

**PORT INVESTMENTS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2002**

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**PORT INVESTMENTS LTD
DIRECTORY**

Directors

Hon M K Shields
T J McDavitt (appointed 1 May 2002)
F R Long (appointed 1 May 2002)
S A Macaskill
A Blackburn (appointed 1 May 2002)
A E McQueen (retired 30 April 2002)
A M Lawson (retired 30 April 2002)
J W Rowe (retired 30 April 2002)

Secretary

W J Hastie

Registered Office

142- 146 Wakefield Street
Wellington

Auditors

Audit New Zealand
on behalf of the Auditor-General

Solicitors

Chapman Tripp

Bankers

The National Bank of New Zealand Limited

T. J. H. D.

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**PORT INVESTMENTS LIMITED
DIRECTORS' REPORT**

The Directors have pleasure in submitting their 2002 Annual Report and Financial Statements.

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 was purchased by Port Investments Limited from the Wellington Regional Council on 28 October 1998.

	2002	2001
Results and Distributions	\$000	\$000
Net surplus (deficit) after tax for the financial year	<u>1,658</u>	<u>1,106</u>
Dividend distribution	<u>1,700</u>	<u>1,100</u>

Disclosure of Interests by Directors

Hon M K Shields
Chairperson of the Wellington Regional Council

T J McDavitt (appointed 1 May 2002)
Deputy Chairperson of the Wellington Regional Council

F R Long (appointed 1 May 2002)
Councillor of the Wellington Regional Council

S A Macaskill
Former Chairperson of the Wellington Regional Council

A Blackburn (appointed 1 May 2002)
None

A E McQueen (retired 30 April 2002)
Former Councillor of the Wellington Regional Council

A M Lawson (retired 30 April 2002)
None

J W Rowe (retired 30 April 2002)
None

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

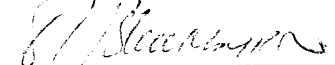
Details of Directors' remuneration are as follows:

	\$
Hon M K Shields	Nil
T J McDavitt	Nil
F R Long	Nil
S A Macaskill	\$2,804
A Blackburn	\$667
A E McQueen	\$2,138
A M Lawson	\$3,333
J W Rowe	\$3,333

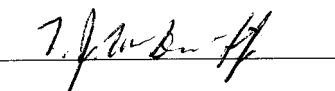
Auditor

The Auditor-General continues in office in accordance with Section 15 of the Public Audit Act 2001 and Section 594ZC of the Local Government Act 1974. The Auditor-General is the appointed auditor in accordance with Section 15 of the Public Audit Act 2001 and Section 594ZC of the Local Government Act 1974. The Auditor-General has appointed E M Mason of Audit New Zealand to undertake the audit.

For and on behalf of the Board

Director 

Date: 26 September 2002

Director 

Date: 26 September 2002

PORT INVESTMENTS LTD
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2002

	Note	2002 \$000	2001 \$000
REVENUE			
Interest income		91	116
Dividend income		3,385	3,154
TOTAL REVENUE		<u>3,476</u>	<u>3,270</u>
OPERATING EXPENSES			
Audit fees	8	2	2
Bank Fees		1	
Interest on WRC Holdings Limited advance		2,583	3,101
Legal fees		3	1
Management fees		61	54
Professional fees		7	8
Directors fees	4	12	6
TOTAL EXPENSES		<u>2,669</u>	<u>3,172</u>
NET OPERATING SURPLUS /(DEFICIT)		807	98
Taxation (expense)/credit	5	851	1,008
NET SURPLUS /(DEFICIT) FOR THE YEAR		<u><u>1,658</u></u>	<u><u>1,106</u></u>

PORT INVESTMENTS LTD
STATEMENT OF MOVEMENTS IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2002

	2002 \$000	2001 \$000
EQUITY AT THE START OF THE YEAR	1,575	1,569
Net surplus / (deficit) for the year	1,658	1,106
Total recognised revenues and expenses for the year	1,658	1,106
Distributions to owners during the period	(1,700)	(1,100)
EQUITY AT THE END OF THE YEAR	<u><u>1,533</u></u>	<u><u>1,575</u></u>

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

PORT INVESTMENTS LTD
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2002

	2002	2001
Note	\$000	\$000
EQUITY		
Ordinary share capital	2	
Retained earnings	1,533	1,575
TOTAL EQUITY	<u>1,533</u>	<u>1,575</u>

Represented by:

CURRENT ASSETS

Bank and short term deposits		
Subvention receivable	46	29
Dividends receivable	308	154
Current account - Wellington Regional Council	4	3,244
TOTAL CURRENT ASSETS	<u>3,599</u>	<u>3,043</u>

NON-CURRENT ASSETS

Investment in subsidiaries	3	44,000	44,000
TOTAL NON-CURRENT ASSETS		<u>44,000</u>	<u>44,000</u>
TOTAL ASSETS		<u>47,599</u>	<u>47,043</u>

CURRENT LIABILITIES

Payables		366	368
Dividends payable		1,700	1,100
TOTAL CURRENT LIABILITIES		<u>2,066</u>	<u>1,468</u>

NON-CURRENT LIABILITIES

Advance from WRC Holdings Limited	4	44,000	44,000
TOTAL NON-CURRENT LIABILITIES		<u>44,000</u>	<u>44,000</u>
TOTAL LIABILITIES		<u>46,066</u>	<u>45,468</u>

NET ASSETS		<u>1,533</u>	<u>1,575</u>
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For and on behalf of the Board

Director *[Signature]*

Date: 26 Sep 02

Director *[Signature]*

Date: 26 Sep 02

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

PORT INVESTMENTS LTD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2002

	Note	2002 \$000	2001 \$000
Cash flows from operating activities:			
Cash was provided from:			
Dividends received		3,231	3,154
Subvention advances received		834	991
Cash was applied to:			
Interest paid		<u>(2,586)</u>	<u>(3,151)</u>
Net cash flows from operating activities	6	<u>1,479</u>	<u>994</u>
Cash flows from investing activities:			
Cash was applied to:			
Net cash flows from investing activities		<u> </u>	<u> </u>
Cash flows from financing activities :			
Cash was provided from:			
Movement in current account -Wellington Regional Council		(379)	706
Cash was applied to:			
Dividend Paid to WRC Holdings Limited		<u>(1,100)</u>	<u>(1,700)</u>
Net cash flows from financing activities		<u>(1,479)</u>	<u>(994)</u>
Net increase /(decrease) in cash held			
Add opening cash brought forward		<u>1</u>	<u>1</u>
Closing cash carried forward		<u>1</u>	<u>1</u>

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

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PORT INVESTMENTS LTD
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2002

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 the requirements of the Companies Act 1993, the Financial Reporting Act 1993 and the Local Government Act 1974.

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.

ACCOUNTING POLICIES

The following accounting policies which materially affect the financial statements have been applied.

(a) Income Tax

The tax credit for the year represents the payments received or receivable from other group companies for income tax losses transferred to those companies.

Deferred taxation has been calculated using the liability method on a comprehensive basis. A deferred tax benefit is only recognised if there is virtual certainty of realisation.

(b) Goods and 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 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.

(f) Changes in Accounting Policies

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

PORT INVESTMENTS LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2002

2. SHARE CAPITAL	2002	2001
	\$000	\$000
Authorised and issued capital		
10,000,100 ordinary shares of \$1 each issued but uncalled.		
	<u><u>44,000</u></u>	<u><u>44,000</u></u>

3. INVESTMENT IN SUBSIDIARIES	2002	2001
	\$000	\$000
CentrePort Limited	<u><u>44,000</u></u>	<u><u>44,000</u></u>

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 30 June 2002 the Company has on advance to the Wellington Regional Council \$3.24 m (30 June 2001 \$2.86m). The interest rate charged on the facility as at 30 June 2002 was 5.70% p.a. (30 June 2001 5.79%). The advance has no fixed repayment term.

The Company has an unsecured advance facility of \$44,000,000 with its parent WRC Holdings Limited. The facility matures on 28 Oct 2018. The interest rate charged on the facility as at 30 June 2002 was 6.303% p.a. (30 June 2001 6.33%).

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

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

Directors Fees:

S A Macaskill received a salary from the Wellington Regional Council during the year until the Local Body elections, which were held on 13 October 2001. Similarly, Hon M K Shields and A E McQueen were entitled to a daily allowance of \$195 for attending WRC Holdings Group meetings on those days where they are not receiving an allowance for attendance at a Wellington Regional Council meeting until the Local Body elections.

Because Messrs. S A Macaskill and A E McQueen did not seek re-election to the Council each received a fee of \$2,804 and \$2,138, respectively for the period after those elections. Mr McQueen retired as a director on 30 April 2002.

Subsequent to those elections, Hon M K Shields received a salary from the Wellington Regional Council (from 26 October 2001).

Messrs T J McDavitt and F R Long were entitled to a daily allowance of \$195 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 fees of \$3,333 for the 10 month period ended 30 April 2002.

A M Lawson and J W Rowe retired as directors on 30 April 2002.

A Blackburn was appointed as a director from 1 May 2002 and received a fee of \$667 for the two month period ended 30 June 2002.

PORT INVESTMENTS LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2002

5. TAXATION

	2002	2001
	\$000	\$000
Net surplus (deficit) before taxation	807	98
Prima facie tax expense @ 33%	267	32
Adjusted for permanent differences		
Non-deductible expenditure		1
Non assessable income	(102)	
Imputation credits	(1,016)	(1,041)
Taxation expense /(credit)	(851)	(1,008)

This taxation expense is represented by:

Current year taxation	(851)	(1,008)
Future taxation benefit		

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 30 June 2002 CentrePort Limited had advanced \$804,624 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

	2002	2001
	\$000	\$000
Opening balance	3,367	2,651
Dividends Received	1,592	1,553
Dividends Paid	(542)	(837)
Closing balance	4,417	3,367

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PORT INVESTMENTS LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2002

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

	2002	2001
	\$000	\$000
Net surplus /(deficit) after taxation	1,658	1,106
Add /(less) /movement in working capital:		
(Increase) /decrease in debtors	(171)	(17)
Increase /(decrease) in creditors	598	(650)
(Increase) /decrease in current account - WRC	(385)	661
Add /(less) items classified as financing activities:		
(Increase) in provision for dividends relating to financing activities	(600)	600
Increase in WRC current account relating to financing activities	379	(706)
Net cash flows from operating activities	1,479	994

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 Annual Report and Financial Statements.

8. AUDITORS' REMUNERATION

	2002	2001
	\$000	\$000
Audit New Zealand - audit services	2	3
Audit New Zealand - other services		
	<u>2</u>	<u>3</u>

9. CONTINGENT LIABILITIES AND ASSETS

The contingent liabilities and assets of the Company at 30 June 2002 were nil (30 June 2001: nil)

10. CAPITAL EXPENDITURE COMMITMENTS

Estimated capital expenditure contracted for at 30 June 2002 but not provided was nil (30 June 2001: nil)