

PORT INVESTMENTS LIMITED
HALF YEAR REPORT AND FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2000 (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 2000.

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 28 October 1998.

	Half Year to Dec-00 \$000	Half Year to Dec-99 \$000	Full Year to June-00 \$000
Results and Distributions			
Net surplus (deficit) after tax for the financial year	313	596	1,705
Dividend distribution	-	-	1,700

The Directors intend to transfer by way of subvention payment all assessable income for the full year to another member of the group. No allowance for such a subvention payment has been incorporated into these financial statements.

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	\$1,563
J W Rowe	\$1,563
Hon M K Shields	Nil

Auditor

The Audit Office continues in office in accordance with Section 594 of the Local Government Act 1974. The Controller and Auditor-General has appointed E M Mason of Audit NZ to undertake the audit.

For and on behalf of the Board

Director _____

Date: _____

Director _____

Date: _____

PORT INVESTMENTS LTD
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF YEAR ENDED 31 DECEMBER 2000 (UNAUDITED)

	Note	Half Year to Dec-00 \$000	Half Year to Dec-99 \$000	Full Year to June-00 \$000
REVENUE				
Interest income		83	86	129
Convertible note interest		-	-	-
Dividends		1,538	1,441	3,346
TOTAL REVENUE		1,621	1,527	3,475
OPERATING EXPENSES				
Audit fees	8	2	(7)	3
Interest on WRC Holdings Limited advance		1,597	1,098	2,487
Legal fees		1	5	5
Management fees		27	10	20
Professional fees		8	34	48
Directors fees	4	3	3	6
Other expenses		-	-	-
TOTAL EXPENSES		1,638	1,144	2,569
NET OPERATING SURPLUS (DEFICIT)		(17)	383	906
Taxation expense (credit)	5	(330)	(213)	(799)
NET SURPLUS (DEFICIT) FOR THE YEAR		313	596	1,705

PORT INVESTMENTS LTD
STATEMENT OF MOVEMENTS IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2000 (UNAUDITED)

	Half Year to Dec-00 \$000	Half Year to Dec-99 \$000	Full Year to June-00 \$000
EQUITY AT START OF THE YEAR	1,569	1,564	1,564
Net Surplus (deficit) for the year	313	596	1,705
Total recognised revenues and expenses for the year	313	596	1,705
Distributions to owners during the period	-	-	(1,700)
EQUITY AT END OF THE YEAR	1,882	2,161	1,569

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

PORT INVESTMENTS LTD
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2000 (UNAUDITED)

	Half Year to Dec-00 \$000	Half Year to Dec-99 \$000	Full Year to June-00 \$000
EQUITY			
Ordinary share capital	2	-	-
Retained earnings	1,882	2,161	1,569
TOTAL EQUITY	1,882	2,161	1,569
Represented by:			
NON-CURRENT ASSETS			
Investment in subsidiaries	3	44,000	40,800
TOTAL NON-CURRENT ASSETS		44,000	44,000
CURRENT ASSETS			
Bank & short term deposits		2	1
Subvention receivable	5	12	-
Dividends receivable		1,538	1,441
Current account - Wellington Regional Council	4	745	1,041
TOTAL CURRENT ASSETS		2,297	2,483
TOTAL ASSETS		46,297	47,687
NON-CURRENT LIABILITIES			
Advance from WRC Holdings Limited	4	44,000	40,800
TOTAL NON-CURRENT LIABILITIES		44,000	44,000
CURRENT LIABILITIES			
Creditors		415	322
Dividends payable		-	-
TOTAL CURRENT LIABILITIES		415	322
TOTAL LIABILITIES		44,415	46,118
NET ASSETS		1,882	1,569

For and on behalf of the Board

Director _____

Date: _____

Director _____

Date: _____

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 2000 (UNAUDITED)

	Half Year to Dec-00 \$000	Half Year to Dec-99 \$000	Full Year to June-00 \$000
Cash flows from operating activities:			
Cash was provided from:			
Dividends received	154	1,267	4,459
Interest received		-	-
Subvention advance received	330	213	787
Cash was applied to:			
Interest paid	(1,602)	(1,039)	(2,326)
Net cash flow from operating activities	6 (1,118)	441	2,920
Cash flows from investing activities:			
Cash was applied to:			
Investments in shares in subsidiaries		-	(3,200)
Net cash flow from investing activities		-	(3,200)
Cash flows from financing activities :			
Cash was provided from:			
Advances from WRC Holdings Limited		-	3,200
Movement in current account -Wellington Regional Council		-	3,080
Cash was applied to:			
Dividend Paid to WRC Holdings Limited	(1,700)	(6,000)	(6,000)
Movement in current account -Wellington Regional Council	2,819	5,559	-
Net cash flow from financing activities	1,119	(441)	280
Net increase (decrease) in cash held	1	-	-
Add opening cash brought forward	1	-	1
Closing cash carried forward	2	-	1

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 2000 (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 presented in accordance with FRS-24 (Interim Financial Statements) and should be read in conjunction with the company's 2000 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) Goods & Services Tax (GST)

All items in the financial statements are exclusive of GST, with the exception of receivables and payables, which are stated as GST inclusive. Where GST is not recoverable as an input tax then it is recognised as part of the related asset or expense.

(c) Investments

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

(d) 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.

(e) Revenue Recognition

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

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies since the date of the last audited financial statements. All policies have been applied on a basis consistent with prior years.

PORT INVESTMENTS LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2000 (UNAUDITED)

2. SHARE CAPITAL	Half Year to Dec-00 \$000	Half Year to Dec-99 \$000	Full Year to June-00 \$000
Authorised and issued capital			
10,000,100 ordinary shares of \$1 each issued but uncalled.	-	-	-

3. INVESTMENT IN SUBSIDIARIES	Half Year to Dec-00 \$000	Half Year to Dec-99 \$000	Full Year to June-00 \$000
CentrePort Limited	44,000	40,800	44,000

The estimated value of the company's 76.9% holding in CentrePort Ltd at 30 June 1999 was \$48 million.

4. RELATED PARTY DISCLOSURES

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

At 31 December 2000 the company has on advance to the Wellington Regional Council \$745,000 (Dec 1999: \$1,041,000 & June 2000: \$3,520,000) on which interest is payable. The interest rate charged on the facility as at 31 December 2000 was 6.61% p.a. (X% Dec 1999 & 6.69% June 2000). The advance has no fixed repayment term.

The company has an unsecured advance facility of \$44m with its parent WRC Holdings Limited. The facility matures on 28 Oct 2018. The interest rate charged on the facility as at 31 December 2000 was 7.14% p.a. (5.82% Dec 1999 & 7.21% June 2000).

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

Directors Fees:

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 \$190 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 each received directors fees of \$1,562.50 during the period.

PORT INVESTMENTS LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2000 (UNAUDITED)

5. TAXATION

	Half Year to Dec-00 \$000	Half Year to Dec-99 \$000	Full Year to June-00 \$000
Net surplus (deficit) before taxation	(17)	383	906
Prima facie tax expense @ 33%	(6)	126	299
Adjusted for permanent differences			
Non-deductible expenditure	-	-	6
Non assessable income	-	-	(51)
1998 tax loss recognised	-	-	-
Tax loss not recognised	-	-	-
Imputation credits	-	-	(1,053)
Taxation expense / (credit)	(330)	(213)	(799)

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

On 22 September 1998 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 amount due from CentrePort Limited for the current year losses. At 31 December 2000 CentrePort Limited had advanced \$1,117,000 on account of the subvention payment, leaving \$12,000 payable by CentrePort Limited to the Company.

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-00 \$000	Half Year to Dec-99 \$000	Full Year to June-00 \$000
Opening balance	2,651	3,410	3,410
Dividends Received	-	-	2,196
Dividends Paid	-	-	(2,955)
Closing balance	2,651	3,410	2,651

PORT INVESTMENTS LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2000 (UNAUDITED)

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

	Half Year to Dec-00 \$000	Half Year to Dec-99 \$000	Full Year to June-00 \$000
Net surplus (deficit) after taxation	313	596	1,705
Add (less) movement in working capital:			
(Increase) decrease in debtors	(1,384)	(174)	1,101
Increase (decrease) in creditors	(1,703)	(5,932)	(4,136)
(Increase) decrease in current account - WRC	2,775	5,509	3,030
Add (less) items classified as financing activities:			
Increase in WRC current account relating to financing activities	(1,119)	442	1,220
Net cash flow from operating activities	(1,118)	441	2,920

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-00 \$000	Half Year to Dec-99 \$000	Full Year to June-00 \$000
Fees to auditors for audit of financial statements	2	(7)	3
Fees to auditors for other services	-	-	-
	2	(7)	3

9. CONTINGENT LIABILITIES & ASSETS

The contingent liabilities and assets of the company at 31 December 2000 were nil (Dec 1999: nil & June 2000: nil)

10. CAPITAL EXPENDITURE COMMITMENTS

Estimated capital expenditure contracted for at balance date but not provided was nil (Dec 1999: nil & June 2000: nil)