CentrePort Limited

HALF YEAR REPORT

December 2001

DIRECTORY

Directors

Nigel Gould (Chairman)
Ken Harris (Managing Director)
Mike Cashin
Jim Jefferies
Malcolm Johnson
Warren Larsen
Howard Stone

Management

Ken Harris (Managing Director)
David Setter (Chief Financial Officer)

Auditors

Deloitte Touche Tohmatsu, on behalf of the Controller and Auditor-General

Bankers

WestpacTrust

CentrePort Limited

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CentrePort Limited
Directors Report to Shareholders
For the six months ended 31 December 2001

The six month period to 3 1 December 2001 has seen the Company operating in an uncertain environment with the New Zealand economy performing well in the face of a global economic slowdown with the United States, Europe and Asian economies all in recession. Against this background, the Company has performed creditably achieving a steady financial performance for the six-month period to 3 1 December 200 1, slightly ahead of the corresponding period last year.

Total cargo tonnage through the port increased by 6% to a record total of 4.747M tonnes for the period under review. This strong result was achieved with increased contributions from bulk liquid up 13%, bulk dry up 15%, coastal roll on roll off up 6%, conventional cargo up 22% and logs up 4 1%.

The number of vessel calls to the port decreased by 24 calls to 2504 calls (down 1%) due to the Top Cat interisland service ceasing operation at the end of the corresponding period last year. Vessel calls excluding interisland services however increased by 5 calls to 364 calls. This improvement relates to increased petroleum vessel calls and the introduction of the new ANL transtasman service.

Financial Performance

Revenue for the six months to 3 1 December 2001 was $19.7M compared to the corresponding period last year of $18.7M, up 6% for the period.

Surplus before interest and taxation of $5.6M (2000: $5.5M) and surplus after taxation of $3.4M (2000: $3.3M) were slightly ahead of the corresponding period last year.

Annualised average return on shareholders funds for the period was 11% (2000: 12%).

As noted in the previous years annual report, CentrePort has been investing for the future, both in terms of new capital expenditure and improving operational efficiency. This has seen $27M of capital expenditure being reinvested into the business since 1998. The benefits of this investment strategy are starting to be realised with cargo volumes and property returns increasing during the six-month period. The strategy has however also resulted in increased operating costs being incurred during the period due to higher depreciation, interest and restructuring costs. As a result the Company's profitability for the six months to 3 1 December 200 1 is in line with the corresponding period last year.

The company will pay an interim dividend of 8.5 cents per share fully imputed amounting to $2 million.

Outlook for the Second Half of the Year

The second half of the financial year has started on a positive note, with signs that a global economic recovery is slowly emerging and New Zealand and the port industry are well positioned to benefit from a global recovery. The anticipated growth from any recovery is however not without risk and surveys of New Zealand business opinion show that businesses remain pessimistic about the outlook for the New Zealand economy over the next six months.

In respect to CentrePort, the second half of the financial year has also started on a positive note with January results ahead of expectations. Furthermore the strategies adopted by the Company have resulted in CentrePort being well placed to benefit from growth generated from a global economic recovery. Accordingly CentrePort is positive about its business future over the second half of the year and the years that follow.

Nigel J Gould
Chairman
28 February 2002

CentrePort Limited

Consolidated Statement of Financial Performance

For the six months ended 31 December 2001 (Unaudited)

Year ended 30 June 2001 $000		Notes	6 Months to 31 December 2001 $000	6 Months to 31 December 2000 $000
38,308	**REVENUE**		19,728	18,681
(27,225)	Expenses		**(14,135)**	(13,177)
11,083	**SURPLUS BEFORE INTEREST**		5,593	5,504
(1,167)	Interest Expense (net)		(730)	(606)
9,916	**SURPLUS BEFORE TAXATION**	3	4,863	4,898
(3,157)	Taxation Expense	4	(1,469)	(1,563)
6,759	**SURPLUS AFTER TAXATION**	14	3,394	3,335
143	Share of Earnings of Associate Companies after Taxation and Dividends	5	**(86)**	65
6.902	**SURPLUS ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY**		3,308	3,400

Consolidated Statement of Movements in Equity

For the six months ended 31 December 2001 (Unaudited)

Year ended 30 June 2001 $000		Note	6 Months to 31 December 2001 $000	6 Months to 31 December 2000 $000
55,850	**EQUITY - OPENING BALANCE**		58,652	55,850
6,902	Surplus for the Period		3,308	3,400
(4,100)	Dividends	6		**(2,000)**
58,652	**EQUITY - CLOSING BALANCE**		**61,960**	57,250

For and on behalf of the Board of Directors

N J Gould - Chairman
28 February 2002

K D Harris - Managing Director
28 February 2002

The Statement of Accounting Policies and Notes on pages 6 to 16 form part of these Financial Statements.

CentrePort Limited
Consolidated Statement of Financial Position
As at 31 December 2001 (Unaudited)

30 June 2001 $000		Notes	31 December 2001 $000	31 December 2000 $000
58,652	**EQUITY**	7	**61,960**	57,250
	Represented by:			
	ASSETS			
	Non Current Assets			
81,228	Fixed Assets	8	85,185	74,157
1,181	Future Taxation Benefit	9	**1,142**	1,156
765	Investments	11	2,179	687
83,174	**Total Non Current Assets**		88,506	76,000
	Current Assets			
3,811	Receivables and Prepayments	12	3,985	3,626
324	Inventories		297	505
746	Taxation Refund		442	4
4,881	**Total Current Assets**		4,724	4,135
88,055	**TOTAL ASSETS**		**93,230**	80,135
	Less:			
	LIABILITIES			
21,800	**Bank Borrowing**	13	26,000	15,750
	Current Liabilities			
22	Bank Overdraft		47	211
5,464	Creditors and Accruals		3,274	3,045
200	Provision for Dividend	6		2,000
1,917	Provision for Employee Entitlements		**1,949**	1,879
7,603	**Total Current Liabilities**		5,270	7,135
29,403	**TOTAL LIABILITIES**		**31,270**	22,885
58,652	**NET ASSETS**		**61,960**	57,250

The Statement of Accounting Policies and Notes on pages 6 to 16 form part of these Financial Statements.

CentrePort Limited

Consolidated Statement of Cash Flows

For the six months ended 31 December 2001 (Unaudited)

Year ended 30 June 2001 $000		Note	6 Months to 31 December 2001 $000	6 Months to 31 December 2000 $000
	CASH FLOWS FROM OPERATING ACTIVITIES			
	Cash was Provided from:			
37,787	Receipts from Customers		**19,418**	18,344
30	Dividends Received		**135**	30
36	Interest Received		6	15
	Cash was Disbursed to:			
(22,501)	Payments to Suppliers and Employees		**(12,427)**	(12,331)
(286)	Restructuring Costs Paid		**(297)**	**(216)**
(3,491)	Income Taxation Paid		**(1,125)**	(1,130)
(1,222)	Interest Paid		**(642)**	**(552)**
10,353	**NET CASH FLOWS FROM OPERATING ACTIVITIES**	14	5,068	4,160
	CASH FLOWS FROM INVESTING ACTIVITIES			
	Cash was Provided from:			
69	Proceeds from Sale of Fixed Assets		59	52
	Cash was Applied to:			
(9,417)	Purchase of Fixed Assets		**(7,652)**	**(1,246)**
-	Advance to Associate Companies		(500)	
-	Advance to Other Companies		**(1,000)**	
(9,348)	**NET CASH FLOWS FROM INVESTING ACTIVITIES**		**(9,093)**	(1,194)
	CASH FLOWS FROM FINANCING ACTIVITIES			
	Cash was Provided from:			
2,950	Loan advances		4,200	
	Cash was Applied to:			
-	Settlement of Loans and Advances			**(3,100)**
(4,100)	Dividends Paid		(200)	(200)
(1,150)	**NET CASH FLOWS FROM FINANCING ACTIVITIES**		**4,000**	**(3,300)**
(145)	Net Decrease in Cash Held		**(25)**	(334)
123	Add Opening (Overdraft) / Cash Brought Forward		**(22)**	**123**
(22)	**ENDING (OVERDRAFT) CARRIED FORWARD**		**(47)**	**(211)**

The Statement of Accounting Policies and Notes on pages 6 to 16 form part of these Financial Statements.

CentrePort Limited
Notes to the Financial Statements
For the six months ended 31 December 2001 (Unaudited)

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 11.

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.

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 fmancial statements, which materially affect the measurement of financial performance, cash flows and fmancial position, are set out below:

1.1 Revenue

Revenue shown in the Consolidated 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 Taxation collected from customers.

1.2 Fixed Assets

The Group has four classes of fixed assets:
Land
Buildings, Wharves and Paving
Cranes and Floating Plant
Plant, Vehicles and Equipment

The fixed assets acquired by the Group on 1 October 1988 are 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.

1.3 Leases

Group entities lease 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.

CentrePort Limited
Notes to the Financial Statements
For the six months ended 31 December 2001 (Unaudited)

1.4 Depreciation

Depreciation on fixed assets other than land, is charged on a straight line basis so as to write off the cost or valuation of the fixed assets to their estimated residual value over their expected economic lives. The expected economic lives are as follows:

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

1.5 Investments

Investments in Associate entities 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 Taxation. 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 period is the estimated liability in respect of that surplus and is calculated after allowance for permanent differences and timing differences not expected to reverse in the foreseeable future. This is the partial basis for the calculation of deferred taxation.

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

1.9 Basis of Consolidation

The consolidated financial statements include the Holding Company and its Subsidiaries, accounted for using the purchase method. The Associate companies are accounted for on an equity accounting basis. All significant inter-company transactions are eliminated on consolidation.

CentrePort Limited
Notes to the Financial Statements
For the six months ended 31 December 2001 (Unaudited)

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 defmition of cash. Dividends paid 'in relation to capital structure are included in financing activities.

(d) Operating activities include all transactions and other events that are not investing or financing activities.

1.11 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 Changes in Accounting Policies

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

NOTE 2

Financial Statements

The financial statements for the six month periods ended 3 1 December 2001 and 3 I December 2000 are unaudited.

CentrePort Limited
Notes to the Financial Statements
For the six months ended 31 December 2001 (Unaudited)

NOTE 3

Surplus before Taxation

Year ended 30 June 2001 $000		6 Months to 31 December 2001 $000	6 Months to 31 December 2000 $000
10,463	**Surplus before Taxation**	4,863	4,898
	After Crediting:		
	REVENUE		
30	Dividend Received from Associates	**135**	30
36	Interest Received	6	15
	After Charging:		
	EXPENSES		
8	Bad Debts Written Off	-	1
100	Change in Provision for Doubtful Debts	**90**	50
3,602	Depreciation	**1,986**	1,766
122	Directors Fees	77	54
50	Fees paid to Parent Company Auditors for Audit Services	25	25
-	Fees paid to Parent Company Auditors for Other Services	**70**	**10**
(31)	Net Profit on Sale of Fixed Assets	**(59)**	**(45)**
1,203	Interest Expense	736	621
286	Restructuring Costs	297	216
808	Rental and Lease Expenses	340	430

NOTE 4

Taxation

Year ended 30 June 2001 $000		6 Months to 31 December 2001 $000	6 Months to 31 December 2000 $000
	Taxation Expense		
	The Income Taxation Expense has been calculated as follows:		
9,916	Surplus before Taxation	4,863	4,898
3,272	Income Taxation on the Surplus for the Period at 33%	**1,605**	1,616
	Taxation Effect of		
97	- Permanent Differences	**79**	**23**
(144)	- Timing Differences not Recognised	**(131)**	**(61)**
(15)	Benefit of Imputation Credits Received	(66)	(15)
3,210	Current Period Taxation Expense	1,487	1,563
(53)	Prior Period Adjustments	**(18)**	
3,157	**Taxation Expense**	**1,469**	1,563

CentrePort Limited
Notes to the Financial Statements
For the six months ended 31 December 2001 (Unaudited)

NOTE 4

Taxation (continued)

Year ended 30 June 2001 $000		6 Months to 31 December 2001 $000	6 Months to 31 December 2000 $000
	The Taxation Expense is represented by:		
3,323	Current Period Taxation	1,496	1,653
(166)	Future Taxation Benefit	(27)	(90)
3,157	**Taxation Expense**	**1,469**	1,563

NOTE 5

Associate Companies

Year ended 30 June 2001 $000		6 Months to 31 December 2001 $000	6 Months to 31 December 2000 $000
265	Share of Surplus of Associate Companies before Taxation	74	144
(92)	Taxation	(25)	(49)
(30)	Dividend Received	(135)	(30)
143	**Share of Earnings of Associate Companies after Taxation and Dividends**	**(86)**	65

NOTE 6

Dividends

Year ended 30 June 2001 $000		6 Months to 31 December 2001 $000	6 Months to 31 December 2000 $000
3,900	Dividend Paid on Ordinary Shares	-	-
200	Proposed Dividend on Ordinary Shares		2,000
4,100	**Total Dividends Paid or Payable**		2,000

CentrePort Limited
Notes to the Financial Statements
For the six months ended 31 December 2001 (Unaudited)

NOTE 7

Equity

30 June 2001 $000		31 December 2001 $000	31 December 2000 $000
	Equity includes:		
	Issued and Paid Up Capital		
30,000	23,424,657 ordinary shares	30,000	30,000

NOTE 8

Fixed Assets

Net Book Value 30 June 2001 $000		cost $000	Accumulated Depreciation $000	Net Book Value 31 December 2001 $000	Net Book Value 31 December 2000 $000
35,539	Freehold Land	35,539		35,539	35,539
34,656	Buildings, Wharves and Paving	54,558	19,315	35,243	28,061
5,532	Cranes and Floating Plant	12,999	3,913	9,086	4,795
5,501	Plant, Vehicles and Equipment	15,471	10,154	5,317	5,762
81,228	**Total Fixed Assets**	118,567	33,382	85,185	74,157

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

NOTE 9

Future Taxation Benefits

30 June 2001 $000		31 December 2001 $000	31 December 2000 $000
1,066	Opening Balance	**1,181**	1,066
166	Current Period Movement	27	90
(51)	Prior Period Adjustments	(66)	
1,181	**Closing Balance**	**1,142**	1,156
	Taxation Balances Not Recognised		
6,910	Taxation Effect of the Differences between the Accounting and Taxation Treatment of Depreciation	6,803	6,359

Due to the long term nature of the fixed assets deployed by the Group, future taxation benefits have not been recognised as an asset in the financial statements.

CentrePort Limited
Notes to the Financial Statements
For the six months ended 31 December 2001 (Unaudited)

NOTE 10

Imputation Credit Account

30 June 2001 $000		31 December 2001 $000	31 December 2000 $000
2,739	Opening Balance	**1,756**	**2,739**
36	Imputation Credits Attached to Dividends Received	2,999	37
(2,019)	Imputation Credits Attached to Dividends Paid	**(98)**	(99)
1,000	Income Taxation Payment	340	300
1,756	**Closing Balance**	4,997	2,977
	Imputation credits available to the shareholders of the Parent Company as at 3 1 December 2001 are:		
1,756	Through direct shareholding in the Parent Company	4,997	**2,977**
3,168	Through indirect interests in Subsidiaries	723	2,168

NOTE 11

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

30 June 2001 $000		31 December 2001 $000	31 December 2000 $000
	Investment in Associate Companies		
461	Shares in Associate Companies at Cost	461	461
304	Share of Post-Acquisition Retained Earnings	**218**	226
-	Advance to Associate Company	500	
765		**1,179**	687
	Investment in Other Companies		
-	Advance to Other Companies	**1,000**	
765	**Total Investments**	**2,179**	687

CentrePort Limited
Notes to the Financial Statements
For the six months ended 31 December 2001 (Unaudited)

NOTE 12

Receivables and Prepay men ts

30 June 2001 $000		31 December 2001 $000	31 December 2000 $000
3,267	Trade Receivables	**3,314**	2,977
50	Associate Company Receivables	50	68
494	Prepayments and Other Receivables	621	581
3,811	**Total Receivables and Prepayments**	3,985	3,626

NOTE 13

Bank Borrowing

The Parent Company has a bank loan facility which is unsecured and matures on 14 April 2002. The interest rate charged on the facility as at 3 1 December 200 1 ranged from 5.1% to 6.1% p.a.

NOTE 14

Reconciliation of Surplus after Taxation with Cash Flows from Operating Activities

Year ended 30 June 2001 $000		6 Months to 31 December 2001 $000	6 Months to 31 December 2000 $000
6,759	**Reported Surplus after Taxation and before Share of Earnings of Associate Companies**	**3,394**	3,335
	Add (Less) Non Cash Items:		
3,602	Depreciation	**1,986**	1,766
(31)	Net Profit on Sale of Assets	**(59)**	**(45)**
(115)	Future Taxation Benefit	39	**(90)**
	Add (Less) Movements in Working Capital:		
(600)	Accounts Receivable	**(174)**	**(415)**
1,408	Accounts Payable	(2,158)	(1,049)
(9)	Inventory	27	**(190)**
(219)	Taxation	304	523
	Add (Less) Items Classified as Investing and Financing Activities:		
(442)	Accounts Payable related to Fixed Assets	**1,709**	325
10,353	**Net Cash Inflow from Operating Activities**	5,068	4,160

CentrePort Limited
Notes to the Financial Statements
For the six months ended 31 December 2001 (Unaudited)

NOTE 15

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 ($ I 11,000) (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 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 forward interest rate swap agreements with maturities of:

30 June 2001 $000		31 December 2001 $000	31 December 2000 $000
11000	Less than One Year	13,000	6,000
6,000	One to Two Years	7,000	7,000
3,000	Two to Three Years	5,000	
5,000	Three to Four Years		

Credit Risk

Financial instruments which potentially subject the Group to credit risk principally consist of bank balances, money market deposits, accounts receivable and advances. 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:

30 June 2001 $000		31 December 2001 $000	31 December 2000 $000
3,666	Receivables	3,500	3,207
-	Advances	1,500	

No collateral is held on the above amounts other than for advances to other companies, which are secured by mortgage and debenture.

Concentrations of Credit Risk

The Group is not exposed to any concentrations of credit risk except in respect to advances.

Credit Facilities

The Group has a total bank overdraft facility of $1,000,000 and New Zealand dollar Commercial Bill facilities of $33,000,000. Of these $26,047,000 has been drawn down by the Group.

CentrePort Limited
Notes to the Financial Statements
For the six months ended 31 December 2001 (Unaudited)

NOTE 16

Operating Leases

30 June 2001 $000		31 December 2001 $000	31 December 2000 $000
	Lease commitments for non-cancellable operating leases as at balance date were:		
160	Less than One Year	**196**	327
-	One to Two Years	69	6
160		265	333

NOTE 17

Related Parties

CentrePort Limited is 76.9% owned by Port Investments Limited, a subsidiary of Wellington Regional Council, and 23.1% owned by Manawatu-Wanganui Regional Council. During the period transactions between CentrePort Limited and related parties included:

Year ended 30 June 2001 $000		6 Months to 31 December 2001 $000	6 Months to 31 December 2000 $000
	Wellington Regional Council and Subsidiaries		
24	Income Received from Rent and Services Performed	**20**	
(550)	Payment for Use of Navigational Facilities	**(275)**	(2::)
787	Subvention Payments	275	330
	Medical Waste (Wellington) Limited		
84	Income Received from Services Performed	**44**	42
(198)	Waste Disposal Expenditure	**(94)**	(88)
	CentrePac Limited		
149	Income Received from Rent and Services Performed	85	77
	Transport Systems 2000 Limited		
312	Income Received from Rent and Services Performed	166	147

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

CentrePort Limited
Notes to the Financial Statements
For the six months ended 31 December 2001 (Unaudited)

NOTE 18

Contingent Liabilities

Certain parties have commenced litigation disputing the level of the Group's charges and seeking some reimbursement of charges paid. The Group has lodged counter claims against these parties for breach of contract in respect of charges that have been withheld. The charges determined by the Group as appropriate, are included within trade receivables (Note 12) at balance date. Professional advice indicates that the Group has no significant further exposure to the claims.

NOTE 19

Capital Commitments

At balance date there were commitments in respect of contracts for capital expenditure of $449,000 (December 2000: $4,250,000 and June 200 1: $4,149,000).

NOTE 20

Segment Information

CentrePort Limited operates in one industry, the operation of a commercial port. All operations are carried out within New Zealand.