

**PORT INVESTMENTS LIMITED**  
**HALF YEAR REPORT AND FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 1999 (UNAUDITED)**

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**PORT INVESTMENTS LTD  
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

**PORT INVESTMENTS LIMITED**  
**DIRECTORS' REPORT**

The Directors have pleasure in submitting their half year Report and unaudited Financial Statements for the period ended 31 December 1999.

**Principal Activities**

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

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

<b>Results and Distributions</b>	<b>Half Year to Full Year to</b>	
	<b>Dec-99</b>	<b>Jun-99</b>
	<b>\$000</b>	<b>\$000</b>
Net surplus (deficit) after tax for the financial year	596	7,591
Dividend distribution		<u>6,000</u>

These results include the first of three advance payments to be received from Centreport Ltd for 1999/2000 tax losses. The Directors intend to declare a dividend at year end.

**Disclosure of Interests by Directors**

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' Interest Register**

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

**Directors' Use of Company Information**

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

**Directors' Indemnity and Insurance**

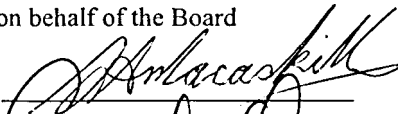
The company's parent company, WRC Holdings Limited, has arranged insurance to indemnify the Directors against any liability resulting from any act or omission in their capacity as Directors.

**Directors' Remuneration**

Details of Directors' remuneration are as follows:

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

For and on behalf of the Board

Director 

Date: 29/2/03

Director 

Date: 29/2/00

**PORT INVESTMENTS LTD**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 1999 (UNAUDITED)**

		Half Year to Dee-99	Full Year to Jun-99
	Note	\$000	\$000
<b>REVENUE</b>			
Interest income		86	32
Convertible Note Interest			313
Dividends		1,441	8,190
<b>TOTAL REVENUE</b>		<u>1,527</u>	<u>8,535</u>
<b>OPERATING EXPENSES</b>			
Audit fees	8	(7)	7
Interest on WRC Holdings Limited Advance		1,098	1,199
Legal fees		5	-
Management fees		10	4
Professional fees		34	23
Director Fees		3	
Other expenses			1
<b>TOTAL EXPENSES</b>		<u>1,144</u>	<u>1,233</u>
<b>NET OPERATING SURPLUS (DEFICIT)</b>		<b>383</b>	<b>7,302</b>
Taxation expense (Credit)	5	(213)	(289)
<b>NET SURPLUS (DEFICIT) FOR THE YEAR</b>		<u><u>596</u></u>	<u><u>7,591</u></u>

**PORT INVESTMENTS LTD**  
**STATEMENT OF MOVEMENTS IN EQUITY**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 1999 (UNAUDITED)**


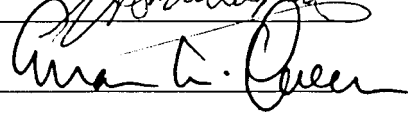
	Half Year to Dee-99	Full Year to Jun-99
	\$000	\$000
EQUITY AT START OF THE YEAR	1,564	(27)
Net Surplus (deficit) for the year	596	7,591
Total recognised revenues and expenses for the year	596	7,591
Distributions to owners during the period	-	(6,000)
<b>EQUITY AT END OF THE YEAR</b>	<u><u>2,161</u></u>	<u><u>1,564</u></u>

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

**PORT INVESTMENTS LTD**  
STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 1999 (UNAUDITED)

	Note	Half Year to Dec-99 \$000	Full Year to Jun-99 \$000
<b>EQUITY</b>			
Ordinary share capital	2	-	
Retained Earnings		2,161	1,564
<b>TOTAL EQUITY</b>		<u>2,161</u>	<u>1,564</u>
 <b>Represented by:</b>			
<b>NON-CURRENT ASSETS</b>			
Investment in Subsidiaries	3	40,800	40,800
<b>TOTAL NON-CURRENT ASSETS</b>		<u>40,800</u>	<u>40,800</u>
<b>CURRENT ASSETS</b>			
Bank & short term deposits		1	1
Dividends Receivable		1,441	1,267
Current account - Wellington Regional Council	4	1,041	6,550
<b>TOTAL CURRENT ASSETS</b>		<u>2,483</u>	<u>7,818</u>
<b>TOTAL ASSETS</b>		<u>43,283</u>	<u>48,618</u>
<b>NON-CURRENT LIABILITIES</b>			
Advance from WRC Holdings Limited	4	40,800	40,800
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>40,800</u>	<u>40,800</u>
<b>CURRENT LIABILITIES</b>			
Creditors		322	254
Dividends Payable			6,000
<b>TOTAL CURRENT LIABILITIES</b>		<u>322</u>	<u>6,254</u>
<b>TOTAL LIABILITIES</b>		<u>41,122</u>	<u>47,054</u>
<b>NET ASSETS</b>		<u>2,161</u>	<u>1,564</u>

For and on behalf of the Board

Director   
Director 

Date: 29/2/00

Date: 29/2/00

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

**PORT INVESTMENTS LTD**  
**STATEMENT OF CASH FLOWS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 1999 (UNAUDITED)**

	Half Year to Dec-99	Full Year to Jun-99
Note	\$000	\$000
<b>Cash flows from operating activities:</b>		
Cash was provided from:		
Dividends Received	1,267	6,923
Interest Received		313
Subvention Advance Received	213	319
Cash was applied to:		
Interest Paid		(952)
Net cash flow from operating activities	<u>6</u> 1,480	<u>6,603</u>
<b>Cash flows from investing activities:</b>		
Cash was applied to:		
Investments in Shares in subsidiaries		<u>(40,800)</u>
Net cash flow from investing activities		<u>(40,800)</u>
<b>Cash flows from financing activities :</b>		
Cash was provided from:		
Advances from WRCH		40,800
Cash was applied to:		
Dividend Paid to WRCHL	(6,000)	
Movement in current account -Wellington Regional Council	5,559	(6,602)
Net cash flow from <b>financing</b> activities	<u>(441)</u>	34,198
<b>Net increase (decrease) in cash held</b>	-	1
Add opening cash brought forward	1	-
<b>Closing cash carried forward</b>	<u>1</u>	<u>1</u>

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

**PORT INVESTMENTS LTD**

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 1999 (UNAUDITED)

**1. STATEMENT OF ACCOUNTING POLICIES**

## REPORTING ENTITY

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

The company is a Local Authority Trading Enterprise as defined in S594 of the Local Government Act 1974. The financial statements are prepared in accordance with FRS-24 (Interim Financial Statements) and should be read in conjunction with the company's 1999 annual report and financial statements.

## MEASUREMENT BASE

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

## REVENUE RECOGNITION

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

## ACCOUNTING POLICIES

The following accounting policies which materially affect the Financial Statements have been applied.

**(a) Income Tax**

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

Deferred taxation is accounted for using the liability method on a comprehensive basis in respect of those timing differences expected to reverse in the foreseeable future. A deferred tax benefit relating to tax losses is only recognised if there is virtual certainty of **realisation**.

**(b) Investments**

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

**(c) Financial Instruments**

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

## CHANGES IN ACCOUNTING POLICIES

There have been no material changes in accounting policies from those adopted in the last audited financial statements.



**PORT INVESTMENTS LTD**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 1999 (UNAUDITED)

**2. SHARE CAPITAL**

Half Year to	Full Year to
Dec-99	Jun-99
\$000	\$000

Authorised and issued capital

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

**3. INVESTMENT IN SUBSIDIARIES**

Half Year to	Full Year to
Dec-99	Jun-99
\$000	\$000

CentrePort Limited

40,800	40,800
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The estimated value of the company's 76.9% holding in **CentrePort** Ltd at 31 December 1999 is \$48 Million.

**4. RELATED PARTY DISCLOSURES**

S A Macaskill receives a salary from the Wellington Regional Council. A E McQueen and 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. During the period A M Lawson and J W Rowe were each paid \$1,562 director fees for attending meetings.

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

At 31 December 1999 the company has on advance to the Wellington Regional Council **\$1,040,827** on which interest is payable, the advance has no fixed repayment term.

The company has an unsecured advance facility of **\$40.8m** with its parent WRC Holdings Limited. The facility matures on 28 Oct 2018. The interest rate charged on the facility as at 31 Dec 1999 was 5.82% p.a.(5.04% Jun 1999)

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

**PORT INVESTMENTS LTD**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 1999 (UNAUDITED)

**5. TAXATION**

	Half Year to Dec-99 \$000	Full Year to Jun-99 \$000
Net surplus (deficit) before taxation	<u>383</u>	<u>(13)</u>
Prima facie tax expense @ 33%	126	(4)
<b>Adjusted for permanent differences</b>		
Non-deductible expenditure	-	3
Non assessable income		
1998 tax loss recognised	-	
Tax loss not recognised	-	1
Imputation credits		
<b>Taxation expense / (credit)</b>	<u><u>(213)</u></u>	

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

In 1999 the company and **CentrePort** Limited entered into a Tax Loss Sharing Agreement under which the company will receive a subvention payment from **CentrePort** Limited equivalent to 33% of its available losses with the balance of losses offset with **CentrePort** Limited. The tax credit for the period represents the receivable due from **CentrePort** Limited for the current year losses. At 31 December 1999 **CentrePort** Limited had advanced \$502,000 on account of the subvention payment.

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

**Imputation Credit Account**

	Half Year to Dec-99 \$000	Full Year to Jun-99 \$000
Opening balance	3,410	-
Dividends Received		3,410
<b>Closing balance</b>	<u><u>3,410</u></u>	<u><u>3,410</u></u>

**PORT INVESTMENTS LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 1999 (UNAUDITED)**

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

	Half Year to Dec-99 \$000	Full Year to Jun-99 \$000
<b>Net surplus (deficit) after taxation</b>	<b>596</b>	<b>7,591</b>
<b>Add (less) movement in working capital:</b>		
(Increase) decrease in debtors	(174)	(1)
Increase (decrease) in creditors	(5,932)	6,254
(Increase) decrease in current account - WRC	5,509	(6,577)
<b>Add (less ) items classified as financing activities:</b>		
Decrease in PIL current account relating to financing activities		-
Increase in WRC current account relating to financing activities	442	602
<b>Net cash flow from operating activities</b>	<b>441</b>	<b>6,603</b>

**7. KEY PERFORMANCE TARGETS - Statement of Corporate Intent**

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

**8. AUDITORS REMUNERATION**

	Half Year to Dec-99 \$000	Full Year to Jun-99 \$000
Fees to auditors for audit of financial statements	(7)	7
Fees to auditors for other services		-
	<b>(7)</b>	<b>7</b>

**9. CONTINGENT LIABILITIES & ASSETS**

The contingent liabilities and assets of the company at 31 December 1999 were nil (30 June 1999: nil)

**10. CAPITAL EXPENDITURE COMMITMENTS**

Estimated capital expenditure contracted for at balance date but not provided was nil (30 June 1999: nil)

**11. EVENTS SUBSEQUENT TO BALANCE DATE**

On 1 February 2000 agreement was reached between Port Investments Ltd 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.