

Attachment 3 to Report 01.118
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HALF YEAR REPORT AND FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2000 (UNAUDITED)

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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

WRC HOLDINGS LIMITED
STATUTORY REPORT OF DIRECTORS
FOR THE HALF YEAR ENDED 31 DECEMBER 2000 (UNAUDITED)

The Directors have pleasure in submitting their Half Year Report including the Financial Statements of the Company and its Subsidiaries for the half year ended 31 December 2000.

Principal Activities

WRC Holdings Ltd is an investment vehicle of the Wellington Regional Council. The object of the Company is to effectively manage any investments held, to maximise the commercial value to shareholders, while protecting the shareholders' long term interests.

The Group consists of WRC Holdings Limited and its wholly owned subsidiary companies Port Investments Limited and Pringle House Limited. In addition, Port Investments Limited owns 76.9% of CentrePort Limited (Formerly named Port Wellington Limited). CentrePort Limited was purchased by Port Investments Limited from the Wellington Regional Council on 28 October 1998.

Pringle House Limited owns and manages the Wellington Regional Council's main office at 142-146 Wakefield Street, Wellington (known as the Regional Council Centre).

Results

- Net Profit Before Tax was \$3,668,000 compared to a target of \$3,329,000
- Net Profit After Tax was \$2,435,000 compared to a target of \$2,056,000
- Return on Total Assets was 12.9% compared to a target of 12.2%
- Return on Shareholder Equity was 50.0% compared to a target of 27.3%
- Dividend Stream was \$0 compared to a target of \$0

Dividends

Interim	\$0
Final	<u>\$0</u>
Total	<u><u>\$0</u></u>

Directors

Directors holding office during the year were:

Parent & Wholly Owned Subsidiaries	Subsidiary – CentrePort Limited
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S A Macaskill A E McQueen A M Lawson J W Rowe Hon M K Shields	N J Gould K D Harris J G Jefferies E M M Johnson D Setter H J Stone
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Remuneration of Directors

Directors' remuneration received during the year was as follows:

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

Entries in the Interest Register

Disclosure of Interests by Directors for the half year ended 31 December 2000:

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 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 paid over \$100,000.

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 of Directors

S A Macaskill
Director
28 February 2001

J W Rowe
Director
28 February 2001

WRC HOLDINGS LIMITED
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF YEAR ENDED 31 DECEMBER 2000 (UNAUDITED)

	Notes	Group			Parent	
		Half Year to Dec-00 \$000	Half Year to Dec-99 \$000	Full Year to June 2000 \$000	Half Year to Dec-00 \$000	Half Year to Dec-99 \$000
REVENUE		19,415	20,824	40,252	1,598	1,207
Expenses		(15,747)	(15,184)	(31,769)	(1,632)	(1,139)
OPERATING SURPLUS BEFORE SUBVENTION & TAXATION	2	3,668	5,640	8,483	(34)	68
Subvention Payment		-	-	(536)	-	-
OPERATING SURPLUS BEFORE TAXATION		3,668	5,640	7,947	(34)	68
Taxation Expense / (Credit)	7	1,233	1,883	2,501	-	-
SURPLUS AFTER TAXATION	14	2,435	3,757	5,446	(34)	68
Share of Surplus applicable to Minority Interest	3	(785)	(1,004)	(1,671)	-	-
Share of Earnings of Associate Company after Taxation and Dividends		65	97	80	-	-
SURPLUS ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY		1,715	2,850	3,855	(34)	68

WRC HOLDINGS LIMITED
STATEMENT OF MOVEMENTS IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2000 (UNAUDITED)

	Notes	Group			Parent	
		Half Year to Dec-00 \$000	Half Year to Dec-99 \$000	Full Year to June 2000 \$000	Half Year to Dec-00 \$000	Half Year to Dec-99 \$000
EQUITY - OPENING BALANCE		19,140	20,785	20,785	7,339	11,882
Total Recognised Revenue & Expenses		1,715	2,850	3,855	(34)	68
Contribution to Owners of Parent Company		-	-	(1,700)	-	-
Issue of Ordinary Shares		-	-	20,000	-	-
Buyback of Ordinary Shares		-	-	(9,500)	-	-
Redemption of Redeemable Preference Shares		-	-	(14,967)	-	-
Pre-acquisition Minority Interest		-	-	-	-	-
Movements in Minority Interest	3	323	573	667	-	-
EQUITY - CLOSING BALANCE	5	21,178	24,208	19,140	7,305	11,950

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

WRC HOLDINGS LIMITED
STATEMENT OF FINANCIAL POSITION
As at 31 DECEMBER 2000 (UNAUDITED)

	Notes	Group			Parent	
		Half Year to Dec-00 \$000	Half Year to Dec-99 \$000	Full Year to June 2000 \$000	Half Year to Dec-00 \$000	Half Year to Dec-99 \$000
EQUITY	5	21,178	24,208	19,140	7,305	11,950
Represented by:						
ASSETS						
Non Current Assets						
Fixed Assets	6	72,725	65,698	73,598	-	-
Future Taxation Benefit	7	1,156	1,016	1,066	-	-
Investments	9	7,832	7,944	7,767	49,511	46,379
Total Non Current Assets		81,713	74,658	82,431	49,511	46,379
Current Assets						
Cash and Deposits		-	75	163	-	8
Receivables and Prepayments	10	4,822	9,831	6,941	2,199	6,694
Inventories		505	420	315	-	-
Tax Refund		4	-	527	-	-
Total Current Assets		5,331	10,326	7,946	2,199	6,702
TOTAL ASSETS		87,044	84,984	90,377	51,710	53,081
Less:						
LIABILITIES						
Non Current Liabilities						
Bank Borrowing	11	59,750	40,800	62,850	44,000	40,800
Current Liabilities						
Bank Overdraft		209	-	-	-	-
Current portion of Bank Borrowing	11	-	13,250	-	-	-
Creditors and Accruals		3,505	3,764	4,739	405	331
Provision for Employee Entitlements		1,879	1,802	1,797	-	-
Provision for Maintenance		61	105	105	-	-
Provision for Dividend	4	462	432	1,746	-	-
Provision for Taxation		-	623	-	-	-
Total Current Liabilities		6,116	19,976	8,387	405	331
TOTAL LIABILITIES		65,866	60,776	71,237	44,405	41,131
NET ASSETS		21,178	24,208	19,140	7,305	11,950

For, and on behalf of, the Board of Directors

S A Macaskill
Director
28 February 2001

J W Rowe
Director
28 February 2001

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

WRC HOLDINGS LIMITED
STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2000 (UNAUDITED)

	Notes	Group			Parent	
		Half Year to Dec-00 \$000	Half Year to Dec-99 \$000	Full Year to June 2000 \$000	Half Year to Dec-00 \$000	Half Year to Dec-99 \$000
CASH FLOWS FROM OPERATING ACTIVITIES						
<i>Cash was Provided from:</i>						
Receipts from Customers		18,344	19,687	38,369		-
Dividends Received		30	-	70	1,700	6,000
Interest Received		15	2	7	1,601	1,039
Other Income		-	-	-		-
Taxation Dispute Refund		-	-	-		-
<i>Cash was Disbursed to:</i>						
Payments to Suppliers and Employees		(12,331)	(12,725)	(23,433)		-
Restructuring Costs Paid		(216)	(464)	(689)		-
Subvention Payment to WRC		-	-	(560)		-
Income Taxation Paid		(800)	(800)	(2,550)		-
Interest Paid		(2,154)	(1,415)	(3,200)	(1,601)	(1,039)
NET CASH FLOWS FROM OPERATING ACTIVITIES	14	2,888	4,285	8,014	1,700	6,000
CASH FLOWS FROM INVESTING ACTIVITIES						
<i>Cash was Provided from:</i>						
Proceeds from Sale of Fixed Assets		52	90	95		-
Proceeds from Sale of Investments		-	-	-		-
<i>Cash was Applied to:</i>						
Purchase of Fixed Assets		(1,246)	(3,183)	(9,575)		-
Investment in Shares		-	(55)	(3,255)		-
Advance to Subsidiary Company		-	(30)	(30)		-
NET CASH FLOWS FROM INVESTING ACTIVITIES		(1,194)	(3,178)	(12,765)	-	-
CASH FLOWS FROM FINANCING ACTIVITIES						
<i>Cash was Provided from:</i>						
Term Debt		-	-	8,600		-
Movement in Current Account - WRC		-	-	8,130		-
Issue of Ordinary Share Capital		-	-	20,000		-
<i>Cash was Applied to:</i>						
Settlement of Loans		(3,100)	(200)	-		-
Redemption of Preference Share Capital		-	-	(14,967)		-
Redemption of Ordinary Share Capital		-	-	(9,500)		-
Movement in Current Account - WRC		2,781	5,559	-	(38)	-
Dividends Paid		(1,746)	(6,380)	(7,338)	(1,700)	(6,000)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(2,065)	(1,021)	4,925	(1,738)	(6,000)
Net Increase in Cash Held		(371)	86	174	(38)	-
Cash added on acquisition		-	-	-		-
Add Opening Cash Brought Forward		162	(11)	(11)	38	8
CLOSING CASH BALANCE		(209)	75	163	-	8

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

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2000 (UNAUDITED)

NOTE 1

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 FRS-24 (Interim Financial Statements) and should be read in conjunction with the company's 2000 annual report and financial statements.

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.

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 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 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 Tax collected from customers. Interest income is recognised as it is earned and dividend income is also recognised on an accrual basis.

1.2 Fixed Assets

The Group has four classes of fixed assets:

- Land
- Buildings, Wharves and Paving
- 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 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.

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2000 (UNAUDITED)

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
Floating Plant	10 to 50 years
Container Cranes	10 to 35 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 result of the revaluation 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 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 year 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.

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 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 then it is recognised as part of the related asset or expense.

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2000 (UNAUDITED)

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. All significant inter-company transactions are eliminated on consolidation.

1.12 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 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.

1.13 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.

1.14 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 whilst the other provisions have been calculated on an actuarial basis at current rates of pay.

1.14 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.

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2000 (UNAUDITED)

NOTE 2

Surplus before Subvention and Taxation

	Group			Parent	
	Half Year to Dec-00 \$000	Half Year to Dec-99 \$000	Full Year to June 2000 \$000	Half Year to Dec-00 \$000	Half Year to Dec-99 \$000
Surplus before Subvention and Taxation	3,668	5,640	8,483	(34)	68
<i>After Crediting:</i>					
REVENUE					
Rental Revenue	639	610	1,278	-	-
Dividends from Associate	30	-	70	-	-
Dividends from Subsidiaries	-	-	-	-	-
Interest Revenue	110	200	486	1,598	1207
<i>After Charging:</i>					
EXPENSES					
Bad Debts Write Off	1	10	41	-	-
Change in Provision for Doubtful Debts	-	64	7	-	-
Directors Fees	66	91	174	3	-
Depreciation	1,787	1,676	3,435	-	-
Fees paid to Company Auditors	27	17	64	-	-
Fees paid to Company Auditors for Other Services	-	-	-	-	-
Interest Expense	2,219	1,564	3,438	1,598	1096
(Profit)/Loss on Sale of Fixed Assets	(45)	(56)	170	-	-
Rental and Lease Expenses	430	383	809	-	-
Restructuring Costs	216	-	89	-	-
Write down of investment in subsidiaries	-	-	-	-	-
Write down of investment property	-	-	225	-	-
Retiring Allowances	-	-	64	-	-

NOTE 3

Minority Interests

	Group		
	Half Year to Dec-00 \$000	Half Year to Dec-99 \$000	Full Year to June 2000 \$000
Opening Balance	12,888	12,221	12,221
Minority share of operating surplus	785	1,004	1,671
Minority dividends paid or payable	(462)	(432)	(1,004)
Closing Balance	13,211	12,793	12,888

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 HALF YEAR ENDED 31 DECEMBER 2000 (UNAUDITED)

NOTE 4

Dividends

	Group			Parent	
	Half Year to Dec-00 \$000	Half Year to Dec-99 \$000	Full Year to June 2000 \$000	Half Year to Dec-00 \$000	Half Year to Dec-99 \$000
Interim Distributions: Dividend Paid on Ordinary Shares	-	-	-	-	-
Proposed Distributions: Proposed Dividend on Ordinary Shares	462	432	1,746	-	-
Total Dividends Payable	462	432	1,746	-	-

NOTE 5

Equity

	Group			Parent	
	Half Year to Dec-00 \$000	Half Year to Dec-99 \$000	Full Year to June 2000 \$000	Half Year to Dec-00 \$000	Half Year to Dec-99 \$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	24,041	34,541	34,541	24,041
Redeemable Preference Share Capital					
1,200,000 \$1 shares, fully paid, issued at a premium of \$10.25 per share	-	13,500	-	-	13,500
1,466,600 \$1 shares, fully paid, issued without a premium	-	1,466	-	-	1,466
25,000 \$1000 shares, paid to 1 cent, issued without a premium	-	1	-	-	1
Total Redeemable Preference Shares	-	14,967	-	-	14,967
Total Share Capital	34,541	39,008	34,541	34,541	39,008
Retained Earnings	(26,574)	(27,593)	(28,289)	(27,236)	(27,058)
Minority Interest (Note 3)	13,211	12,793	12,888	-	-
Total Equity	21,178	24,208	19,140	7,305	11,950

The Redemption date and dividend payable on the redeemable preference shares is determined by the Directors.

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2000 (UNAUDITED)

NOTE 6

Fixed Assets

	Cost	Revaluation	Accumulated Depreciation	Net Book Value
	\$000	\$000	\$000	\$000
Group - Dec 2000				
Freehold Land	35,539	(832)	-	34,707
Buildings, Wharves and Paving	45,101	(589)	(17,040)	27,472
Cranes and Floating Plant	8,303	(72)	(3,508)	4,723
Plant, Vehicles, Furniture and Equipment	22,305	(125)	(16,357)	5,823
Total Fixed Assets	111,248	(1,618)	(36,905)	72,725
Group - Dec 1999				
Freehold Land	35,539	(2,480)	-	33,059
Buildings, Wharves and Paving	40,671	(1,752)	(15,145)	23,774
Cranes and Floating Plant	6,223	(214)	(3,231)	2,778
Plant, Vehicles, Furniture and Equipment	21,829	(372)	(15,370)	6,087
Total Fixed Assets	104,262	(4,818)	(33,746)	65,698
Group - June 2000				
Freehold Land	35,539	(832)	-	34,707
Buildings, Wharves and Paving	44,677	(589)	(15,983)	28,105
Cranes and Floating Plant	8,105	(72)	(3,348)	4,685
Plant, Vehicles, Furniture and Equipment	22,265	(125)	(16,039)	6,101
Total Fixed Assets	110,586	(1,618)	(35,370)	73,598

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 amount shown above represents the negative goodwill on acquisition of the interest in CentrePort Limited (See note 19).

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

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2000 (UNAUDITED)

NOTE 7

Taxation

	Group			Parent	
	Half Year to Dec-00 \$000	Half Year to Dec-99 \$000	Full Year to June 2000 \$000	Half Year to Dec-00 \$000	Half Year to Dec-99 \$000
Taxation Expense					
Surplus before Taxation	3,668	5,640	7,947	(34)	68
Income Taxation on the Surplus for the Year at 33%	1,210	1,861	2,623	-	-
Adjusted for permanent differences					
Imputation Credits	-	-	(34)	-	-
Non-assessable income	-	-	-	-	-
Non-deductible expenditure	-	-	172	-	-
Timing differences not recognised	-	-	(152)	-	-
1998 tax loss recognised	-	-	-	-	-
Depreciation	-	-	(20)	-	-
Prior Period Adjustment	-	-	(88)	-	-
Taxation Expense / (Credit)	1,233	1,883	2,501	-	-

The Taxation Expense is represented by:

Current Year Taxation	-	-	2,188	-	-
Future Taxation Benefit	-	-	313	-	-
Taxation Expense / (Credit)	-	-	2,501	-	-

Future Taxation Benefit Comprises

Opening Balance	-	-	1,356	-	-
Current Year Movement	-	-	(313)	-	-
Prior Year Adjustments	-	-	23	-	-
Future Taxation Benefit	-	-	1,066	-	-

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

On 22 September 1998 WRC Holdings and its 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.

No deferred tax asset (June 2000: \$7.144M), has been recognised in relation to timing differences arising from the difference between accounting and tax depreciation due to the long term nature of the fixed assets deployed by the Group. In addition no future tax benefits (June 2000 \$0.04M) attributable to provisions for maintenance have been recognised.

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2000 (UNAUDITED)

NOTE 8

Imputation Credit Account

	Group			Parent	
	Half Year to Dec-00 \$000	Half Year to Dec-99 \$000	Full Year to June 2000 \$000	1999 \$000	Half Year to Dec-99 \$000
Opening Balance	6,060	7,027	7,027	20	15
Opening Balance of CentrePort & Subsidiaries	-	-	-	6,505	-
Movements	-	-	(967)	502	-
Closing Balance	6,060	7,027	6,060	7,027	15

The imputation credits available to the shareholders of the parent company as at 31 December 2000 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 31 December 2000 are:

Through direct shareholding in the Parent Company	15	15
Through indirect interests in Subsidiaries	6,045	7,012

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2000 (UNAUDITED)

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	
Pringle House Limited	Subsidiary	(100%)	Property Owning	
Port Investments Limited	Subsidiary	(100%)	Investment Managing	
CentrePort Limited (Previously PWL)	Subsidiary	(76.9%)	Port Operating	
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	
	Half Year to	Half Year to	Full Year to	Half Year to	Half Year to
	Dec-00	Dec-99	June 2000	Dec-00	Dec-99
	\$000	\$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	-	-	-	5,511	5,579
Port Investments Limited	-	-	-	-	-
Investment in Associate Companies					
Shares in Associate Companies at Cost	396	396	461	-	-
Share of Post-Acquisition Retained Earnings	291	178	161	-	-
Other Investments					
Investment Property	7,145	7,370	7,145	-	-
Advance to Subsidiary	-	-	-	44,000	40,800
Total Investments	7,832	7,944	7,767	49,511	46,379

The Company has an advance facility with its subsidiary Port Investments Limited. The facility matures on 28 October 2018. The interest rate charged on the facility as at 31 December 2000 was 7.14% p.a. (Dec 1999 5.82% & June 2000 7.21%).

Investment properties representing the Regional Council Centre at 142-146 Wakefield Street, Wellington were valued as at 30 June 2000 by Richard Ellis (Wellington) Limited.

WRC HOLDINGS LIMITED
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NOTE 10

Receivables and Prepayments

	Group			Parent	
	Half Year to Dec-00 \$000	Half Year to Dec-99 \$000	Full Year to June 2000 \$000	Half Year to Dec-00 \$000	Half Year to Dec-99 \$000
Trade Receivables	2,986	3,153	2,829	-	-
Prepayments and Other Receivables	581	693	388	-	-
Shareholder Subvention Payment	12	30	12	-	-
Associate Company Advance	68	120	6	-	-
Interest Receivable	-	-	-	405	306
Dividends Receivable	-	-	-	-	-
Current Account - PHL	-	-	-	1,800	1,800
Current Account - WRC	1,175	5,835	3,706	(6)	4,588
Total Receivables and Prepayments	4,822	9,831	6,941	2,199	6,694

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 2001. The interest rate charged on the facility as at 31 December 2000 was 7.14% p.a. (Dec 1999 5.82% & June 2000 7.12%)

CentrePort has a bank loan facility drawn to \$15,750,000 which is unsecured and matures on 14 April 2002. The interest rate charged on the facility as at 31 December 2000 ranged from 6.9% to 7.3% p.a.

NOTE 12

Operating Leases

	Group			Parent	
	Half Year to Dec-00 \$000	Half Year to Dec-99 \$000	Full Year to June 2000 \$000	Half Year to Dec-00 \$000	Half Year to Dec-99 \$000
Lease commitments for non-cancellable operating leases as at balance date were:					
Less than One Year	327	419	372	-	-
One to Two Years	6	242	148	-	-
Two to Five Years	-	6	-	-	-
	333	667	520	-	-

WRC HOLDINGS LIMITED
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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 \$38,000 (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 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	
	Half Year to Dec-00 \$000	Half Year to Dec-99 \$000	Full Year to June 2000 \$000	Half Year to Dec-00 \$000	Half Year to Dec-99 \$000
Less than One Year	6,000	5,000	2,000	-	-
One to Two Years	7,000	4,000	11,000	-	-
Two to Three Years	-	7,000	-	-	-

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	
	Half Year to Dec-00 \$000	Half Year to Dec-99 \$000	Full Year to June 2000 \$000	Half Year to Dec-00 \$000	Half Year to Dec-99 \$000
Cash and Deposits	-	-	163	-	8
Receivables	4,822	9,831	6,941	2,199	6,694

No collateral is held on the above amounts. All amounts owed to the Parent are from related parties.

Concentrations of Credit Risk

The Group is not exposed to any significant 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 \$25,000,000. Of these, \$15,750,000 (Dec 1999: \$13,250,000 & June 2000: \$18,850,000) has been drawn down by CentrePort.

WRC HOLDINGS LIMITED
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NOTE 14

Reconciliation of Surplus After Taxation with Cash Flows from Operating Activities

	Group			Parent	
	Half Year to Dec-00 \$000	Half Year to Dec-99 \$000	Full Year to June 2000 \$000	Half Year to Dec-00 \$000	Half Year to Dec-99 \$000
Reported Surplus After Taxation and before including Share of Retained Surplus of Associate Companies	2,435	3,757	5,446	(34)	68
Add (Less) Non Cash Items:					
Depreciation	1,787	1,676	3,435	-	-
(Profit)/Loss on Sale of Fixed Assets	(45)	(83)	170	-	-
Gain on Sale of Investments	-	-	-	-	-
(Increase)/Decrease in value of investments/properties	-	-	225	-	-
Increase in Future Taxation Benefit	(90)	340	290	-	-
Add (Less) Movements in Working Capital:					
(Increase)/Decrease in Accounts Receivable	(412)	(943)	121	1,704	5,850
Increase/(Decrease) in Accounts Payable	(2,480)	(6,276)	(4,897)	(1,718)	(5,918)
(Increase)/Decrease in Current Account - Wellington Regional Council	2,532	5,273	7,312	10	-
Increase/(Decrease) in Current Account - Pringle House Limited	-	-	-	-	-
Decrease in Inventory	(190)	(99)	6	-	-
Decrease in Taxation Dispute Deposit	-	-	-	-	-
(Increase)/Decrease in Taxation Refund - Other	523	-	(406)	-	-
Add (Less) Items Classified as Investing and Financing Activities:					
Dividends Paid/Payable	(416)	-	334	1,700	6,000
Loan to Associate Company	-	30	30	-	-
Increase in Current Accounts relating to Financing Activities	(1,081)	442	(3,830)	38	-
Increase in Accounts Payable related to Fixed Assets	325	168	(222)	-	-
Net Cash Inflow From Operating Activities	2,888	4,285	8,014	1,700	6,000

WRC HOLDINGS LIMITED
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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:

	Half Year to Dec-00 \$000	Parent Half Year to Dec-99 \$000	Full Year to June 2000 \$000
Wellington Regional Council			
Income received from interest on inter company current accounts	-	111	251
Proposed Dividend	-	-	(1,700)
Payment for Management Fees	(30)	(10)	(23)
WRC Holdings Subsidiaries			
Dividend Income	-	-	1,700
Interest Income on PIL Advance	1,598	1,096	2,485

Directors Fees:

S A Macaskill receives a salary from Wellington Regional Council. A E McQueen and Hon 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 \$3,125 during the year.

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

NOTE 16

Contingent Liabilities

The following contingent liabilities existed at 31 December 2000:

Parent Company

The Parent Company has uncalled capital in Port Investments Limited of \$10,000,100. (Dec 1999: \$10,000,100 & June 2000 \$10,000,100).

Subsidiary Companies - CentrePort Limited

The Subsidiary has a contingent asset of \$87,000 (Dec 1999: \$87,000 & June 2000: \$87,000) in respect to a claim for failure to pay for services provided. The defending party has lodged a counter claim of \$308,000 (Dec 1999: \$308,000 & June 2000: \$308,000) against CentrePort for damage to vessels. CentrePort is defending the counter claim. Professional advice indicates that it is unlikely that any significant liability will eventuate.

Customers of CentrePort Limited have commenced litigation claiming the Company's charges are not fair and reasonable and seeking reimbursement of \$1,172,000 of charges paid (Dec 1999: Nil & June 2000: \$1,172,000). CentrePort has lodged counter claims of \$258,000 (Dec 1999: Nil & June 2000: \$182,000) against the customers for breach of contract in respect of fees that have been withheld. The fees withheld are included within trade receivables (Note 10) at balance date. Professional advice indicates that it is unlikely that any significant liability will arise.

CentrePort Limited has guaranteed rental payments of \$1,573,000 (Dec 1999: \$2,000,000 & June 2000: \$1,833,000)

WRC HOLDINGS LIMITED
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NOTE 17

Capital Commitments

The following capital commitments existed at 31 December 2000:

Parent Company

The Parent Company has no capital commitments. (Dec 1999: Nil & June 2000: Nil)

Subsidiary Companies - CentrePort Limited

At balance date there were commitments in respect of contracts for capital expenditure of \$4,250,000 (Dec 1999: \$3,527,000 & June 2000: \$77,000).

NOTE 18

Segment Information

WRC Holdings Limited operates in one industry, the operation of an investment company. All operations are carried out within New Zealand.

NOTE 19

Summary of the effects of the acquisition of subsidiary company

	Half Year to Dec-00 \$000	Half Year to Dec-99 \$000	Full Year to June 2000 \$000
Fixed Assets	-	-	67,795
Future Taxation Benefit	-	-	1,231
Patent	-	-	1
Investments	-	-	358
Current Assets	-	-	6,243
Current Liabilities	-	-	(5,092)
Long term Debt	-	-	(12,850)
Minority Interest	-	-	(13,686)
Cash Paid	-	-	44,000

A 76.9% shareholding of CentrePort Limited was purchased on 28 October 1998 and the results of its operations from 1 November 1998 are included in the Consolidated Statement of Financial Performance. The purchase price was \$40,800,000 and was 100% loan funded.

An adjustment of \$3,200,000 to the price was made on 14 February 2000, which was also 100% loan funded.