

WRC HOLDINGS LIMITED
HALF YEAR REPORT AND FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 1999 (UNAUDITED)

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WRC HOLDINGS LIMITED

DIRECTORY

Directors

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

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 1999

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 1999.

Principal Activities

WRC Holdings Ltd is an investment vehicle of the Wellington Regional Council. The object of the Company is to effectively manage any investments held to maximise the commercial value to shareholders while protecting the shareholders' long term interests.

The Group consists of WRC Holdings Limited and its wholly owned subsidiary companies Port Investments Limited and Pringle House Limited. In addition, Port Investments Limited owns 76.9% of CentrePort Limited (Formerly named Port Wellington Limited). CentrePort Limited was purchased by Port Investments Limited from the Wellington Regional Council on the 28 October 1998.

Pringle House Limited owns and manages the Wellington Regional Council's main office at 142-146 Wakefield Street, Wellington (known as the Regional Council Centre).

Results

- Net Profit before Tax was **\$5,640,000** compared to a target of **\$3,589,000**.
- Net Profit after Tax was **\$3,757,000** compared to a target of **\$2,221,000**.
- Return on Total Assets (annualised) was 16.2% compared to a target of 11.2%.
- Return on Equity (annualised) was 33.3% compared to a target of 16.7%.

Dividends

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

The directors intend to pay a dividend to shareholders prior to finalising the Annual Report.

Directors

Directors holding office during the year were:

Parent & Wholly Owned Subsidiaries

Subsidiary – CentrePort Limited

S A Macaskill	N J Gould
A E McQueen	K D Harris
A M Lawson	J G Jefferies
J W Rowe	E M Johnson
Hon M K Shields	B K Knowles
	J A Morel
	H J Stone

Remuneration of Directors

Directors' Remuneration received during the year, was as follows:

S A Macaskill	Nil
A E McQueen	Nil
A M Lawson	\$1,562
J W Rowe	\$1,562
Hon M K Shields	Nil

Entries in the Interest Register

Disclosure of Interests by Directors for the Half year ended 31 December 1999:

S A Macaskill

- Chairman of the Wellington Regional Council

A E McQueen

- Councillor of the Wellington Regional Council

A M Lawson

- None

J W Rowe

- None

Hon M K Shields

- Deputy Chair of the Wellington Regional Council

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.

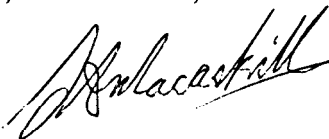
Remuneration of Employees

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 Erica Mason of Audit NZ to undertake the audit.

For, and on behalf of, the Board of Directors



Director
29 February 2000



Director
29 February 2000

WRC HOLDINGS LIMITED
STATEMENT OF FINANCIAL PERFORMANCE
For the Half Year ended 31 December 1999 (UNAUDITED)

	Notes	Group		Parent	
		Half Year Dec 1999 \$000	Full Year Jun 1999 \$000	Half Year Dec 1999 \$000	Full Year Jun 1999 \$000
REVENUE		20,824	29,704	1,207	7,441
Expenses		(15,184)	(23,671)	(1,139)	(1,409)
OPERATING SURPLUS BEFORE SUBVENTION & TAXATION		5,640	6,033	68	6,032
Subvention payment	2	(0)	(560)	(0)	(163)
OPERATING SURPLUS BEFORE TAXATION		5,640	5,473	68	5,869
Taxation Expense /(Credit)	7	1,883	1,864	-	-
SURPLUS AFTER TAXATION	14	3,757	3,609	68	5,869
Share of Surplus applicable to minority interest	3	(1,004)	(992)	-	-
Share of Earnings of Associate Company after Taxation and Dividends		97	(66)		
SURPLUS ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY		2,850	2,551	68	5,869

WRC HOLDINGS LIMITED
STATEMENT OF MOVEMENTS IN EQUITY
For the Half Year ended 31 December 1999 (UNAUDITED)


	Notes	Group		Parent	
		Half Year Dec 1999 \$000	Full Year Jun 1999 \$000	Half Year Dec 1999 \$000	Full Year Jun 1999 \$000
EQUITY - OPENING BALANCE		20,785	12,013	11,882	12,013
Total Recognised Revenue & Expenses		2,850	2,551	68	5,869
Contribution to Owners of Parent Company	4	(0)	(6,000)	(0)	(6,000)
Pre-acquisition Minority Interest		(0)	13,686		
Movements in Minority Interest	3	573	(1,465)		
EQUITY -CLOSING BALANCE		24,208	20,785	11,950	11,882

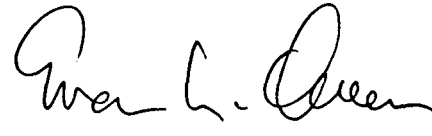
The Accounting Policies and Notes form part of these Financial Statements.

WRC HOLDINGS LIMITED
STATEMENT OF FINANCIAL POSITION .
As at 31 December 1999 (UNAUDITED)

	Notes	Group Dec 1999 \$000	Group Jun 1999 \$000	Parent Dec 1999 \$000	Parent Jun 1999 \$000
EQUITY	5	24,208	20,785	11,950	11,882
Represented by:					
ASSETS					
Non Current Assets					
Fixed Assets	6	65,698	64,495	-	-
Future Taxation Benefit	7	1,016	1,356	-	-
Investments	9	7,944	7,663	46,379	46,379
Total Non Current Assets		74,658	73,514	46,379	46,379
Current Assets					
Cash and Deposits		75		8	8
Receivables and Prepayments	10	9,831	14,374	6,694	12,544
Inventories		420	321	-	-
Total Current Assets		10,326	14,695	6,702	12,552
TOTAL ASSETS		84,984	88,209	53,081	58,931
Less:					
LIABILITIES					
Non Current Liabilities					
Term Loan	11	40,800	40,800	40,800	40,800
Current Liabilities					
Bank Overdraft			11	-	-
Current portion of Term Loan	11	13,250	13,450	-	-
Creditors and Accruals		3,764	5,040	331	249
Provision for Employee Entitlements		1,802	1,759	-	-
Provision for Maintenance		105	105	-	-
Provision for Dividend	4	432	6,380	-	6,000
Provision for Taxation – Other		623	(121)	-	-
Total Current Liabilities		19,976	26,624	331	6,249
TOTAL LIABILITIES		60,776	67,424	41,131	47,049
NET ASSETS		24,208	20,785	11,950	11,882

For, and on behalf of, the Board of Directors


Director
 29 February 2000


Director
 29 February 2000

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 1999 (UNAUDITED)

	Notes	Group		Parent	
		Half Year Dec 1999 \$000	Full Year Jun 1999 \$000	Half Year Dec 1999 \$000	Full Year Jun 1999 \$000
CASH FLOWS FROM OPERATING ACTIVITIES					
<i>Cash was Providedfrom:</i>					
Receipts from Customers		19,687	27,904	-	-
Dividends Received			175	6,000	-
Interest Received		2	470	1,039	953
Other Income		-	180		
Taxation Dispute Refund			2,532	-	-
<i>Cash was Disbursed to:</i>					
Payments to Suppliers and Employees		(12,725)	(15,606)	-	-
Restructuring Costs Paid		(464)	(697)	-	-
Subvention payment to WRC			(619)	-	-
Income Taxation Paid		(800)	(2,684)	-	-
Interest Paid		(1,415)	(1,734)	(1,039)	(953)
NET CASH FLOWS FROM OPERATING ACTIVITIES	14	4,285	9,921	6,000	-
CASH FLOWS FROM INVESTING ACTIVITIES					
<i>Cash was Providedfrom:</i>					
Proceeds from Sale of Fixed Assets		90	(2)		
Proceeds from Sale of Investments			3		
<i>Cash was Applied to:</i>					
Purchase of Fixed Assets		(3,183)	(2,158)		-
Shareholder Subvention Advance					
Investment in Shares		(55)	(40,802)		
Advance to Subsidiary Company		(30)	(20)		(40,800)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(3,178)	(42,979)		(40,800)
CASH FLOWS FROM FINANCING ACTIVITIES					
<i>Cash was Providedfrom:</i>					
Term Debt		-	40,800		
Movement in Current Account - WRC		-	440		-
Part repayment of Loan - WRC		-	-		40,800
Advances from Bank Financing		-		-	
<i>Cash was Applied to:</i>					
Settlement of Loans		(200)	600		
Settlement of Subsidiary Company Advances					
Movement in Current Account - PHL					
Movement in Current Account - WRC		5,559	(6,602)		
Dividends Paid		(6,380)	(2,077)	(6,000)	
NET CASH FLOWS FROM FINANCING ACTIVITIES		(1,021)	33,161	(6,000)	40,800
Net Increase in Cash Held		86	103	0	0
Cash added on acquisition		-	(129)	-	
Add Opening Cash Brought Forward		(11)	15	8	8
CLOSING CASH BALANCE		75	(11)	8	8

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 1999 (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 10.

The financial statements are presented in accordance with FRS-24 (Interim Financial Statements) and should be read in conjunction with the company's 1999 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 1999 (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
Floating Plant	10 to 50 years
Container Cranes	10 to 35 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 investment property revaluation reserves. Where this results in a debit balance in the reserve, this balance is expensed in 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 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.

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Half Year ended 31 December 1999 (UNAUDITED)

1.9 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.

1.10 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.

1.11 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.

1.12 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.

1.13 Changes in Accounting Policies

There have been no material changes in accounting policies since the last audited financial statements.

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Half Year ended 31 December 1999 (UNAUDITED)

NOTE 2

Surplus before Subvention and Taxation

	Group		Parent	
	Half Year	Full Year	Half Year	Full Year
	Dec 1999	Jun 1999	Dec 1999	Jun 1999
	\$000	\$000	\$000	\$000
Surplus before Subvention and Taxation	5,640	6,033	68	6,032
<i>After Crediting:</i>				
REVENUE				
Rental Revenue	610	1,199		
Dividends from Associate		17.5		
Dividends from Subsidiaries				6,000
Interest Revenue	200	485	1,207	1,441
<i>After Charging:</i>				
EXPENSES				
Bad Debts Write Off	10	34		
Change in Provision for Doubtful Debts	64	96		
Directors Fees	91	102		
Depreciation	1,676	2,760		
Fees paid to Company Auditors	17	44		2
Fees paid to Company Auditors for Other Services		8		
Interest Expense	1,564	1,853	1,096	1,200
(Profit)/Loss on Sale of Fixed Assets	(56)	(7)		
Rental and Lease Expenses	383	578		-
Restructuring Costs		376		
Write down of investment in subsidiaries	-			135
Write down of investment property	-	430		
Retiring Allowances	-	377		

NOTE 3

Minority Interests

	Group	
	Dec 1999	Jun 1999
	\$000	\$000
Opening Balance	12,221	13,686
Minority share of operating surplus	1,004	992
Minority dividends paid or payable	(432)	(2,457)
Closing Balance	12,793	12,221

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 1999 (UNAUDITED)

NOTE 4

Dividends

	Group		Parent	
	Half Year Dec 1999 \$000	Full Year Jun 1999 \$000	Half Year Dec 1999 \$000	Full Year Jun 1999 \$000
Interim Distributions: Dividend Paid on Ordinary Shares	-			-
Proposed Distributions: Proposed Dividend on Ordinary Shares	432	6,380		6,000
Total Dividends Payable	432	6,380		6,000

NOTE 5

Equity

	Group		Parent	
	Half Year Dec 1999 \$000	Full Year Jun 1999 \$000	Half Year Dec 1999 \$000	Full Year Jun 1999 \$000
Ordinary Share Capital				
50,000,000 \$1 shares, uncalled, issued without a premium				
24,04 1,100 \$1 shares, fully paid, issued without a premium	24,041	24,041	24,041	24,041
Redeemable Preference Share Capital				
1,200,000 \$1 shares, fully paid, issued at a premium of \$10.25 per share	13,500	13,500	13,500	13,500
1,466,600 \$1 shares, fully paid, issued without a premium	1,466	1,466	1,466	1,466
25,000 \$1000 shares, paid to 1 cent, issued without a premium	1	1	1	1
Total Redeemable Preference Shares	14,967	14,967	14,967	14,967
Total Share Capital	39,008	39,008	39,008	39,008
Retained Earnings	(27,593)	(30,444)	(27,058)	(27,126)
Minority Interest (Note 3)	12,793	12,221		
Total Equity	24,208	20,785	11,950	11,882

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 1999 (UNAUDITED)

NOTE 6**Fixed Assets**

	cost	Revaluation	Accumulated Depreciation	Net Book Value
	\$000	\$000	\$000	\$000
Group- Dec 1999				
Freehold Land	35,539	2,480		33,059
Buildings, Wharves and Paving	40,671	1,752	15,145	23,774
Cranes and Floating Plant	6,223	214	3,231	2,778
Plant, Vehicles, Furniture and Equipment	21,829	372	15,370	6,087
Total Fixed Assets	104,262	4,818	33,746	65,698
Group-June 1999				
Freehold Land	35,539	2,480		33,059
Buildings, Wharves and Paving	39,325	1,752	14,208	23,365
Cranes and Floating Plant	6,193	214	3,127	2,852
Plant, Vehicles, Furniture and Equipment	21,252	372	15,661	5,219
Total Fixed Assets	102,309	4,818	32,996	64,495

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 amount shown above represents the negative goodwill on acquisition of the interest in Centreport limited (See note 19).

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

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Half Year ended 31 December 1999 (UNAUDITED)

NOTE 7

Taxation

	Group		Parent	
	Half Year Dec 1999 \$000	Full Year Jun 1999 \$000	Half Year Dec 1999 \$000	Full Year Jun 1999 \$000
Taxation Expense				
The Income Taxation Expense has been calculated as follows:				
Surplus before Taxation	5,640	5,473	68	5,869
Income Taxation on the Surplus for the Year at 33% Adjusted for permanent differences	1,861	1,806		1,937
Imputation Credits		(86)	-	
Non-assessable income		(60)	-	(1,980)
Non-deductible expenditure		186		48
Timing differences not recognised		46		
Tax loss not recognised		-		-
1998 tax loss recognised		(6)	-	(5)
Additional tax depreciation		16	-	
Prior Period Adjustment		(38)	-	-
Taxation Expense / (Credit)	1,883	1,864		

The Taxation Expense is represented by:

Current Year Taxation	-	2060	-	
Future Taxation Benefit		(196)	-	-
				1,864

Future Taxation Benefit Comprises

Opening Balance		0		
Opening Balance – CentrePort at 1/11/98		1,324		
Current Year Movement	-	196		
Prior Year Adjustments		(164)	-	-
Closing Balance		1,356		

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

In 1999 Port Investments Limited and CentrePort Limited entered into a Tax Loss Sharing Agreement under which Port Investments Limited will receive a subvention payment from CentrePort Limited equivalent to 33% of its available losses with the balance of losses offset with CentrePort Limited.

WRC HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the Half Year ended 31 December 1999 (UNAUDITED)

The 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.

No deferred tax asset (1999 Asset of \$7.44m), has been recognised in relation to timing differences arising from the difference between accounting and tax depreciation due to the long term nature of the fixed assets deployed by the Group. In addition no future tax benefits (1999 \$0.08m) attributable to provisions for maintenance have not been recognised.

NOTE 8**Imputation Credit Account**

	Group		Parent	
	Half Year Dec 1999	Full Year Jun 1999	Half Year Dec 1999	Full Year Jun 1999
	\$000	\$000	\$000	\$000
Opening Balance	7,027	20	15	15
Opening Balance of CentrePort & Subsidiaries		6,505		
Movements	-	502		
Closing Balance	7,027	7,027	15	15

The imputation credits available to the shareholders of the parent company as at 30 June 1999 include imputation credits available through direct shareholding in the Parent Company and through interest in Subsidiaries.

Imputation credits available to the shareholders of the Parent Company as at 30 June 1999 are:

Through direct shareholding in the Parent Company	15	15
Through indirect interests in Subsidiaries	7,012	-

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Half Year ended 31 December 1999 (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 Owning
Port Investments Limited	Subsidiary	(100%)	Investment Managing
CentrePort Limited (Previously PWL)	Subsidiary	(76.9%)	Port Operating
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	Full Year	Half Year	Full Year
	Dec 1999	Jun 1999	Dec 1999	Jun 1999
	\$000	\$000	\$000	\$000
Investments in Subsidiary Companies				
Investments are stated at the lower of cost and net asset backing and comprise:				
Pringle House Limited		-	5,579	5,579
Port Investments Limited				
Investment in Associate Companies				
Shares in Associate Companies at Cost	396	212		
Share of Post-Acquisition Retained Earnings	178	81		
Other Investments				
Investment Property	7,370	7,370		
Advance to Subsidiary		-	40,800	40,800
Total Investments	7,944	7,663	46,379	46,379

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 1999 was 5.82% p.a. (June 1999 5.04% p.a.)

Investment properties representing the Regional Council Centre at 142-146 Wakefield Street, Wellington were valued as at 30 June 1999 by Richard Ellis (Wellington) Limited.

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Half Year ended 31 December 1999 (UNAUDITED)

NOTE 10

Receivables and Prepayments

	Group		Parent	
	Half Year	Full Year	Half Year	Full Year
	Dec 1999	Jun 1999	Dec 1999	Jun 1999
	\$000	\$000	\$000	\$000
Trade Receivables	3,369	3,012	-	-
Non Trade Receivables	138	100	-	-
Shareholder Subvention Payment	30	30		
Associate Company Advance	120	20		
Prepayments	555	346	-	-
Interest Receivable			306	247
Dividends Receivable	-			6,000
Current Account ~ PHL			1,800	1,800
Current Account ~ PIL		-		
Current Account ~ WRC	5,835	11,018	4,588	4,497
Provision for Doubtful Debts	(216)	(152)	-	
Total Receivables and Prepayments	9,831	14,374	6,694	12,544

NOTE 11

Bank Borrowing

The Parent has a bank loan facility of \$55,000,000 drawn to \$40,800,000 which is secured by a debenture over the assets of company and matures on 28 October 2001. The interest rate charged on the facility as at 31 December 1999 was 5.82% p.a. (June 1999 5.04%)

CentrePort Limited has a bank loan facility which is unsecured and matures on 16 June 2000. The interest rate charged on the facility as at 31 December 1999 ranged from 5.4% to 6.0% p.a. (June 1999 ranged from 4.8% to 5.1%)

NOTE 12

Operating Leases

	Group		Parent	
	HalfYear	FullYear	HalfYear	Full Year
	Dec 1999	Jun1999	Dec 1999	Jun 1999
	\$000	\$000	\$000	\$000
Lease commitments for non-cancellable operating Leases as at balance date were:				
Less than One Year	419	348		
One to Two Years	242	285		
Two to Five Years	6	108	-	
	667	741		

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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 \$159,000 (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 Dec 1999 \$000	Full Year Jun 1999 \$000	Half Year Dec 1999 \$000	Full Year Jun 1999 \$000
Less than One Year	5,000	5,000		
One to Two Years	4,000	2,000		
Two to Three Years	7,000	9,000		

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 Dec 1999 \$000	Full Year Jun 1999 \$000	Half Year Dec 1999 \$000	Full Year Jun 1999 \$000
Cash and Deposits			8	8
Receivables	9,831	14,374	6,694	12,544

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 concentrations of credit risk.

Credit Facilities

The Group has a total bank overdraft facility of \$1,000,000 and New Zealand dollar Commercial Bill facilities of \$25,000,000. Of these \$13,250,000 (Jun 1999: \$13,450,000) has been drawn down by the Group.

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NOTE 14

Reconciliation of Surplus After Taxation with Cash Flows from Operating Activities

	Group		Parent	
	HalfYear Dec 1999 \$000	FullYear Jun1999 \$000	HalfYear Dec 1999 \$000	Full Year Jun 1999 \$000
Reported Surplus After Taxation and before including Share of Retained Surplus of Associate Companies	3,757	3,609	68	5,869
Add (Less) Non Cash Items:				
Depreciation	1,676	2,760		-
(Profit)/Loss on Sale of Fixed Assets	(83)	(5)		
Gain on Sale of Investments		(3)		
(Increase)/Decrease in value of investments/properties		430		135
Patent Write Off				
Increase in Future Taxation Benefit	340	(125)		-
Add (Less) Movements in Working Capital:				
(Increase) / Decrease in Accounts Receivable	(943)	130	5,850	(6,253)
Increase / (Decrease) in Accounts Payable	(6,276)	7,535	(5,918)	6,249
Increase / (Decrease) in Current Account – Wellington Regional Council	5,273	(6,735)		
Increase / (Decrease) in Current Account – Pringle House Limited				
Decrease in Inventory	(99)	195	-	-
Decrease in Taxation Dispute Deposit		1,857		
(Increase) / Decrease in Taxation Refund - Other		258		
Add (Less) Items Classified as Investing and Financing Activities:				
Shareholder Subvention Advance				
Dividends Paid/Payable	-		6,000	(6,000);
Loan to Associate Company	30	20		
Increase in Current Accounts relating to Financing Activities	442	163		
Increase in Accounts Payable related to Fixed Assets	168	(168)		
Net Cash Inflow From Operating Activities	4,285	9,921	6,000	

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NOTE 15

Related Parties

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

	Parent	
	Half Year Dec 1999 \$000	Full Year Jun 1999 \$000
Wellington Regional Council		
Income received from interest on inter company current accounts	111	241
Proposed Dividend		(6,000)
Payment for Management fees	(10)	(12)
WRC Holdings Subsidiaries		
Dividend Income		6,000
Interest Income on PIL Advance	1,096	1,200

S A Macaskill receives a salary from Wellington Regional Council. A E McQueen and Hon M K Shields are entitled to a daily allowance of \$185 for attending WRC Holdings Group meetings on those days where they are not receiving an allowance for attendance at a Wellington Regional Council meeting. A M Lawson and J W Rowe are entitled to directors fees for attending WRC Holdings Group meetings.

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

NOTE 16

Contingent Liabilities

The following contingent liabilities existed at 31 December 1999 :

Parent Company

The Parent Company has uncalled capital in Port Investments Limited of \$10,000,100. (June 1999: \$10,000,100)

Subsidiary Companies – CentrePort Limited (1999: As below)

The Subsidiary Company has a contingent asset of \$87,000 in respect to a claim for failure to pay for services provided. The defending party has lodged a counter claim of \$308,000 against CentrePort for damage to vessels. CentrePort is defending the counter claim. Professional advice indicates that it is unlikely that any significant liability will eventuate.

A Subsidiary Company of CentrePort Limited has entered into a conditional contract which requires the CentrePort to guarantee rental payments of \$2,000,000.

A claim of \$100,000 for redundancy. CentrePort is defending the action and has an indemnity from a third party in respect to the claim. Professional advice indicates that it is unlikely that any significant liability will eventuate.

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NOTE 17

Capital Commitments

The following capital commitments existed at 31 December 1999 :

Parent Company

The Parent Company has no capital commitments. (June 1999: \$Nil)

Subsidiary Companies – CentrePort Limited

At balance date there were commitments in respect of contracts for capital expenditure of \$187,000 (June 1999: \$887,000).

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.

NOTE 19

Summary of the effects of the acquisition of subsidiary company

	Full Year Jun 1999 \$000
Fixed Assets	64,595
Future Taxation Benefit	1,231
Patent	1
Investments	358
Current Assets	6,243
Current Liabilities	(5,092)
Long term Debt	(12,850)
Minority Interest	(13,686)
	<hr/> 40,800
Amount due to be paid	
	<hr/> 40,800

A 76.9% shareholding of CentrePort Limited was purchased on 28 October 1998 and the results of its operations from 1 November 1998 are included in the Statement of Financial Performance. The purchase price was \$40,800,000 and was 100% loan funded.

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NOTE 20

Events subsequent to Balance Date

On 1 February 2000 agreement was reached between Port Investments Ltd (a 100% owned subsidiary) and the Wellington Regional Council to adjust the sale price of Council's 76.9% shareholding in CentrePort Ltd. The sale and purchase agreement adjustment clause resulted in the sale price increasing by \$3.2 Million from \$40.8 Million to \$44 Million.