

**PORT INVESTMENTS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

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FOR THE YEAR ENDED 30 JUNE 2007**

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**PORT INVESTMENTS LIMITED
DIRECTORY
FOR THE YEAR ENDED 30 JUNE 2007**

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 LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2007**

The Directors have pleasure in submitting their 2007 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.

	2007	2006
	\$000	\$000
Results and Distributions		
Net surplus after tax for the financial year	<u>204</u>	<u>229</u>
Dividend distribution	<u>204</u>	<u>229</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 LIMITED
DIRECTORS' REMUNERATION
FOR THE YEAR ENDED 30 JUNE 2007**

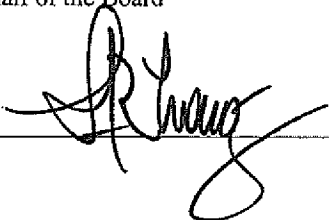
Details of Directors' remuneration are as follows:

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

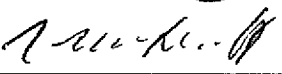
Auditor

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  _____

September 21, 2007

Director  _____

September 21, 2007



PORT INVESTMENTS LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 \$000	2006 \$000
REVENUE			
Interest Income		69	76
Dividend Income		2,769	2,769
TOTAL REVENUE		<u>2,838</u>	<u>2,845</u>
OPERATING EXPENSES			
Audit fees	8	4	3
Interest on WRC Holdings Ltd advance		3,439	3,453
Directors fees	4	8	9
Other expenditure	11	83	107
TOTAL EXPENSES		<u>3,534</u>	<u>3,572</u>
NET OPERATING SURPLUS / (DEFICIT) BEFORE TAXATION		(696)	(727)
Taxation expense / (credit)	5	(900)	(956)
NET SURPLUS FOR THE YEAR		<u>204</u>	<u>229</u>

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2007

	Share Capital \$000	Retained Earnings \$000	Total Attributable to equity holders \$000
EQUITY AS AT 1 JULY 2006	-	1,533	1,533
Net surplus for the period		204	204
Distributions to owners during the year		(204)	(204)
EQUITY AS AT 30 JUNE 2007	<u>-</u>	<u>1,533</u>	<u>1,533</u>

FOR THE YEAR ENDED 30 JUNE 2006


	Share Capital \$000	Retained Earnings \$000	Total Attributable to equity holders \$000
EQUITY AS AT 1 JULY 2005	-	1,533	1,533
Net surplus for the period		229	229
Distributions to owners during the year		(229)	(229)
EQUITY AS AT 30 JUNE 2006	<u>-</u>	<u>1,533</u>	<u>1,533</u>

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

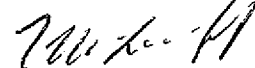
PORT INVESTMENTS LIMITED
BALANCE SHEET
AS AT 30 JUNE 2007

	Note	2007 \$000	2006 \$000
EQUITY			
Ordinary share capital	2	-	-
Retained earnings		1,533	1,533
TOTAL EQUITY		<u>1,533</u>	<u>1,533</u>
Represented by:			
CURRENT ASSETS			
Cash and cash equivalents		1	1
Subvention receivable		-	31
Dividends receivable		1,385	1,385
Current account - Greater Wellington Regional Council	4	819	819
TOTAL CURRENT ASSETS		<u>2,205</u>	<u>2,236</u>
NON-CURRENT ASSETS			
Investment in subsidiaries	3	44,000	44,000
TOTAL NON-CURRENT ASSETS		<u>44,000</u>	<u>44,000</u>
TOTAL ASSETS		<u>46,205</u>	<u>46,236</u>
CURRENT LIABILITIES			
Payables		468	474
Dividends payable		204	229
TOTAL CURRENT LIABILITIES		<u>672</u>	<u>703</u>
NON-CURRENT LIABILITIES			
Advance from WRC Holdings Ltd	4	44,000	44,000
TOTAL NON-CURRENT LIABILITIES		<u>44,000</u>	<u>44,000</u>
TOTAL LIABILITIES		<u>44,672</u>	<u>44,703</u>
NET ASSETS		<u>1,533</u>	<u>1,533</u>

For and on behalf of the Board

Director  _____

September 21, 2007

Director  _____

September 21, 2007

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



**PORT INVESTMENTS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2007**

	Note	2007 \$000	2006 \$000
Cash flows from operating activities:			
Cash was provided from:			
Dividends received		2,769	2,770
Subvention advances received		900	956
Cash was applied to:			
Interest paid		(3,441)	(3,417)
Net cash flows from operating activities	6	<u>228</u>	<u>309</u>
Cash flows from investing activities:			
Cash was applied to:			
Net cash flows from investing activities		<u>-</u>	<u>-</u>
Cash flows from financing activities :			
Cash was applied to:			
Movement in current account - Greater Wellington Regional Council		1	345
Dividend paid to WRC Holdings Ltd		(229)	(654)
Net cash flows from financing activities		<u>(228)</u>	<u>(309)</u>
Net increase / (decrease) in cash held		-	-
Add opening cash brought forward		<u>1</u>	<u>1</u>
Closing cash carried forward		<u>1</u>	<u>1</u>

Some transactions for the Company were transacted through the intercompany current account with Greater Wellington Regional Council, not the company's bank account. As such there are very few movements in the cash flow statement.

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

PORT INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

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.

For the purposes of financial reporting the company is designated as a profit-oriented entity.

STATEMENT OF COMPLIANCE

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 2002 and New Zealand Generally Accepted Accounting Practices (NZ GAAP).

These financial statements are prepared in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), as appropriate for profit oriented entities.

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.

ACCOUNTING POLICIES

The Company has changed its accounting policies to comply with NZ IFRS. The transition to NZ IFRS is accounted for in accordance with NZ IFRS-1: First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards, with 1 July 2005 as the date of transition. There was no changes to the Company's 2006 comparatives as a result of this change.

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

(a) Revenue Recognition

Interest income and dividend income are recognised on an accrual basis.

(b) Income Taxation

Current Tax

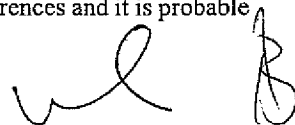
Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable). Tax assets and liabilities are offset only when the Company has a legally enforceable right to set off the recognised amounts, and intends to settle on a net basis.

Deferred Tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.



PORT INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

(b) Income Taxation - Continued

Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the Income Statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(c) Goods and Services Tax (GST)

The company is part of the Wellington Regional Council GST Group. All items in the financial statements are exclusive of GST.

Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense.

(d) Investments

Investments in subsidiaries are valued at the lower of cost or fair value.

(e) Financial Instruments

The Company is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, investments, receivables and payables and are detailed in the Balance Sheet. Revenue and expense in relation to financial instruments are recognised in the income statement.

(f) Changes in Accounting Policies

There have been no changes from the accounting policies adopted in the last audited financial statements, other than those required under NZ IFRS. These changes have not change the 2006 comparatives or disclosure requirements for the Company.

Two handwritten signatures in black ink, one on the left and one on the right, located at the bottom right of the page.

PORT INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

2. SHARE CAPITAL	2007	2006
	\$000	\$000
Authorised and issued capital		
10,000,100 ordinary shares of \$1 each issued but uncalled.	-	-

3. INVESTMENT IN SUBSIDIARIES	2007	2006
	\$000	\$000
Shares in CentrePort Ltd	44,000	44,000

The net book value of the Company's 76.9% holding in CentrePort Ltd at 30 June 2007 was \$147 million (30 June 2006 \$129 million).

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 2007 the Company has on advance to Greater Wellington Regional Council \$819,000 (30 June 2006 \$819,000). The interest rate charged on the advance as at 30 June 2007 was 8.18% p.a. (30 June 2006 7.41%). 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 2007 was 8.07% p.a. (30 June 2006 8.00%).

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 2006 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	\$ 4,000
P Blades	4,000
	<u>8,000</u>



**PORT INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

5. TAXATION

(a) Income tax recognised in profit or loss

Tax expense / (income) comprises:

	2007 \$'000	2006 \$'000
Current tax expense / (income)	-	-
Subvention payment (receipt)	(900)	(956)
Adjustments recognised in the current period in relation to the current tax of prior periods	-	-
Deferred tax expense / (income) relating to the origination and reversal of temporary differences	-	-
Deferred tax expense arising from the write-down, or reversal of previous write-down, of a deferred tax asset	-	-
Impact of the change in the corporate tax rate	-	-
Total tax expense / (benefit)	(900)	(956)

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

(Profit) / loss from operations	696	727
Income tax expense / (benefit) calculated at 33%	(230)	(240)
Non-deductible expenses	-	-
Tax impact of imputation credits	(914)	(914)
Unused tax losses and tax offsets not recognised as deferred tax assets	244	198
Other	-	-
(Over) / under provision of income tax in previous period	-	-
Total subvention payment (receipt)	(900)	(956)

The tax rate used in the above reconciliation is the corporate tax rate of 33% payable by New Zealand corporate entities on taxable profits under New Zealand tax law. Although for the current period there has been no change in the corporate tax rate when compared with the previous reporting period, from 1 July 2008 the Company will be subject to tax at the recently enacted rate of 30%.

(b) Tax loss sharing

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 2007, CentrePort Ltd had advanced \$0.900 million on account of the subvention payment.

(c) Current tax assets and liabilities

Current tax assets:

	2007 \$'000	2006 \$'000
Subvention receivable		31
Tax refund receivable		-
Other		-
	-	31

(d) Deferred tax balances

Deferred tax assets comprise:

Tax losses	-	-
Temporary differences	-	-

Deferred tax liabilities comprise:

Temporary differences	-	-
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PORT INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

5. TAXATION - continued

Port Investments Limited has unrecognised tax losses of \$1.337m (2006 \$0.599m) available to be carried forward and to be offset against taxable income in the future. The tax effect of these losses is \$0.441m (2006: \$0.198m). The tax effect of these losses at 30% is \$0.401m.

The ability to carry forward tax losses is contingent upon continuing to meet the requirements of the Income Tax Act 2004.

(e) Imputation credit account balances

	2007	2006
	\$'000	\$'000
Balance at beginning of the period	7,240	6,197
Attached to dividends received	1,364	1,364
Taxation paid	-	-
Attached to dividends paid	(113)	(321)
Balance at end of the period	<u>8,491</u>	<u>7,240</u>
Imputation credits available directly and indirectly to shareholders of the parent Company, through:		
Parent Company	8,491	7,240
Subsidiaries	-	1,307
	<u>8,491</u>	<u>8,547</u>

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

	2007	2006
	\$000	\$000
Net surplus / (deficit) after taxation	204	229
Add / (less) / movement in working capital:		
(Increase) / decrease in debtors	31	-
(Increase) / decrease in current account - Greater Wellington Regional Council	-	373
Increase / (decrease) in creditors	(31)	(373)
Add / (less) items classified as financing activities:		
Decrease in provision for dividends relating to financing activities	25	425
Decrease / (increase) in Greater Wellington Regional Council current account relating to financing activities	(1)	(345)
Net cash flows from operating activities	<u>228</u>	<u>309</u>

PORT INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

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

	2007 \$000	2006 \$000
Audit New Zealand - audit services	4	3
Audit New Zealand - IFRS audit*	5	-
	<u>9</u>	<u>3</u>

* The fee to Audit New Zealand for auditing the Company's IFRS opening balance sheet and comparatives has been accounted for in Greater Wellington Regional Council.

9. CONTINGENT LIABILITIES AND ASSETS

The contingent liabilities and assets of the Company at 30 June 2007 were nil (30 June 2006: nil)

10. CAPITAL EXPENDITURE COMMITMENTS

Estimated capital expenditure contracted for at 30 June 2007, but not provided, was nil (30 June 2006: nil)

11. OTHER EXPENDITURE

	2007 \$000	2006 \$000
Insurance	4	6
Management fees	69	71
Professional and legal fees	10	30
Total other expenditure	<u>83</u>	<u>107</u>

**PORT INVESTMENTS LIMITED
STATEMENT OF COMPLIANCE AND RESPONSIBILITY
FOR THE YEAR ENDED 30 JUNE 2007**

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.

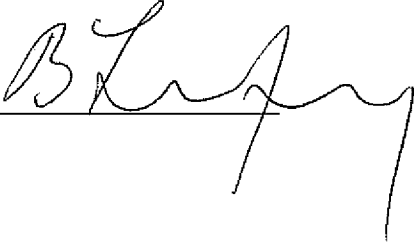
The Directors have authority to sign these financial statements.

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 2007 fairly reflect the financial position and operations of Port Investments Limited.

Director  _____ September 21, 2007

Director  _____ September 21, 2007

Chief Financial Officer  _____ September 21, 2007



AUDIT REPORT**TO THE READERS OF
PORT INVESTMENTS LIMITED'S
FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION
FOR THE YEAR ENDED 30 JUNE 2007**

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 2007.

Unqualified opinion

In our opinion:

- The financial statements of the company on pages 5 to 13:
 - 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 2007; and
 - the results of its operations and cash flows for the year ended on that date.
- The performance information of the company on page 13 gives a true and fair view of the achievements measured against the performance targets adopted for the year ended 30 June 2007.
- Based on our examination the company kept proper accounting records.

The audit was completed on 21 September 2007, 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

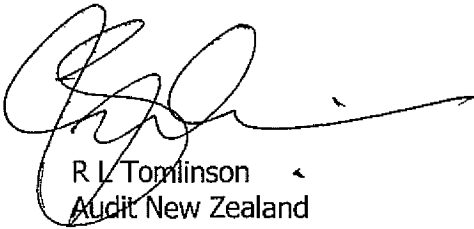
The Board of Directors is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must give a true and fair view of the financial position of the company as at 30 June 2007. They must also give a true and fair 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 2007. The Board 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 stroke extending to the right.

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