CentrePort Limited

HALF YEAR REPORT

December 2000

DIRECTORY

Directors
Nigel Gould (Chairman)
Ken Harris (Managing Director)
Jim Jefferies
Malcolm Johnson
David Setter
Howard Stone

Management
Ken Harris (Managing Director)
David Setter (Financial Controller)

Auditors
Deloitte Touche Tohmatsu, on behalf of the Controller and Auditor-General

Bankers
WestpacTrust

CentrePort Limited
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CentrePort Limited
Directors Report to Shareholders
For the six months ended 31 December 2000

The six month period to 31 December 2000 has been a difficult period with the company operating in an increasingly competitive industry and facing a sluggish New Zealand economy affected by low business confidence. As a result the profit result, while satisfactory, is below the record levels achieved in the corresponding period last year in both cargo volumes and financial performance.

Total cargo tonnage through the port decreased by 4% to 4.5M tonnes for the period under review, with lower contributions from the coastal trade, container, petroleum and vehicle sectors.

The number of vessel calls to the port decreased by 275 to 2,502 calls (down 10%), principally due to the Top Cat interisland service ceasing operation during the period.

Financial Performance

Revenue for the six months to 31 December 2000 was $18.7M compared to the corresponding period last year of $20.0M, down 7% for the period.

Surplus before interest and tax amounted to $5.5M being 19% down on the record levels achieved in the corresponding period last year of $6.8M.

Surplus attributable to the shareholders of the parent for the period is $3.4M (1999: $4.3M) giving an annualised average return on shareholders funds for the period of 11.9% (1999: 16.1%)

The company will pay an interim dividend of 8.5 cents per share fully imputed amounting to $2 million.

Outlook for the Second Half Year

New Zealand being a trading nation and our exporters in particular are now benefiting from the recent dramatic fall in the value of the New Zealand dollar and the current high price levels being achieved for the commodities we export. These factors along with improving business confidence should result in an export led recovery in the New Zealand economy. This growth will however be limited to a certain extent because of the recent news that growth rates in the United States have slowed considerably, and this will have a negative effect on trading throughout the world. On an overall basis however, we believe the business outlook is positive and there will be growth in the New Zealand economy. Ports throughout New Zealand will benefit from this growth as volumes through the Ports increase.

CentrePort is well placed to participate in this volume growth due to the strategies adopted by the company which have resulted in services being delivered more efficiently and more effectively. It is pleasing to note that these improvements have resulted in new services to Wellington including COSCO and MSC. CentrePort is also forecasting improvements to its property sector returns.

CentrePort is confident about its business future and is committed to providing the best service and facilities for our customers. This can be demonstrated by the fact that the company will be reinvesting close to $17 million this year in capital expenditure. This reinvestment in our future will ensure the long term sustainability of the business to all stakeholders, including customers, shareholders and staff alike.

Nigel J Gould
Chairman
28 February 2001

CentrePort Limited
Consolidated Statement of Financial Performance
For the six months ended 31 December 2000 (Unaudited)

Year ended 30 June 2000 $000		Notes	6 Months to 31 December 2000 $000	6 Months to 31 December 1999 $000
38,488	**REVENUE**		**18,681**	20,014
(27,168)	Expenses		**(13,177)**	(13,202)
11,320	**SURPLUS BEFORE INTEREST**		**5,504**	6,812
(857)	Interest Expense (net)		**(606)**	(463)
10,463	**SURPLUS BEFORE TAXATION**	3	**4,898**	6,349
(3,300)	Taxation Expense	4	**(1,563)**	(2,096)
7,163	**SURPLUS AFTER TAXATION**	14	**3,335**	4,253
80	Share of Earnings of Associate Companies after Taxation and Dividends	5	**65**	97
7,243	**SURPLUS ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY**		**3,400**	4,350

Consolidated Statement of Movements in Equity
For the six months ended 31 December 2000 (Unaudited)

Year ended 30 June 2000 $000		Note	6 Months to 31 December 2000 $000	6 Months to 31 December 1999 $000
52,957	**EQUITY - OPENING BALANCE**		**55,850**	52,957
7,243	Surplus for the Period		**3,400**	4,350
(4,350)	Dividends	6	**(2,000)**	(1,873)
55,850	**EQUITY - CLOSING BALANCE**		**57,250**	55,434

For and on behalf of the Board of Directors

N J Gould - Chairman
28 February 2001

K D Harris - Managing Director
28 February 2001

The Statement of Accounting Policies and Notes on pages 6 to 16 form part of these Financial Statements.

CentrePort Limited
Consolidated Statement of Financial Position
As at 31 December 2000 (Unaudited)

30 June 2000 $000		Notes	31 December 2000 $000	31 December 1999 $000
55,850	**EQUITY**	7	**57,250**	55,434
	Represented by:			
	ASSETS			
	Non Current Assets			
75,009	Fixed Assets	8	**74,157**	70,283
1,066	Future Taxation Benefit	9	**1,156**	1,016
622	Investments	11	**687**	574
76,697	**Total Non Current Assets**		**76,000**	71,873
	Current Assets			
123	Cash and Deposits		**-**	58
3,211	Receivables and Prepayments	12	**3,626**	3,959
315	Inventories		**505**	420
527	Taxation Refund		**4**	-
4,176	**Total Current Assets**		**4,135**	4,437
80,873	**TOTAL ASSETS**		**80,135**	76,310
	Less:			
	LIABILITIES			
18,850	**Bank Borrowing**	13	**15,750**	13,250
	Current Liabilities			
-	Bank Overdraft		**211**	-
4,176	Creditors and Accruals		**3,045**	3,358
200	Provision for Dividend	6	**2,000**	1,873
1,797	Provision for Employee Entitlements		**1,879**	1,802
-	Provision for Taxation		**-**	593
6,173	**Total Current Liabilities**		**7,135**	7,626
25,023	**TOTAL LIABILITIES**		**22,885**	20,876
55,850	**NET ASSETS**		**57,250**	55,434

The Statement of Accounting Policies and Notes on pages 6 to 16 form part of these Financial Statements.

CentrePort Limited
Consolidated Statement of Cash Flows
For the six months ended 31 December 2000 (Unaudited)

Year ended 30 June 2000 $000		Notes	6 Months to 31 December 2000 $000	6 Months to 31 December 1999 $000
	CASH FLOWS FROM OPERATING ACTIVITIES			
	Cash was Provided from:			
38,369	Receipts from Customers		**18,344**	19,687
70	Dividends Received		**30**	-
7	Interest Received		**15**	2
	Cash was Disbursed to:			
(23,433)	Payments to Suppliers and Employees		**(12,331)**	(12,725)
(689)	Restructuring Costs Paid		**(216)**	(464)
(3,337)	Income Taxation Paid		**(1,130)**	(1,013)
(874)	Interest Paid		**(552)**	(376)
10,113	**NET CASH FLOWS FROM OPERATING ACTIVITIES**	14	**4,160**	5,111
	CASH FLOWS FROM INVESTING ACTIVITIES			
	Cash was Provided from:			
95	Proceeds from Sale of Fixed Assets		**52**	90
	Cash was Applied to:			
(9,575)	Purchase of Fixed Assets		**(1,246)**	(3,183)
(30)	Advance to Associate Companies		**-**	(30)
(55)	Investment in Associate Company Shares		**-**	(55)
(9,565)	**NET CASH FLOWS FROM INVESTING ACTIVITIES**		**(1,194)**	(3,178)
	CASH FLOWS FROM FINANCING ACTIVITIES			
	Cash was Provided from:			
5,400	Loan advances		**-**	-
	Cash was Applied to:			
-	Settlement of Loans and Advances		**(3,100)**	(200)
(5,797)	Dividends Paid		**(200)**	(1,647)
(397)	**NET CASH FLOWS FROM FINANCING ACTIVITIES**		**(3,300)**	(1,847)
151	Net (Decrease) / Increase in Cash Held		**(334)**	86
(28)	Add Opening Cash / (Overdraft) Brought Forward		**123**	(28)
123	**ENDING CASH / (OVERDRAFT) CARRIED FORWARD**		**(211)**	58

The Statement of Accounting Policies and Notes on pages 6 to 16 form part of these Financial Statements.

CentrePort Limited
Notes to the Financial Statements
For the six months ended 31 December 2000 (Unaudited)

NOTE 1

Statement of Accounting Policies

Reporting Entity

CentrePort Limited is a company registered under the Companies Act 1993. The Group consists of CentrePort Limited, its Subsidiaries and Associates as disclosed in Note 11.

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.

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 Consolidated 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 Taxation collected from customers.

1.2 Fixed Assets

The Group has four classes of fixed assets:
Land
Buildings, Wharves and Paving
Cranes and Floating Plant
Plant, Vehicles and Equipment

The fixed assets acquired by the Group 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.

1.3 Leases

Group entities lease 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.

CentrePort Limited
Notes to the Financial Statements
For the six months ended 31 December 2000 (Unaudited)

1.4 Depreciation

Depreciation on fixed assets other than land, is charged on a straight line basis so as to write off the cost or valuation of the fixed assets to their estimated residual value over their expected economic lives. The expected economic lives are as follows:

Buildings	20 to 50 years
Wharves and Paving	10 to 50 years
Cranes and Floating Plant	10 to 50 years
Plant, Vehicles and Equipment	3 to 20 years

1.5 Investments

Investments in Associate entities 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 Taxation. 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 period 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. This is the partial basis for the calculation of deferred taxation.

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 Basis of Consolidation

The consolidated financial statements include the Holding Company and its Subsidiaries, accounted for using the purchase method. The Associate companies are accounted for on an equity accounting basis. All significant inter-company transactions are eliminated on consolidation.

CentrePort Limited
Notes to the Financial Statements
For the six months ended 31 December 2000 (Unaudited)

1.10 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.

1.11 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.

1.12 Changes in Accounting Policies

There have been no material changes in accounting policies during the period.

NOTE 2

Financial Statements

The financial statements for the six month periods ended 31 December 2000 and 31 December 1999 are unaudited.

CentrePort Limited
Notes to the Financial Statements
For the six months ended 31 December 2000 (Unaudited)

NOTE 3

Surplus before Taxation

Year ended 30 June 2000 $000		6 Months to 31 December 2000 $000	6 Months to 31 December 1999 $000
10,463	**Surplus before Taxation**	**4,898**	6,349
	After Crediting:		
	REVENUE		
70	Dividend Received from Associates	**30**	-
94	Interest Received	**15**	2
	After Charging:		
	EXPENSES		
41	Bad Debts Written Off	**1**	10
7	Change in Provision for Doubtful Debts	**50**	64
3,383	Depreciation	**1,766**	1,650
149	Directors Fees	**54**	78
50	Fees paid to Parent Company Auditors for Audit Services	**25**	25
-	Fees paid to Parent Company Auditors for Other Services	**10**	-
170	Net (Profit) / Loss on Sale of Fixed Assets	**(45)**	(56)
951	Interest Expense	**621**	466
89	Restructuring Costs	**216**	-
809	Rental and Lease Expenses	**430**	383

NOTE 4

Taxation

Year ended 30 June 2000 $000		6 Months to 31 December 2000 $000	6 Months to 31 December 1999 $000
	Taxation Expense		
	The Income Taxation Expense has been calculated as follows:		
10,463	Surplus before Taxation	**4,898**	6,349
3,453	Income Taxation on the Surplus for the Period at 33%	**1,616**	2,095
	Taxation Effect of		
89	- Permanent Differences	**23**	33
(120)	- Timing Differences not Recognised	**(61)**	(32)
(34)	Benefit of Imputation Credits Received	**(15)**	-
3,388	Current Period Taxation Expense	**1,563**	2,096
(88)	Prior Period Adjustments	**-**	-
3,300	**Taxation Expense**	**1,563**	2,096

CentrePort Limited
Notes to the Financial Statements
For the six months ended 31 December 2000 (Unaudited)

NOTE 4

Taxation (continued)

Year ended 30 June 2000 $000		6 Months to 31 December 2000 $000	6 Months to 31 December 1999 $000
	The Taxation Expense is represented by:		
2,987	Current Period Taxation	**1,653**	1,756
313	Future Taxation Benefit	**(90)**	340
3,300	**Taxation Expense**	**1,563**	2,096

NOTE 5

Associate Companies

Year ended 30 June 2000 $000		6 Months to 31 December 2000 $000	6 Months to 31 December 1999 $000
227	Share of Surplus of Associate Companies before Taxation	**144**	149
(77)	Taxation	**(49)**	(52)
(70)	Dividend Received	**(30)**	-
80	**Share of Earnings of Associate Companies after Taxation and Dividends**	**65**	97

NOTE 6

Dividends

Year ended 30 June 2000 $000		6 Months to 31 December 2000 $000	6 Months to 31 December 1999 $000
4,150	Dividend Paid on Ordinary Shares	**-**	**-**
200	Proposed Dividend on Ordinary Shares	**2,000**	1,873
4,350	**Total Dividends Paid or Payable**	**2,000**	1,873

CentrePort Limited
Notes to the Financial Statements
For the six months ended 31 December 2000 (Unaudited)

NOTE 7

Equity

30 June 2000 $000		31 December 2000 $000	31 December 1999 $000
	Equity includes:		
	Issued and Paid Up Capital		
30,000	23,424,657 ordinary shares	**30,000**	30,000

NOTE 8

Fixed Assets

Net Book Value 30/6/00 $000		Cost $000	Accumulated Depreciation $000	Net Book Value 31/12/00 $000	Net Book Value 31/12/99 $000
35,539	Freehold Land	35,539	-	**35,539**	35,539
28,694	Buildings, Wharves and Paving	45,101	17,040	**28,061**	25,526
4,757	Cranes and Floating Plant	8,303	3,508	**4,795**	2,992
6,019	Plant, Vehicles and Equipment	19,812	14,050	**5,762**	6,226
75,009	**Total Fixed Assets**	108,755	34,598	**74,157**	70,283

A Directors valuation of all Group freehold land was completed in June 1999 at $43 million.

NOTE 9

Future Taxation Benefits

30 June 2000 $000		31 December 2000 $000	31 December 1999 $000
1,356	Opening Balance	**1,066**	1,356
(313)	Current Period Movement	**90**	(340)
23	Prior Period Adjustments	**-**	-
1,066	**Closing Balance**	**1,156**	1,016
	Taxation Balances Not Recognised		
7,054	Taxation Effect of the Differences between the Accounting and Taxation Treatment of Depreciation	**6,359**	7,328

Due to the long term nature of the fixed assets deployed by the Group, future taxation benefits have not been recognised as an asset in the financial statements.

CentrePort Limited
Notes to the Financial Statements
For the six months ended 31 December 2000 (Unaudited)

NOTE 10

Imputation Credit Account

30 June 2000 $000		31 December 2000 $000	31 December 1999 $000
3,032	Opening Balance	**2,739**	3,032
1,512	Imputation Credits Attached to Dividends Received	**37**	1,478
(2,855)	Imputation Credits Attached to Dividends Paid	**(99)**	(811)
1,050	Income Taxation Payment	**300**	300
2,739	**Closing Balance**	**2,977**	3,999
	Imputation credits available to the shareholders of the Parent Company as at 31 December 2000 are:		
2,739	Through direct shareholding in the Parent Company	**2,977**	3,999
1,668	Through indirect interests in Subsidiaries	**2,168**	668

NOTE 11

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
Container Terminals Limited	Subsidiary	(100%)	Inactive Company
Port of Wellington (1988) Limited	Subsidiary	(100%)	Property Owning
Port Wellington Limited	Subsidiary	(100%)	Inactive Company
CentrePac Limited	Associate	(50%)	Container Packing
Medical Waste (Wellington) Limited	Associate	(50%)	Incineration of Waste
Transport Systems 2000 Limited	Associate	(50%)	Container Depot

30 June 2000 $000		31 December 2000 $000	31 December 1999 $000
	Investment in Associate Companies		
461	Shares in Associate Companies at Cost	**461**	396
161	Share of Post-Acquisition Retained Earnings	**226**	178
622	**Total Investments**	**687**	574

CentrePort Limited
Notes to the Financial Statements
For the six months ended 31 December 2000 (Unaudited)

NOTE 12

Receivables and Prepayments

30 June 2000 $000		31 December 2000 $000	31 December 1999 $000
2,817	Trade Receivables	**2,977**	3,146
6	Associate Company Receivables	**68**	120
388	Prepayments and Other Receivables	**581**	693
3,211	**Total Receivables and Prepayments**	**3,626**	3,959

NOTE 13

Bank Borrowing

The Parent Company has a bank loan facility 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 14

Reconciliation of Surplus after Taxation with Cash Flows from Operating Activities

Year ended 30 June 2000 $000		6 Months to 31 December 2000 $000	6 Months to 31 December 1999 $000
7,163	**Reported Surplus after Taxation and before Share of Earnings of Associate Companies**	**3,335**	4,253
	Add (Less) Non Cash Items:		
3,383	Depreciation	**1,766**	1,650
170	Net (Profit) / Loss on Sale of Assets	**(45)**	(83)
290	Future Taxation Benefit	**(90)**	340
	Add (Less) Movements in Working Capital:		
115	Accounts Receivable	**(415)**	(846)
(446)	Accounts Payable	**(1,049)**	(1,259)
6	Inventory	**(190)**	(99)
(376)	Taxation	**523**	957
	Add (Less) Items Classified as Investing and Financing Activities:		
30	Loan to Associate Company	**-**	30
(65)	Accounts Payable related to Investments	**-**	-
(157)	Accounts Payable related to Fixed Assets	**325**	168
10,113	**Net Cash Inflow from Operating Activities**	**4,160**	5,111

CentrePort Limited
Notes to the Financial Statements
For the six months ended 31 December 2000 (Unaudited)

NOTE 15

Financial Instruments

Nature of activities and management policies with respect to financial instruments:

Fair Values

The estimated fair value of the forward interest rate swap agreements is $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 on going 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 forward interest rate swap agreements with maturities of:

30 June 2000 $000		31 December 2000 $000	31 December 1999 $000
2,000	Less than One Year	**6,000**	5,000
11,000	One to Two Years	**7,000**	4,000
-	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:

30 June 2000 $000		31 December 2000 $000	31 December 1999 $000
123	Cash and Deposits	**-**	58
2,983	Receivables	**3,207**	4,152

No collateral is held on the above amounts.

Concentrations of Credit Risk

The Group is not exposed to any concentrations of credit risk.

Credit Facilities

The Group 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 has been drawn down by the Group.

CentrePort Limited
Notes to the Financial Statements
For the six months ended 31 December 2000 (Unaudited)

NOTE 16

Operating Leases

30 June 2000 $000		31 December 2000 $000	31 December 1999 $000
	Lease commitments for non-cancellable operating leases as at balance date were:		
372	Less than One Year	**327**	419
148	One to Two Years	**6**	242
-	Two to Five Years	**-**	6
520		**333**	667

NOTE 17

Related Parties

CentrePort Limited is 76.9% owned by Port Investments Limited, a subsidiary of Wellington Regional Council, and 23.1% owned by Manawatu-Wanganui Regional Council. During the period transactions between CentrePort Limited and related parties included:

Year ended 30 June 2000 $000		6 Months to 31 December 2000 $000	6 Months to 31 December 1999 $000
	Wellington Regional Council and Subsidiaries		
27	Income Received from Rent and Services Performed	**12**	16
(550)	Payment for Use of Navigational Facilities	**(277)**	(275)
787	Subvention Payments	**330**	213
	Medical Waste (Wellington) Limited		
108	Income Received from Services Performed	**42**	40
(183)	Waste Disposal Expenditure	**(88)**	(87)
	CentrePac Limited		
151	Income Received from Rent and Services Performed	**77**	76
	Transport Systems 2000 Limited		
284	Income Received from Rent and Services Performed	**147**	126

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

CentrePort Limited
Notes to the Financial Statements
For the six months ended 31 December 2000 (Unaudited)

NOTE 18

Contingent Liabilities

The following contingent liabilities existed at 31 December 2000:

The Group has a contingent asset of $87,000 (December 1999: $87,000 and 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 (December 1999: $308,000 and June 2000: $308,000) against the Group for damage to vessels. The Group is defending the counter claim. Professional advice indicates that it is unlikely that any significant liability will eventuate.

Customers of the Group have commenced litigation claiming the Group's charges are not fair and reasonable and seeking reimbursement of $1,172,000 (December 1999: $Nil and June 2000: $1,172,000) of charges paid. The Group has lodged counter claims of $258,000 (December 1999: $Nil and 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 12) at balance date. Professional advice indicates that it is unlikely that any significant liability will arise.

NOTE 19

Guarantees

The Parent Company has guaranteed rental payments of $1,573,000 (December 1999: $2,000,000 and June 2000: $1,833,000) which reduces over the rental term as rental payments occur and terminates in April 2002. The Directors believe that the terms of the guarantee contract have been breached which may result in the guarantee being unenforceable. Furthermore the Directors believe that there is legal recourse to offset any amounts claimed under the guarantee.

NOTE 20

Capital Commitments

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

NOTE 21

Segment Information

CentrePort Limited operates in one industry, the operation of a commercial port. All operations are carried out within New Zealand.