	2003	2002	2003	2002
	$000	**$000**	**$000**	**$000**
Reported Surplus After Taxation	6,270	7,359	3,969	8,262
Add (Less) Non Cash Items:				
Depreciation	4,399	4,140	600	601
Gain on Sale of Fixed Assets	**(6)**	(65)	-	-
Equity Accounted Earnings from Associate Companies	**(6)**	3	-	
Future Taxation Benefit	(193)	36	**(163)**	36
Add (Less) Movements in Working Capital:				
Accounts Receivable	(1,490)	481	(1,459)	481
Accounts Payable	2,049	(1,532)	1,865	(1,532)
Inventory	(7)	46	(7)	46
Taxation	308	145	395	135
Add (Less) Items Classified as Investing and Financing Activities:				
Advance to Associate Company		(50)	-	(50)
Accounts Payable related to Advances to Subsidiary Companies			408	1,523
Accounts Payable related to Fixed Assets	408	1,523		
Net Cash Inflow From Operating Activities	**11,732**	12,086	5,608	9,502

NOTE 16

Operating Leases

	Group and Parent	
	2003	2002
	$000	**$000**
Lease commitments for non-cancellable operating Leases as at balance date were:		
Less than One Year	438	263
One to Two Years	226	139
Two to Five Years	**151**	55
	815	457

CENTREPORT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 30 June 2003

NOTE 17

Related Parties

CentrePort Limited is 76.9% owned by Port Investments Limited, a subsidiary of Greater 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:

	2003 $000	2002 $000
Greater Wellington Regional Council and Subsidiaries		
Income received from rent and services performed	**24**	33
Payment for use of navigational facilities	**(550)**	(550)
CentrePac Limited		
Income received from rent and services performed	**150**	158
Medical Waste (Wellington) Limited		
Income received from interest, rent and services performed	**60**	98
Waste disposal expenditure	**(172)**	(191)
Transport Systems 2000 Limited		
Income received from rent and services performed	**349**	332

During the year Subsidiary Companies charged by way of lease rentals $14,818,000 to the Parent Company (2002: $14,552,000).

Subvention payments were made to Greater Wellington Regional Council and its subsidiaries totalling $92 1,000 (2002: $805,000) (Group) and $458,000 (2002: $277,000) (Parent).

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

NOTE 18

Contingent Liabilities

In respect of the Parent and the Group the following contingent liabilities existed at 30 June 2003:

(a) A party has commenced litigation disputing the level of the Group's charges and seeking some reimbursement of charges paid. The Group has lodged counter claims against this party 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 8) at balance date. Professional advice indicates that the Group has no significant further exposure to this claim.

(b) During May 2003 a fatal accident occurred. This accident is currently under investigation by the Company and an outside agency.

NOTE 19

Capital Commitments

At balance date commitments in respect of contracts for capital expenditure are $2,141,000 (2002: $1,159,000) (Group) and $544,000 (2002: Nil) (Parent).

NOTE 20

Segment Information

	Port Operations 2003 $000	**Property** 2003 $000	**Group** 2003 $000
Revenue	38,034	3,133	41,167
Surplus after Taxation	5,238	1,032	6,270
Total Assets	85,206	12,628	97,834

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

Deloitte Touche Tohmatsu

REPORT OF THE AUDITOR-GENERAL

TO THE READERS OF THE FINANCIAL STATEMENTS OF CENTREPORT LIMITED AND GROUP FOR THE YEAR ENDED 30 JUNE 2003

We have audited the financial statements on pages 4 to 19. The financial statements provide information about the past financial performance of CentrePort Limited and group and their financial position as at 30 June 2003. 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 2003 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 that 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 engagements. Other than these engagements, and in our capacity as auditor acting on behalf of the Auditor-General, we have no other 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 19:
  - 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 2003, and
    - the results of their operations and cash flows for the year ended on that date.

Our audit was completed on 8 September 2003 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