

**PORT INVESTMENTS LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2006**

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FOR THE YEAR ENDED 30 JUNE 2006**

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**PORT INVESTMENTS LTD  
DIRECTORY**

**Directors**

I M Buchanan  
Hon M K Shields  
T J McDavitt  
F R Long  
A Blackburn  
P Blades

**Registered Office**

142-146 Wakefield Street  
Wellington

**Auditors**

Audit New Zealand  
on behalf of the Auditor-General

**Solicitors**

Chapman Tripp

**Bankers**

ANZ National Bank Ltd

**PORT INVESTMENTS LTD  
DIRECTORS' REPORT**

The Directors have pleasure in submitting their 2006 Annual Report and Financial Statements.

**Principal Activities**

Port Investments Ltd is an investment vehicle of Greater 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 Ltd was purchased by Port Investments Ltd from Greater Wellington Regional Council on 28 October 1998.

<b>Results and Distributions</b>	<b>2006 \$000</b>	<b>2005 \$000</b>
Net surplus after tax for the financial year	<u>229</u>	<u>654</u>
Dividend distribution	<u>229</u>	<u>654</u>

**Disclosure of Interests by Directors**

I M Buchanan  
Chairperson of Greater Wellington Regional Council

Hon M K Shields  
Immediate past Chairperson and current Councillor of Greater Wellington Regional Council

T J McDavitt  
Deputy Chairperson of Greater Wellington Regional Council

F R Long  
Councillor of Greater Wellington Regional Council

A Blackburn  
None

P Blades  
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 Ltd, has arranged insurance to indemnify the Directors against any liability resulting from any act or omission in their capacity as Directors.

**PORT INVESTMENTS LTD**  
**Directors' Remuneration**

Details of Directors' remuneration, some of which includes GST, are as follows:

	\$
I M Buchanan	Nil
Hon M K Shields	Nil
T J McDavitt	Nil
F R Long	Nil
A Blackburn	4,500
P Blades	4,000

**Auditor**

The Auditor-General is the appointed auditor in accordance with section 15 of the Public Audit Act 2001 and section 70 of the Local Government Act 2002. The Auditor-General has appointed Rudie Tomlinson of Audit New Zealand to undertake the audit.

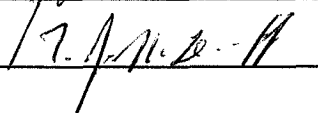
For and on behalf of the Board

Director



Date: 26 September 2006

Director



Date: 26 September 2006

**PORT INVESTMENTS LTD**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 30 JUNE 2006**

	2006	2005
Note	\$000	\$000
<b>REVENUE</b>		
Interest income	76	78
Dividend income	2,769	2,769
<b>TOTAL REVENUE</b>	<u>2,845</u>	<u>2,847</u>
<b>OPERATING EXPENSES</b>		
Audit fees	8            3	3
Interest on WRC Holdings Ltd advance	3,453	3,143
Directors fees	4            9	8
Other expenditure	11          107	81
<b>TOTAL EXPENSES</b>	<u>3,572</u>	<u>3,235</u>
<b>NET OPERATING SURPLUS / (DEFICIT)</b>	<u>(727)</u>	<u>(388)</u>
Taxation expense / (credit)	5          (956)	(1,042)
<b>NET SURPLUS FOR THE YEAR</b>	<u>229</u>	<u>654</u>

**STATEMENT OF MOVEMENTS IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2006**

	2006	2005
	\$000	\$000
Net surplus for the year	229	654
Distributions to owners during the year	(229)	(654)
<b>MOVEMENTS IN EQUITY FOR THE YEAR</b>	<u>-</u>	<u>-</u>
Equity as at 1 July 2005	1,533	1,533
<b>EQUITY AS AT 30 JUNE 2006</b>	<u>1,533</u>	<u>1,533</u>

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

**PORT INVESTMENTS LTD**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2006**

	2006	2005
Note	\$000	\$000
<b>EQUITY</b>		
Ordinary share capital	2	-
Retained earnings	1,533	1,533
<b>TOTAL EQUITY</b>	<u>1,533</u>	<u>1,533</u>

**Represented by:**

<b>CURRENT ASSETS</b>		
Bank and short term deposits	1	1
Subvention receivable	31	31
Dividends receivable	1,385	1,385
Current account - Greater Wellington Regional Council	4	1,192
<b>TOTAL CURRENT ASSETS</b>	<u>2,236</u>	<u>2,609</u>

<b>NON-CURRENT ASSETS</b>		
Investment in subsidiaries	3	44,000
<b>TOTAL NON-CURRENT ASSETS</b>	<u>44,000</u>	<u>44,000</u>
<b>TOTAL ASSETS</b>	<u>46,236</u>	<u>46,609</u>

<b>CURRENT LIABILITIES</b>		
Payables	474	422
Dividends payable	229	654
<b>TOTAL CURRENT LIABILITIES</b>	<u>703</u>	<u>1,076</u>

<b>NON-CURRENT LIABILITIES</b>		
Advance from WRC Holdings Ltd	4	44,000
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>44,000</u>	<u>44,000</u>
<b>TOTAL LIABILITIES</b>	<u>44,703</u>	<u>45,076</u>
<b>NET ASSETS</b>	<u>1,533</u>	<u>1,533</u>

For and on behalf of the Board

Director

Director

Date: 26 September 2006

Date: 26 September 2006

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 2006**

	2006	2005
	\$000	\$000
<b>Cash flows from operating activities:</b>		
Cash was provided from:		
Dividends received	2,770	2,354
Subvention advances received	956	1,042
Cash was applied to:		
Interest paid	(3,417)	(3,075)
Net cash flows from operating activities	6      309	321
<b>Cash flows from financing activities :</b>		
Cash was provided from:		
Movement in current account - Greater Wellington Regional Council	-	-
Cash was applied to:		
Movement in current account - Greater Wellington Regional Council	345	104
Dividend paid to WRC Holdings Ltd	(654)	(425)
Net cash flows from financing activities	(309)	(321)
<b>Net increase / (decrease) in cash held</b>	-	-
Add opening cash brought forward	1	1
<b>Closing cash carried forward</b>	1	1

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



**PORT INVESTMENTS LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2006**

**1. STATEMENT OF ACCOUNTING POLICIES**

**REPORTING ENTITY**

Port Investments Ltd is registered under the Companies Act 1993, a wholly owned subsidiary of WRC Holdings Ltd, which in turn, a wholly owned subsidiary of Greater Wellington Regional Council.

The company is a council controlled trading organisation as defined in section 6 of the Local Government Act 2002. The financial statements are presented in accordance with the requirements of the Companies Act 1993, Financial Reporting Act 1993 and the Local Government Act 2002.

**MEASUREMENT BASE**

The general accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on a historical cost basis are followed by the company, modified by the revaluation of certain assets.

**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 asset backing.

**(d) Financial Instruments**

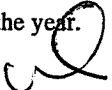
The Company is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, investments, debtors and creditors and are detailed in the Statement of Financial Position. Revenue and expenses in relation to financial instruments are recognised in the 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 2006**

<b>2. SHARE CAPITAL</b>	<b>2006</b>	<b>2005</b>
	<b>\$000</b>	<b>\$000</b>
Authorised and issued capital		
10,000,100 ordinary shares of \$1 each issued but uncalled.	<u>-</u>	<u>-</u>

<b>3. INVESTMENT IN SUBSIDIARIES</b>	<b>2006</b>	<b>2005</b>
	<b>\$000</b>	<b>\$000</b>
Shares in CentrePort Ltd	<u>44,000</u>	<u>44,000</u>

The estimated value of the company's 76.9% holding in CentrePort Ltd at 30 June 1999 was \$48 million. However, on 30 June 2004, CentrePort revalued its investment properties and operational port land. The result of this revaluation was to increase the value of CentrePort's total assets by \$67.1 million and although no valuation of the company's 76.9% holding was completed, it is likely that the estimated value is significantly in excess of the \$48.0 million estimated in 1999.

CentrePort's assets were valued by Messrs AG Stewart and AP Washington, registered valuers with DTZ New Zealand Limited on 30 June 2004. The valuations were based on the assets highest and best use.

**4. RELATED PARTY DISCLOSURES**

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

At 30 June 2006 the company has on advance to Greater Wellington Regional Council \$819,000 (30 June 2005 \$1.19 million). The interest rate charged on the advance as at 30 June 2006 was 7.41% p.a. (30 June 2005 6.96%). The advance has no fixed repayment term.

The Company has an unsecured advance facility of \$44,000,000 with its parent WRC Holdings Ltd. The facility matures on 28 October 2018. The interest rate charged on the facility as at 30 June 2006 was 8.00% p.a. (30 June 2005 7.53%).

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

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

**Directors fees:**

The Hon M K Shields, Messrs I M Buchanan, T J McDavitt and F R Long, received a salary from Greater Wellington Regional Council in accordance with the Local Government Elected Members Determination of 2005 and any out-of-pocket expenses incurred as set in Greater Wellington Regional Council's policy on elected members' allowances and expenses.

Other Directors' remuneration paid during the year

A Blackburn	\$ 4,500
P Blades	4,000
	<u>8,500</u>

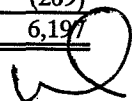
**PORT INVESTMENTS LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2006**

**5. TAXATION**

	2006 \$000	2005 \$000
Net surplus (deficit) before taxation	<u>(727)</u>	<u>(388)</u>
Prima facie tax expense @ 33%	(240)	(128)
<b>Adjusted for permanent differences</b>		
Non-deductible expenditure	-	-
Non assessable income	-	(137)
Imputation credits	(914)	(777)
Tax losses not recognised	198	-
<b>Taxation expense /(credit)</b>	<u>(956)</u>	<u>(1,042)</u>
<b>Taxation expense comprises:</b>		
Current year taxation	(956)	(1,042)
Future taxation benefit	-	-
	<u>(956)</u>	<u>(1,042)</u>

On 22 September 1998 the company and CentrePort Ltd entered into a Tax Loss Sharing Agreement under which the company will receive a subvention payment from CentrePort Ltd equivalent to 33% of its available losses with the balance of losses offset with CentrePort Ltd. The tax credit for the period represents the amount due from CentrePort Ltd for the current year losses. At 30 June 2006 CentrePort Ltd had advanced \$0.956 million on account of the subvention payment.

	2006 \$000	2005 \$000
<b>Imputation credit account</b>		
Opening balance	6,197	5,247
Dividends received	1,364	1,159
Dividends paid	(321)	(209)
<b>Closing balance</b>	<u>7,240</u>	<u>6,197</u>



**PORT INVESTMENTS LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2006**

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

	<b>2006</b>	<b>2005</b>
	<b>\$000</b>	<b>\$000</b>
<b>Net surplus /(deficit) after taxation</b>	<b>229</b>	<b>654</b>
<b>Add /(less) /movement in working capital:</b>		
(Increase) /decrease in debtors	-	(417)
(Increase) /decrease in current account - Greater Wellington Regional Council	<b>373</b>	122
Increase /(decrease) in creditors	<b>(373)</b>	295
<b>Add /(less) items classified as financing activities:</b>		
Decrease in provision for dividends relating to financing activities	<b>425</b>	(229)
Decrease / (increase) in Greater Wellington Regional Council current account relating to financing activities	<b>(345)</b>	(104)
<b>Net cash flows from operating activities</b>	<b>309</b>	<b>321</b>

**7. KEY PERFORMANCE TARGETS - Statement of Intent**

Key performance targets are set for the WRC Holdings Group as a whole and are reported on in the WRC Holdings Ltd Annual Report and Financial Statements.

**8. AUDITORS' REMUNERATION**

	<b>2006</b>	<b>2005</b>
	<b>\$000</b>	<b>\$000</b>
Audit New Zealand - audit services	3	3
	<b>3</b>	<b>3</b>

**9. CONTINGENT LIABILITIES AND ASSETS**

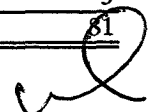
The contingent liabilities and assets of the company at 30 June 2006 were nil (30 June 2005: nil)

**10. CAPITAL EXPENDITURE COMMITMENTS**

Estimated capital expenditure contracted for at 30 June 2006, but not provided, was nil (30 June 2005: nil)

**11. OTHER EXPENDITURE**

	<b>2006</b>	<b>2005</b>
	<b>\$000</b>	<b>\$000</b>
Bank fees	-	-
Insurance	6	4
Legal fees	7	-
Management fees	71	72
Professional fees	23	5
<b>Other expenditure</b>	<b>107</b>	<b>81</b>



**PORT INVESTMENTS LTD**  
**STATEMENT OF COMPLIANCE AND RESPONSIBILITY**  
**FOR THE YEAR ENDED 30 JUNE 2006**

**Compliance**

The Directors and management of Port Investments Limited confirm that all the statutory requirements of the Local Government Act 2002 in relation to the financial report have been complied with.

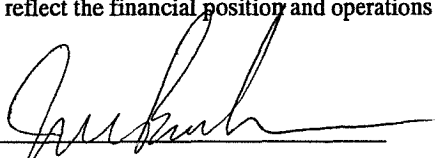
**Responsibility**

The Directors and management of Port Investments Limited accept responsibility for the preparation of the annual Financial Statements and the judgements used in them.

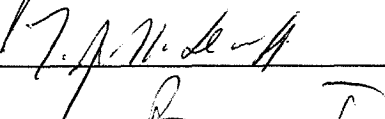
The Directors and management of Port Investments Limited accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Directors and management of Port Investments Limited, the annual Financial Statements for the year ended 30 June 2006 fairly reflect the financial position and operations of Port Investments Limited.

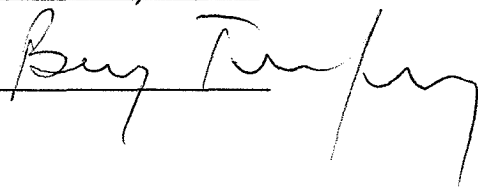
Director



Director



Chief Financial Officer



Dated: 26 September 2006

**AUDIT REPORT**  
**TO THE READERS OF**  
**PORT INVESTMENTS LIMITED'S**  
**FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION**  
**FOR THE YEAR ENDED 30 JUNE 2006**

The Auditor-General is the auditor of Port Investments Limited (the company). The Auditor-General has appointed me, Rudie Tomlinson, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the company, on his behalf, for the year ended 30 June 2006.

**Unqualified opinion**

In our opinion:

- The financial statements of the company on pages 5 to 11:
  - comply with generally accepted accounting practice in New Zealand; and
  - give a true and fair view of:
    - the company's financial position as at 30 June 2006; and
    - the results of its operations and cash flows for the year ended on that date.
- The performance information of the company on page 11 gives a true and fair view of the achievements measured against the performance targets adopted for the year ended 30 June 2006.
- Based on our examination the company kept proper accounting records.

The audit was completed on 26 September 2006, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and the Auditor, and explain our independence.

**Basis of opinion**

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and performance information did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and performance information. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Board of Directors;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all required disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and performance information.

We evaluated the overall adequacy of the presentation of information in the financial statements and performance information. We obtained all the information and explanations we required to support our opinion above.

### **Responsibilities of the Board of Directors and the Auditor**

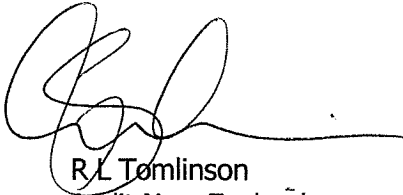
The Board of Directors is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must give a true and fair view of the financial position of the company as at 30 June 2006. They must also give a true and fair view of the results of its operations and cash flows for the year ended on that date. The Board of Directors is also responsible for preparing performance information that gives a true and fair view of service performance achievements for the year ended 30 June 2006. The Board of Director's responsibilities arise from the Financial Reporting Act 1993 and the Local Government Act 2002.

We are responsible for expressing an independent opinion on the financial statements and performance information and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 69 of the Local Government Act 2002.

## Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit, we have no relationship with or interests in the company.

A handwritten signature in black ink, appearing to be 'R.L. Tomlinson', written in a cursive style with a long horizontal line extending to the right.

R.L. Tomlinson  
Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand