

**WRC HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2002**

**Attachment 3 to Report 02.578
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**WRC HOLDINGS LIMITED
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

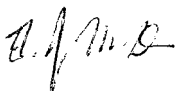
Audit New Zealand
on behalf of the Auditor-General

Solicitors

Chapman Tripp

Bankers

The National Bank of New Zealand Limited



**WRC HOLDINGS LIMITED
 STATUTORY REPORT OF DIRECTORS
 For the Year Ended 30 June 2002**

The Directors have pleasure in submitting their Annual Report including the financial statements of the Company and its Subsidiaries for the year ended 30 June 2002.

Principal Activities

WRC Holdings Ltd is an investment holding Company of the Wellington Regional Council. The Group consists of WRC Holdings Ltd its wholly owned subsidiary companies Port Investments Ltd and Pringle House Ltd, and 77% owned CentrePort Ltd.

The primary objectives of the group are:

- To operate as a successful and responsible business.
- To own and operate the Wellington Regional Council's headquarters at 142-146 Wakefield Street, Wellington (known as "The Regional Council Centre") on a cost effective basis.
- To own Wellington Regional Council's interest in CentrePort Ltd and to maximise the commercial value to the shareholders and to protect the shareholders' investment.
- To effectively manage any other investments held in the group to maximise commercial value to the shareholders and to protect the shareholders' investment.
- To operate in an environmentally responsible manner
- To minimise the impact of any of the Group's activities on the environment,
- To raise awareness of environmental issues within the Group.
- To provide a safe and healthy workplace.
- To participate in development, cultural and community activities within the Regions in which the Group operates.

Results compared with SCJ targets

- Net Profit Before Tax was \$8,238,000 compared to a target of \$6,113,000
- Net Profit After Tax was \$5,716,000 compared to a target of \$3,776,000
- Return on Total Assets was 12.3% compared to a target of 10.0%
- Return on Shareholder Equity was 42.1% compared to a target of 22.8%
- Dividends were \$1,800,000 compared to a target of \$668,000

Dividends	\$
Interim	0
Final	<u>1,800,000</u>
Total	<u><u>1,800,000</u></u>

Directors

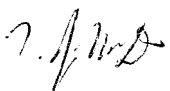
Directors holding office during the year were:

Parent and Wholly Owned Subsidiaries	Subsidiary -- CentrePort Limited
Hon M K Shields	N J Gould
T J McDavitt (appointed 1 May 2002)	K D Harris
F R Long (appointed 1 May 2002)	M Cashin
S A Macaskill	J G Jefferies
A Blackburn (appointed 1 May 2002)	E M M Johnson
A E McQueen (retired 30 April 2002)	W Larsen
A M Lawson (retired 30 April 2002)	H J Stone
J W Rowe (retired 30 April 2002)	

Remuneration of Directors of the Parent Company

Directors' remuneration received during the year was 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




Entries in the Interests Register

Disclosure of Interests by Directors for the year ended 30 June 2002:

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

A Blackburn (appointed 1 May 2002)

- None

S A Macaskill

- Former Chairperson of the Wellington Regional Council

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 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 who are paid over \$100,000.

Auditor

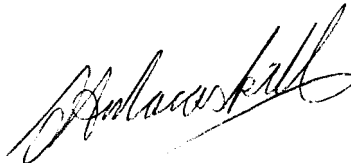
The Auditor-General continues in office in accordance with Section 15 of the Public Audit Act 2001 and Section 594ZC of the Local Government Act 1974. The Auditor-General is the appointed auditor in accordance with Section 15 of the Public Audit Act 2001 and Section 594ZC of the Local Government Act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

For, and on behalf of, the Board of Directors



Director

26 September 2002



Director

26 September 2002

WRC HOLDINGS LIMITED
STATEMENT OF FINANCIAL PERFORMANCE
For the Year Ended 30 June 2002

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	Notes	Group		Parent	
		2002 \$000	2001 \$000	2002 \$000	2001 \$000
REVENUE		42,082	40,055	4,486	4,201
Expenses		(33,844)	(32,730)	(2,703)	(3,284)
OPERATING SURPLUS BEFORE SUBVENTION and TAXATION	2	8,238	7,325	1,783	917
Subvention Payment		(357)	(506)		
OPERATING SURPLUS BEFORE TAXATION		7,881	6,819	1,783	917
Taxation (Expense) / Credit	7	(2,165)	(2,149)		
SURPLUS AFTER TAXATION	14	5,716	4,671	1,783	917
Share of Surplus applicable to Minority Interest	3	(1,698)	(1,593)		
SURPLUS ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY		4,018	3,078	1,783	917

WRC HOLDINGS LIMITED
STATEMENT OF MOVEMENTS IN EQUITY
For the Year Ended 30 June 2002


	Notes	Group		Parent	
		2002 \$000	2001 \$000	2002 \$000	2001 \$000
EQUITY - OPENING BALANCE		21,965	19,140	7,357	7,340
Total Recognised Revenue and Expenses		4,018	3,078	1,783	917
Contribution to Owners of Parent Company		(1,800)	(900)	(1,800)	(900)
Movements in Minority Interest	3	682	647		
EQUITY - CLOSING BALANCE	5	24,865	21,965	7,340	7,357

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

WRC HOLDINGS LIMITED
STATEMENT OF FINANCIAL POSITION
As at 30 June 2002

	Notes	Group		Parent	
		2002	2001	2002	2001
		\$000	\$000	\$000	\$000
EQUITY	5	24,865	21,965	7540	1,357
Represented by:					
ASSETS					
Current Assets					
Cash and Deposits				1	1
Receivables and Prepayments	10	3,384	3,850	2,257	1,459
Current Account- Wellington Regional Council	10	3,763	3,038	63	(40)
Current Account- Pringle House Ltd	10			1,800	1,800
Inventories		278	324		
Tax Refund		601	746	-	
Total Current Assets		8,026	7,958	4,121	3,220
Non Current Assets					
Investments	9	9,142	7,645	49,391	49,411
Fixed Assets	6	85,152	79,776		
Future Taxation Benefit	7	1,145	1,181		
Total Non Current Assets		95,439	88,602	49,391	49,411
TOTAL ASSETS		103,465	96,560	53,512	52,631
Less:					
LIABILITIES					
Current Liabilities					
Bank Overdraft		591	19		
Payables and Accruals		4,373	5,913	372	374
Provision for Employee Entitlements		1,944	1,917		
Provision for Dividend	4	1,892	946	1,800	900
Total Current Liabilities		8,800	8,795	2,172	1,274
Non Current Liabilities					
Bank Borrowing	11	69,800	65,800	44,000	44,000
TOTAL LIABILITIES		78,600	74,595	46,172	45,274
NET ASSETS		24,865	21,965	7,340	7,357

For, and on behalf of, the Board of Directors

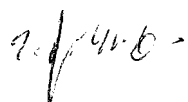


Director
26 September 2002



Director
26 September 2002

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



WRC HOLDINGS LIMITED
STATEMENT OF CASH FLOWS
For the Year Ended 30 June 2002

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	Notes	Group 2002 \$000	2001 \$000	Parent 2002 \$000	2001 \$000
CASH FLOWS FROM OPERATING ACTIVITIES					
<i>Cash was Provided from:</i>					
Receipts from Customers		40,476	37,787		
Dividends Received		135	30	1,100	1,700
Interest Received		110	36	2,584	3,151
<i>Cash was Disbursed to:</i>					
Payments to Suppliers and Employees		(23,723)	(22,501)		
Restructuring Costs		(685)	(286)		
Subvention Payments to WRC		(586)	(535)		(163)
Income Taxation		(2,000)	(2,500)		
Interest Paid		(3,979)	(4,373)	(2,584)	(3,151)
NET CASH FLOWS FROM OPERATING ACTIVITIES	14	9,828	7,658	1,100	1,537
CASH FLOWS FROM INVESTING ACTIVITIES					
<i>Cash was Provided from:</i>					
Proceeds from Sale of Fixed Assets		65	69		
Repayment of Advance from associate Company		50			
<i>Cash was Applied to:</i>					
Purchase of Fixed Assets		(11,072)	(9,417)		
Interest Bearing Advance		(1,000)			
Advance to Subsidiary Company		(500)			
NET CASH FLOWS FROM INVESTING ACTIVITIES		(12,457)	(9,348)		
CASH FLOWS FROM FINANCING ACTIVITIES					
<i>Cash was Provided from:</i>					
Term Debt		4,000	2,950		
Movement in Current Account - WRC		(74)	1,204	(200)	126
<i>Cash was Applied to:</i>					
Settlement of Loans					
Movement in Current Account - WRC					
Dividends Paid		(1,869)	(2,646)	(900)	(1,700)
NET CASH FLOWS FROM FINANCING ACTIVITIES		2,057	1,508	(1,100)	(1,574)
Net Increase/ (decrease) in Cash Held		(572)	(182)		(37)
Add Opening Cash Brought Forward		(19)	163	1	38
CLOSING CASH BALANCE		(591)	(19)	1	1

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

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 9.

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.

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.

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 comprises 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 and dividend income are recognised on an accrual basis.

1.2 Fixed Assets

The Group has four classes of fixed assets:

Land
Buildings, Wharves and Paving
Container 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 2 I 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.

T. J. M. S. -



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
Container Cranes and Floating Plant.	10 to 50 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 change in valuation is credited or debited to 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 purposes only.


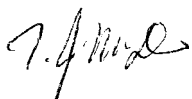
1.8 Income Taxation

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

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

1.9 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.



1.10 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.

The Group's share of the net surplus of associate companies is recognised as a component of revenue in the consolidated statement of financial performance. Dividends received from associate companies are credited to the carrying amount of the investment.

All significant inter-company transactions are eliminated on consolidation.

1.11 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 to shareholders are included in financing activities.
- (d) Operating activities include all transactions and other events that are not investing or financing activities.

1.12 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.

1.13 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. The other provisions have been calculated on an actuarial basis at current rates of pay.

1.14 Changes in Accounting Policies

In the current year the Group changed its policy of accounting for its Investments in associate companies in accordance with FRS - 38 *Accounting for Investments in associates* (refer accounting policy 1. IO). The implementation of the new accounting policy has not had a material impact on the consolidated financial statements in the current year.

The Group's share of the net surplus of associate companies is recognised as a component of revenue in the consolidated statement of financial performance. Dividends received from associate companies are credited to the carrying amount of investments. Previously the Group's share of the net surplus of associate companies, after adjusting for any dividends received, was recognised in the Statement of Financial Performance following the surplus after taxation. Dividends received from associate companies were recognised as a component of revenue in the consolidated statement of financial performance.

There have been no other changes in accounting policies since the date of the last audited financial statements.

All policies other than those above, have been applied on a basis consistent with the previous year.

1.15 Comparatives

Where necessary, comparatives have been restated to assist comparability

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2002

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NOTE 2

Operating Surplus before Subvention and Taxation

	Group		Parent	
	2002	2001	2002	2001
	\$000	\$000	\$000	\$000
Operating Surplus before Subvention and Taxation	8,238	1,325	1,783	917
<i>After Crediting:</i>				
REVENUE				
Rental Revenue	1,296	1,299		
Equity Accounted Earnings of Associate Companies	132	173		
Dividends from Subsidiaries	-		1,900	1,100
Interest Revenue	242	181	2,586	3,101
<i>After Charging:</i>				
EXPENSES				
Bad Debts Write Off	10	8		
Change in Provision for Doubtful Debts	132	100		
Directors Fees	194	147	12	6
Depreciation	4,173	3,643	-	-
Fees paid to Company Auditors for:				
- Audit Services	60	61	7	7
- Other Assurance Services	89	38		
- Consultancy Services	29	12		
Interest Expense	4,081	4,305	2,584	3,102
(Profit)/Loss on Sale of Fixed Assets	(65)	(31)		
Rental and Lease Expenses	712	808		
Restructuring Costs	695	286	-	-
Write down of Investment in subsidiaries			19	101
Write down of Investment Property		265	-	-

NOTE 3

Minority Interests

	Group	
	2002	2001
	\$000	\$000
Opening Balance	13,535	12,888
Minority share of operating surplus	1,698	1,593
Minority dividends paid or payable	(1,015)	(946)
Closing Balance (Note 5)	14,218	13,535

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 Year Ended 30 June 2002

NOTE 4

Dividends

	Group		Parent	
	2002	2001	2002	2001
	\$000	\$000	\$000	\$000
Interim Distributions: Dividend Paid on Ordinary Shares	1,800	900		
Proposed Distributions: Proposed Dividend on Ordinary Shares	1,892	946	1,800	900
Total Dividends Declared	3,692	1,846	1,800	900

NOTE 5

Equity

	Group		Parent	
	2002	2001	2002	2001
	\$000	\$000	\$000	\$000
Ordinary Share Capital				
50,000,000 \$1 shares, uncalled, issued without a premium				
34,541,100 \$1 shares, fully paid, issued without a premium	34,541	34,541	34,541	34,541
Redeemable Preference Share Capital				
25,000 \$1000 shares, paid to 1 cent, issued without a premium				
Total Share Capital	34,541	34,541	34,541	34,541
Retained Earnings	(23,894)	(26,111)	(27,201)	(27,184)
Minority Interest (Note 3)	14,218	13,535		
Total Equity	24,865	21,965	7,340	7,357

NOTE 6

Fixed Assets

	Cost	Revaluation	Accumulated	Net Book	Depreciation
	\$000	\$000	Depreciation	Value	Expense
	\$000	\$000	\$000	\$000	\$000
Group - 2002					
Freehold Land	35,539	(832)	-	34,707	
Buildings, Wharves and Paving	56,284	(589)	(20,586)	35,109	2,491
Cranes and Floating Plant	14,525	(72)	(4,177)	10,276	502
Plant, Vehicles, Furniture and Equipment	15,075	(125)	(9,890)	5,060	1,180
Total Fixed Assets	121,423	(1,618)	134,653	85,152	4,173
Group - 2001					
Freehold Land	35,539	(832)		34,707	
Buildings, Wharves and Paving	52,767	(589)	(18,111)	34,067	2,127
Cranes and Floating Plant	9,219	(72)	(3,687)	5,460	340
Plant, Vehicles, Furniture and Equipment	20,572	(125)	(14,905)	5,542	1,176
Total Fixed Assets	118,097	(1,618)	(36,703)	79,776	3,643

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 of fixed assets was a necessary component of the acquisition by Port Investments Ltd of 77% of CentrePort in 1998/1999.

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

W. J. M. D.

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2002

NOTE 7

Taxation

	Group		Parent	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000
Taxation Expense				
The Income Taxation Expense has been calculated as follows:				
Operating Surplus before Taxation	7,881	6,819	1,783	917
Income Taxation on the Surplus for the Year at 33% Adjusted for permanent differences	2,602	2,251	588	303
Imputation Credits	42	(15)		
Non-assessable income	(102)		(627)	(363)
Non-deductible expenditure	141	185	7	33
Equity Accounted Earnings from Associate Companies	(1)	(48)		
Timing differences not recognised	(317)	(198)	32	27
2002 tax loss not recognised	31	27		
Prior Period Adjustment	(231)	(53)		
Taxation Expense / (Credit)	2,165	2,149		

The Taxation Expense is represented by.

Current Year Taxation	2,188	2,315
Future Taxation Benefit	(23)	(166)
Taxation Expense / (Credit)	2,165	2,149

Future Taxation Benefit Comprises

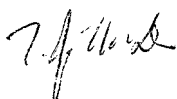
Opening Balance	1,181	1,066
Current Year Movement	23	166
Prior Year Adjustments	(59)	(51)
Future Taxation Benefit	1,145	1,181

The financial statements accrue subvention payments for the utilisation of losses incurred by the Wellington Regional Council of \$356,810 payable by Pringle House Limited. A subvention payment of \$506,418 was made by Pringle House Limited relating to the 2001 tax losses of the Wellington Regional Council that were utilised in that year.

On 22 September 1998 WRC Holdings Limited, its wholly owned subsidiaries and the CentrePort Group entered into a Tax Loss Sharing Agreement under which the WRC Holdings Group will receive subvention payments from the CentrePort Group equivalent to 33% of its available losses with the balance of losses offset.

The WRC Holdings 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.

A deferred tax asset of \$7.115M (2001 \$7.62M), has not been recognised in relation to timing differences arising from the difference between accounting and tax depreciation on the basis that there is no virtual certainty of the realisation of that asset. Of this amount, \$6.465M relates to CentrePort Limited.




WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2002

NOTE 8

Imputation Credit Account

	Group		Parent	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000
Oenine Balance	7,173	6,060	15	15
Movements	1,146	1,113	99	
Closing Balance	8,319	7,173	114	15

The imputation credits available to the shareholders of the parent Company as at 30 June 2002 include imputation credits available through direct shareholding in the Parent Company and through indirect interests in Subsidiaries.

Imputation credits available to the shareholders of the Parent Company as at 30 June 2002 are:

Through direct shareholding in the Parent Company	114	15
Through indirect interests in Subsidiaries	8,205	7,158

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2002

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	
		2002	2001	2002	2001
Pringle House Limited	Subsidiary	(100%)		Property Owner	
Port Investments Limited	Subsidiary	(100%)		Investment Management	
CentrePort Limited	Subsidiary	(76.9%)		Port Operations	
Central Stevedoring Limited (formerly Port Wellington Limited)	Subsidiary	(76.9%)		Inactive Company	
Port Wellington Limited (formerly Container Terminals Limited)	Subsidiary	(76.9%)		Inactive Company	
Port of Wellington (1988) Limited	Subsidiary	(76.9%)		Container Packing	
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	
		2002	2001	2002	2001
		\$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				5,391	5,411
Port Investments Limited					
Investment in Associate Companies					
Opening balance of carrying amount		765	622		
Equity Accounted Earnings of Associate Companies		132	173		
Dividends from Associate Companies		(135)	(30)		
Closing Balance of Carrying Amount		762	765		
Term Investments					
Interest Bearing Advance		1,000			
Advance to Associate Companies		500			
Total Investments		1,500			
Other Investments					
Investment Property		6,880	6,880		
Advance to Subsidiary				44,000	44,000
Total Investments		9,142	7,645	49,391	49,411

The interest bearing advance is secured by debenture, mortgage and guarantees. Other investments are unsecured.

The Company has an unsecured advance facility of \$44,000,000 with its subsidiary, Port Investments Limited. The facility matures on 28 October 2018. The interest rate charged on the facility as at 30 June 2002 was 6.30% p.a. (30 June 2001 6.33% p.a.)

Investment properties representing the Regional Council Centre at 142-146 Wakefield Street, Wellington were valued as at 30 June 2002 by Richard Ellis (Wellington) Limited.

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2002

NOTE 10

Receivables, Prepayments and Current Accounts

Credit Risk

Credit risk is the risk that the counter party to a transaction with the Group will fail to discharge its obligations, causing the Group to incur a financial loss. The Group is exposed to credit risk through the normal trade credit cycle and advances to third parties, 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	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000
Trade Receivables	3,338	3,277		
Prepayments and Other Receivables		494		
Shareholder Subvention Payment	46	29		
Associate Company Advance		50		
Interest Receivable			357	359
Dividends Receivable			1,900	1,100
Total Receivables and Prepayments	3,384	3,850	2,257	1,459

No collateral is held on the above amounts except for those disclosed in Note 9

Current Accounts

Current Account - PHL			1,800	1,800
Current Account - WRC	3,763	3,038	63	(40)
Total Current Accounts	3,763	3,038	1,863	1,760

NOTE 11

Bank Borrowing

The Parent has a bank loan facility of \$44,000,000 drawn to \$44,000,000 which is secured by a debenture over the assets of Company and matures on 28 October 2006. The interest rate charged on the facility as at 30 June 2002 was 6.30% p.a. (30 June 2001 6.33% p.a.)

CentrePort has a bank loan facility which is unsecured and matures on 14 April 2004. The interest rate charged on the facility as at 30 June 2002 ranged from 4.9% to 6.4% p.a.

NOTE 12

Operating Leases

	Group		Parent	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000
Lease commitments for non-cancellable operating leases as at balance date were:				
Less than One Year	263	160		
One to Two Years	139			
Two to Three Years	55			
	457	160		

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 a surplus of \$62,500 (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

Interest rate risk is the risk that the value of the Group's assets and liabilities will fluctuate due to changes in market interest rates. 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	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000
Less than One Year	3,000	11,000		
One to Two Years	7,000	6,000		
Two to Three Years	5,000	3,000		
Three to Four Years		5,000		

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	
	2002 \$000	2001 \$000	2002 \$000	2001 \$000
Cash and Deposits	(591)	(19)	1	1
Receivables	3,384	3,850	2,257	1,459

No collateral is held on the above amounts. All amounts owed to the Parent are from related parties. Prior year comparatives have been restated to remove the Wellington Regional Council current accounts as they are not considered a credit risk.

Concentrations of Credit Risk

The Group's major concentration of credit risk is in respect to its \$1,500,000 term investments. The Group is not exposed to any other concentrations of credit risk.

Credit Facilities

CentrePort has a total bank overdraft facility of \$1,000,000 and New Zealand dollar commercial bill facilities of \$40,000,000 (2001: \$33,000,000). Of these \$26,393,000 (2001 \$21,822,000) has been drawn down by CentrePort at balance date.

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2002

NOTE 14

Reconciliation of Surplus After Taxation with Cash Flows from Operating Activities

	Group		Parent	
	2002	2001	2002	2001
	\$000	\$000	\$000	\$000
Reported Surplus After Taxation	5,716	4,671	1,783	917
Add /(Less) Non Cash Items:				
Depreciation	4,173	3,643		
(Pro&)/Loss on Sale of Fixed Assets	(65)	(31)		
Equity Accounted Earnings from Associate Companies	3	(143)		
(Increase)/Decrease in Value of Investment Properties		265		
(Increase)/Decrease in Value of Investments			19	101
Increase in Future Taxation Benefit	36	(115)		
Add /(Less) Movements in Working Capital:				
(Increase)/Decrease in Accounts Receivable	467	(617)	(798)	650
Increase/(Decrease) in Accounts Payable	(568)	391	899	(849)
Increase/(Decrease) in Current Account - Wellington Regional Council	(725)	668	(103)	44
Decrease in Inventory	46	(9)		
(Increase)/Decrease in Taxation Refund - Other	145	(219)	-	
Add /(Less) Items Classified as Investing and Financing Activities:				
Dividends Paid/Payable	(946)	800	(900)	800
Loan to Associate Company	(50)			
Increase in Current Accounts relating to Financing Activities	73	(1,204)	200	(126)
Increase in Accounts Payable related to Fixed Assets	1,523	(442)		
Net Cash Inflows From Operating Activities	9,828	7,658	1,100	1,537

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2002

NOTE 15

Related Parties

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

	Group		Parent	
	2002	2001	2002	2001
	\$000	\$000	\$000	\$000
Wellington Regional Council				
Income received from interest on inter Company current accounts	123	144	3	
Proposed Dividend	(1,800)	(900)	(1,800)	(900)
Payment for management fees	(205)	(190)		
Income received from rent and services performed	33	24		
Income received for use of navigational facilities	(550)	(550)		
WRC Holdings Subsidiaries				
Dividend income from PIL and PHL			1,900	1,100
Interest income on PIL Advance			2,583	3,101
CentrePac Limited				
Income received from rent and services performed.	158	149		
Medical Waste (Wellington) Ltd				
Income received from rent and services performed.	60	84		
Waste disposal expenditure.	(191)	(198)		
Transport Systems 2000 Limited				
Income received from rent and services performed	332	312		

During the year CentrePort Subsidiaries charged their parent \$14,552,000 (2001:\$14,163,000) for lease rentals.

Subvention payments by CentrePort advanced to Wellington Regional Council and its subsidiaries totalled \$805,000 (2001: \$979,000).

All 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.

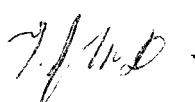
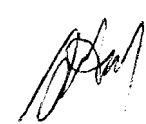
Subsequent to those elections, Hon M K Shields received a salary from the Wellington Regional Council (from 26 October 2001).

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.

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2002

NOTE 16

Contingent Liabilities

The following contingent liabilities existed at 30 June 2002:

Parent Company

The Parent Company has uncalled capital in Port Investments Limited of \$10,000,100 (2001: \$10,000,100).

Subsidiary Companies - CentrePort Limited

Customers of CentrePort Limited have commenced litigation disputing the level of the Company's charges and seeking some reimbursement of charges paid. CentrePort has lodged counter claims against the customers for breach of contract in respect of fees that have been withheld. The charges determined by Centreport as appropriate are included within trade receivables (Note IO) at balance date. Professional advice indicates that Centreport has no significant further exposure to customer claims.

NOTE 17

Capital Commitments

The following capital commitments existed at 30 June 2002:

Parent Company

The Parent Company has no capital commitments. (200 I : Nil)

Subsidiary Companies - CentrePort Limited

At balance date there were commitments in respect of contracts for capital expenditure of \$1, 159,000 (2001: \$4,149,000).

NOTE 18

Events after Balance Date

CentrePort, in July 2002 received a claim for damage to a vessel. The quantum of this claim has not as yet been determined. CentrePort believes that it is unlikely that any liability will eventuate.

NOTE 19

Segment Information

The WRC Holdings group operates in two industries, a group of investment companies and a group of companies that own and operate a port. All operations are carried out within New Zealand.

Industry Segments	Port Operations 2002	Other Operations 2002	Eliminations 2002	Consolidated Operations 2002
Operating Revenue				
Sales to customers outside the group	37,049	5,033		42,082
Inter segment revenue		7,868	(7,868)	
Total Revenue	37,049	12,901	(7,868)	42,082
Segment Result	5,981	5,000	(5,265)	5,716
Segment Total Assets	81,425	121,417	(99,377)	103,465