WRC HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

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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

IB

The Directors have pleasure in submitting their Annual Report including the financial statements of WRC Holdings Ltd and its subsidiaries for the year ended 30 June 2007.

Principal Activities

WRC Holdings Ltd is the investment holding company of Greater Wellington Regional Council (the Council). The group consists of WRC Holdings Ltd, its wholly owned subsidiary companies, Port Investments Ltd, Pringle House Ltd, Greater Wellington Rail Ltd, Greater Wellington Transport Ltd and Greater Wellington Infrastructure Ltd and 76.9% owned CentrePort Ltd.

The group's primary objectives shall be to:

Operate as a successful, sustainable and responsible business.

Own and operate the Greater Wellington's headquarters at 142-146 Wakefield Street, Wellington (known as the "Regional Council Centre") on a cost effective basis.

Own Greater Wellington's interest in CentrePort Ltd , to maximise the commercial value of CentrePort Ltd to the shareholders and to protect the shareholders' investment, while maintaining the CentrePort's strategic value to the economy of the region.

Hold Greater Wellington's future investments in public transport infrastructure, namely rolling stock, stations and trolley bus wires.

Effectively manage any other investments held by the group in order to maximise the commercial value to the shareholders and to protect the shareholder's investment.

The financial objectives of the group shall be to:

Where possible, provide a commercial return to shareholders.

Adopt policies that prudently manage risk and protect the investment of shareholders.

The environmental objectives of the group shall be to:

To operate in an environmentally responsible and sustainable manner.

Minimise the impact of any of the group's activities on the environment.

Raise awareness of environmental issues within the group.

Encourage CentrePort and Pringle House to be more energy efficient and make greater use of renewable energy.

The social objectives of the group shall be to:

Be a leading organisation and a superior employer.

Provide a safe and healthy workplace.

Participate in development, cultural and community activities within the regions in which the group operates.

Help sustain the economy of the region.

The nature and scope of activities undertaken by the group are consistent with those set in the 2006/07 Statement of Intent.

Financial Results Compared with Statement of Intent (SOI) Targets:

	Actual 2007 $000	Target 2007 $000	Actual 2006 $000
Net profit before tax	8,915	4,896	7,015
Net profit after tax	19,178	3,207	15,195
Return on total assets	6.1%	4.6%	5.7%
Return on shareholder equity: **excluding any** increase in the value of investment property	4.3%	0.9%	2.5%
Return on shareholder equity: **including any** increase in the value of investment property	13.7%		12.7%
Dividends	128	463	395

Net profit before tax
The group posted a net profit before tax, before any increases in the value of investment property and land, of $8.9 million (vs. budget $4.9 million) for the year.

Net profit after tax (before deduction of minority interest)
The net profit after tax measure includes a $14.5 million (2006 $12.9 million) increase in the net current value of the group's investment properties and land.

Return on total assets
This target is calculated as earnings before interest and tax (EBIT) and expressed as a percentage of average total assets.

Return on shareholder equity
This target is calculated as net profit after tax (after deduction of minority interest) as a percentage of average shareholder equity (excluding minority interest). The measure is shown both before and after any increase in the value of investment properties. Average parent shareholder equity has also increased due to the revaluation of assets.

Dividends paid (or payable to the parent shareholders)
Higher interest rates have lead to an overall reduced dividend from the group.

Directors
Directors holding office during the year were:

Parent and 100% owned subsidiaries
I M Buchanan
Hon M K Shields
T J McDavitt
F R Long
A Blackburn
P Blades

Remuneration of Directors of the Parent Company
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	4000
P Blades	4000

Entries in the Interests Register
Disclosure of interests by Directors for the year ended 30 June 2007:
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 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. The group has 20 employees who are paid over $100,000.

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 of Directors

Director ____________ September 21, 2007

Director ____________ September 21, 2007

WRC HOLDINGS LIMITED
NON-FINANCIAL PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2007

WRC Holding's group's non-financial performance criteria contained in the statement of intent for the 2006/07 year, and results are summarised:

Environmental Performance Indicators:

Planned Target
CentrePort Ltd to comply with AS/NZS 14000: Environmental Management Standards.

Actual Performance
Achieved. CPL has established environmental management systems with separate formal environmental management and emergency management plans in accordance with AS/NZS ISO 14001:2004. The Health, Safety and Environment Board Committee reviews CPL's environment performance regularly.

Planned Target
CentrePort Ltd to promote the introduction into the district and regional coastal plans of the principles of NZS 6809:1999 Acoustics - Port Noise Management and Land Use Planning.

Actual Performance
Achieved. CPL continued to work with the respective local bodies to ensure that the District and Regional Plans include the principles of the port noise management standard. As part of the public consultation process CPL's Port Noise Management Plan was submitted to the respective planning authorities (WCC and GWRC).

Planned Target
CentrePort Ltd to complete a noise management plan to support proposed changes to the noise provisions within the district and regional coastal plans.

Actual Performance
This target has been deleted because it was met in the previous year.

Planned Target
The group to comply with all conditions under resource consents and permits held, and full adherence to the requirements of environmental law generally.

Actual Performance
Achieved. All consents and permits have been compiled with generally. The Burnham Wharf Noise consent was renewed during the year.

Planned Target
CentrePort to maintain tertiary level of compliance with the ACC Workplace Safety Management Practices Programme and comply with the AS/NZS 4801: Occupational Health and Safety Management Systems.

Actual Performance
Achieved. CentrePort conducts bi-annual ACC audits, with the next scheduled in November 2007. CentrePort currently holds a tertiary level of compliance.

Planned Target
CentrePort to maintain compliance with the International Ship & Port Security (ISPS) Code which promotes security against terrorism within the port environment.

Actual Performance
Achieved. Achieved. Audited in 2006 and passed.

Planned Target
CentrePort to undertake risk assessments and implement any mitigating procedures relating to the Port & Harbour Safety code which promotes safety and excellence in marine operations.

Actual Performance
Achieved. Together with Greater Wellington, CPL completed a draft Wellington Harbour Safety Management System, in accordance with the NZ Port and Harbour Marine Safety Code. The Port and Harbour Safety Code Navigational Risk Assessment also identified that the Port lacked sufficient tug power to serve the larger vessels that call. During the year a contract was let to build a new tug boat and to reduce such risks.

Planned Target
To undertake a level of sponsorship appropriate to CentrePort.

Actual Performance
Achieved. CentrePort engages in a wide range of community sponsorships ranging from business groups to specific community projects and endeavours. Spending in 2006/07 amounted to $115,000.

Planned Target
To meet regularly with representative community groups of CentrePort.

Actual Performance
Achieved. CentrePort meets with community working groups such as the Environmental Consultative Committee, Transport Advisory Bodies and Chambers of Commerce regularly.

General Performance Indicators:

Planned Target
The group will, in consultation with shareholders, continue to develop performance targets in the environmental and social areas.

Actual Performance
During consultation, the shareholders reviewed the 2007 Statement of Intent and the environmental and social performance targets have been revised. As a result, the Statement of Corporate Intent for Centreport was amended. Two new environmental targets (2007 SCI items 5.3d and 5.3e) were added, and two environmental targets (2006 SCI items 5.3b and 5.3c) deleted, because they have already been achieved, and one social target (2006 SCI item 5.4f) deleted.

WRC HOLDINGS LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

	Notes	Group 2007 $000	Group 2006 $000	Parent 2007 $000	Parent 2006 $000
Operating Revenue		54,694	48,527	6,377	6,079
Change in Financial Instrument Fair Value	14	2,114	1,458	-	-
Share of associate profit accounted for using the equity method		308	411	-	-
TOTAL OPERATING REVENUE	2	57,116	50,396	6,377	6,079
Increase in the value of Developed Investment Property		9,885	10,714	-	-
Increase in the value of Land available for Development		4,634	2,193	-	-
Operating Expenses	2	(39,151)	(35,549)	(180)	(122)
Impairment of Assets	9	-	(1,320)	-	-
OPERATING SURPLUS BEFORE INTEREST AND INCOME TAXATION		32,484	26,434	6,197	5,957
Net Interest costs	2	(8,449)	(5,992)	(3,439)	(3,453)
OPERATING SURPLUS BEFORE INCOME TAXATION AND SUBVENTION PAYMENT	2	24,035	20,442	2,758	2,504
Subvention payment	10	(601)	(519)	-	-
Income Taxation	10	(4,256)	(4,728)	-	-
NET SURPLUS BEFORE MINORITY INTEREST		19,178	15,195	2,758	2,504
Share of surplus attributable to minority interest	4	(4,428)	(3,569)	-	-
PROFIT FOR THE PERIOD ATTRIBUTABLE TO THE EQUITY HOLDERS		14,750	11,626	2,758	2,504

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

	Notes	Group 2007 $000	Group 2006 $000	Parent 2007 $000	Parent 2006 $000
Equity - opening balance as at 1 July		135,548	121,579	11,529	9,420
Asset revaluation gains taken directly to equity		6,482	-	-	-
Asset revaluation gains taken directly to equity attributable to minority interest		1,945	-	-	-
Net income recognised directly in equity		8,427	-	-	-
Net surplus/(deficit) for the year before minority interest		19,178	15,195	2,758	2,504
Total recognised income and expenses for the year		27,605	15,195	2,758	2,504
Dividends attributable to:					
Equity holders of the parent	12	(128)	(395)	(128)	(395)
Minority interest	4	(831)	(831)	-	-
Total dividends		(959)	(1,226)	(128)	(395)
Total recognised income and expenses for the period		26,646	13,969	2,630	2,109
Balance as at 30 June 2007	3	162,194	135,548	14,159	11,529

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

WRC HOLDINGS LIMITED
BALANCE SHEET
AS AT 30 JUNE 2007

	Notes	Group 2007 $000	Group 2006 $000	Parent 2007 $000	Parent 2006 $000
EQUITY					
Issued and Paid up Capital	3	34,541	34,541	34,541	34,541
Retained Earnings					
Capital Reserve - CentrePort Limited		42,460	41,327	-	-
Operating surpluses/(deficits)		(1,998)	(7,990)	(20,382)	(23,012)
Total Retained Earnings	3	40,462	33,337		
Revaluation reserve		43,060	29,082		-
Minority interest	4	44,131	38,588		-
TOTAL EQUITY	3	162,194	135,548	14,159	11,529
Represented by:					
ASSETS					
Current Assets					
Cash and cash equivalents		307	2	1	1
Trade and other receivables	5	16,077	4,223	755	963
Taxation refund		446	1,272	-	-
Current account - Greater Wellington Regional Council	6	1,443	1,812	-	52
Current account - Pringle House Ltd	6	-	-	1,824	1,800
Inventories		521	416	-	-
Total Current Assets		18,794	7,725	2,580	2,816
Non Current Assets					
Investment Properties	8	116,129	113,212	-	-
Investments	7	632	594	56,208	53,579
Financial Instruments	14	2,966	852		
Property, Plant & Equipment	9	191,924	129,701	-	-
Deferred Tax	10	1,670	4,575	-	-
Intangible assets	16	1,019	730	-	-
Total Non Current Assets		314,340	249,664	56,208	53,579
TOTAL ASSETS		333,134	257,389	58,788	56,395
Less:					
LIABILITIES					
Current Liabilities					
Bank Overdraft		-	51	-	-
Trade and Other payables		19,121	10,175	501	471
Borrowings	13	44,000	44,000	44,000	44,000
Dividend Payable	12	543	810	128	395
Provision for Subvention	10	629	519	-	-
Revenue in advance		19,859	-	-	-
Provision for Employee Entitlements	11	1,779	1,719	-	-
Total Current Liabilities		85,931	57,274	44,629	44,866
Non Current Liabilities					
Borrowings	13	84,254	63,908	-	-
Provision for Employee Entitlements	11	755	659	-	-
Total Non-Current Liabilities		85,009	64,567	-	-
TOTAL LIABILITIES		170,940	121,841	44,629	44,866
NET ASSETS		162,194	135,548	14,159	11,529

For, and on behalf of, the Board of Directors

Director ____________ September 21, 2007

Director ____________ September 21, 2007

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

WRC HOLDINGS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2007

	Notes	Group 2007 $000	Group 2006 $000	Parent 2007 $000	Parent 2006 $000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash was Provided from:					
Receipts from Customers		49,889	46,840	-	-
Dividend Income Received		245	373	510	755
Income Taxation Received		159	301	-	-
Interest Income Received		-	-	3,441	3,417
Other Income					
Cash was disbursed to:					
Payments to Suppliers and Employees		(28,519)	(29,204)	-	-
Income Taxation paid		(1,040)	(1,200)	-	-
Interest Expense paid		(9,917)	(4,814)	(3,441)	(3,417)
NET CASH FLOWS FROM OPERATING ACTIVITIES	17	10,817	12,296	510	755
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash was provided from:					
Proceeds from Sale of Property, Plant & Equipment		44	775	-	-
Repayment of Loans by Associate Company		-	200	-	-
Cash was Applied to:					
Purchase of Property, Plant & Equipment		(29,728)	(27,949)	-	-
Development of Investment Properties		(65)	(8,744)	-	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		(29,749)	(35,718)	-	-
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash was Provided from:					
Proceeds from Borrowings		20,347	23,928	-	-
Movement in Current Account - Greater Wellington Regional Council		167	352	-	-
Cash was applied to:					
Movement in current account - Greater Wellington Regional Council		-	-	(115)	(104)
Dividends Paid to Shareholders of the Company		(1,226)	(1,481)	(395)	(651)
NET CASH FLOWS FROM FINANCING ACTIVITIES		19,288	22,799	(510)	(755)
Net Increase / (Decrease) in Cash Held		356	(623)	-	-
Add Opening Cash / (Overdraft) Brought Forward		(49)	574	1	1
ENDING (OVERDRAFT) / CASH CARRIED FORWARD		307	(49)	1	1

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

NOTE 1
Statement of Accounting Policies

Reporting Entity
WRC Holdings Limited, the "parent" or "company", is registered under the Companies Act 1993 and is a wholly owned subsidiary of Greater Wellington Regional Council. It is a council controlled trading organisation as defined in section 6 of the Local Government Act 2002.

The "group" consists of WRC Holdings Ltd, its wholly owned subsidiaries, Pringle House Ltd, Port Investments Ltd, Greater Wellington Rail Ltd, Greater Wellington Transport Ltd, Greater Wellington Infrastructure Ltd and its 76.9% subsidiary CentrePort Ltd, together with its subsidiaries, as disclosed in Note 7.

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).

Compliance with the NZ IFRS ensures that the consolidated financial statements comply with International Financial Reporting Standards (IFRS). The group financial statements and notes also comply with IFRS.

General Accounting Policies

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.

The financial statements have been prepared on the basis of historical cost except for the revaluation of Operating Port Freehold Land and Investment Properties (Developed Investment Properties and Land Available for Development).

Cost is based on the fair value of the consideration given in exchange for assets.

The going concern concept has been adopted in the preparation of these financial statements.

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

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The group 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. An explanation of how the transition from superseded policies to NZ IFRS has affected the Company and group's financial position, financial performance and cash flows is discussed in note 24.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2007, the comparative information presented in these financial statements for the year ended 30 June 2006, and in preparation of the opening NZ IFRS statement of financial position at 1 July 2005 (as disclosed in note 24), the group's date of transition.

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

1.1 Basis of Consolidation
The group financial statements include WRC Holdings Ltd 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 group's income statement and share of post acquisition increases/decreases in net assets in the group's balance sheet.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair value of the identifiable net assets acquired exceeds the cost of acquisition, the difference is credited to profit and loss in the period of acquisition.

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

All significant inter-company transactions are eliminated on consolidation.

1.2 Statement of Cash Flows
The following are the definitions used in the statement of cash flows:

(a) Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts.

(b) Investing activities are those activities relating to the acquisition, holding and disposal of fixed assets and of investments.
Investments include securities not falling within the definition of cash.

(c) Financing activities are those activities which result in the changes in size and composition of the capital structure of the group.
This includes both equity and debt not falling within the definition of cash. Dividends paid to shareholders are included in financing activities.

(d) Operating activities include all transactions and other events that are not investing or financing activities.

(e) GST is accounted for on an accruals basis consistent with the income statement.

1.3 Revenue
Revenue shown in the income statement comprises the amounts received and receivable by the group for services provided to customers in the ordinary course of business based on the stage of completion of the contract at balance sheet date.

Grants for asset purchases are initially recognised in the balance sheet as deferred income and only recognised in the income statement over periods necessary to match them with the related use over the life of the asset.

Other grants and contributions from territorial local authorities are recognised in the income statement when eligibility has been established by the grantor.

Income is stated exclusive of goods and services tax collected from customers.

Interest and dividend income are recognised on an accrual basis.

1.4 Property, Plant and Equipment
The group has six classes of Property, Plant and Equipment

Freehold land
Buildings, wharves and paving
Cranes and floating plant
Plant, vehicles and equipment
Rail rolling stock
Other Assets

Operational port freehold land is stated at valuation determined every three years by an independent registered valuer. The basis of valuation is fair value which is determined by reference to the assets highest and best use as determined by an independent valuer. The fair values are recognised in the financial statements of the group, and are reviewed at the end of each reporting period to ensure that the carrying value of land and buildings is not materially different from their fair values. Any increase in the value on revaluation is taken directly to the revaluation reserve unless it offsets a previous decrease in value for the same asset recognised in the income statement, in which case it is recognised in the balance sheet. A decrease in the value on revaluation is recognised in the income statement where it exceeds the increase of that asset previously recognised in the revaluation reserve.

The remaining Property, Plant and Equipment acquired by CentrePort on 1 October 1988 are recorded at cost, less accumulated depreciation and impairment, 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 remaining Property, Plant and Equipment 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. All these Property, Plant and Equipment are depreciated excluding land.

1.5 Investment Properties
Investment properties, which is property held to earn rentals and/or for capital appreciation, is measured at its fair value at the reporting date. Gains or losses arising from changes in fair value of investment property are included in profit or loss in the period in which they arise.

The group has two classes of investment properties:
Developed Investment Properties
Land Available for Development

1.6 Leased Assets
Group entities lease certain land, buildings, wharves and plant. Leases are finance leases wherever the terms of the lease transfer substantially all the risk and rewards of ownership to the lessee. All other leases are classified as operating leases. All leases held by the Group are classified as operating leases.

Consolidated entity as lessee:
Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Consolidated entity as lessor:
Operating leases relate to subleases of surplus of properties leased by the company for its own operation use, with lease terms between 1 and 12 years, with an option to extend for a further period between 1 to 6 years. All operating lease contracts contain market review clauses in the event that the group exercises its option to renew. The lessee does note have an option to purchase the property at expiry of the lease period.

Lease incentives:
In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis.

1.7 Non-current assets held for sale
Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups as classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. The sale of the asset (or disposal group) is expected to be completed within one year from the date of classification.

1.8 Intangibles
Software is a finite life intangible and is recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over their estimated useful lives between 1 and 5 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

1.9 Impairment of assets
At each reporting date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidation entity estimates the recoverable amount of the cash-generating using to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount off an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the income statement immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had not impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the income statement immediately, unless the relevant assets is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.10 Depreciation
There is no depreciation on capital works in progress and operational port land. Depreciation on all other property plant and equipment is charged on a straight line basis so as to write off the cost of the assets to their estimated residual value over their expected economic lives. The expected economic lives are as follows:

Buildings, wharves and paving	10 to 50 years
Cranes and floating plant	4 to 50 years
Plant, vehicles and equipment	2 to 20 years
Rail rolling stock	20 to 35 years
Other Assets	0 to 20 years

The economic useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

1.11 Borrowing Costs
Borrowing costs directly attributable to capital construction are capitalised as part of the cost of those assets. All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.12 Investments
Investments in subsidiaries are revalued annually at the lower of cost and net asset backing. The change in valuation is recognised in the income statement.

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.

Investment properties are revalued annually to net current value. The change in valuation is recognised in the income statement. There is not any depreciation on investment properties.

Other investments are stated at the lower of cost and fair value.

1.13 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.

1.14 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 CentrePort 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.

1.14 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 group 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 group 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.

1.15 Goods and Services Tax (GST)

The company is part of the Wellington Regional Council GST group. All items in the parent's financial statements are exclusive of GST. All items in the group's financial statements are exclusive of GST, with the exception of CentrePort's receivables and payables, which are consolidated inclusive of GST.

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

1.16 Employee Entitlements

A provision for employee entitlements is recognised as a liability in respect of benefits earned by employees but not yet paid at balance date. Employee benefits include salaries, wages, annual leave and long service leave. Where the services that gave rise to the employee benefits are expected to be paid for within twelve months of balance date, the provision is the estimated amount expected to be paid by the group. The provision for other employee benefits is stated at the present value of the future cash outflows expected to be incurred.

The present value is determined by discounting the future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liabilities.

1.17 Provisions

Provisions are recognised when the group has a present obligation as a result of a past event, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

1.18 Provision for Dividends

Dividends are recognised in the period that they are authorised and approved.

1.19 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 within predetermined policies and limits in order 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.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.20 Financial Assets

Investments are recognised and derecognised on trade date where purchase and sale of an investment is under a contract whose terms require delivery of the investments within the timeframe established by the market concerned, and are initially at fair value, net of transactions costs.

Subsequent to initial recognition, investments in subsidiaries are measured at cost. Subsequent to initial recognition, investments in associates are accounted for under the equity method in the consolidated financial statements and the cost method in the company financial statements.

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets are fair value through profit or loss

The group has classified certain derivative instruments as financial assets at fair value through profit or loss. The policy for these items is outlined in note 1.21

Loans and receivables

Trade receivables, loans, and other receivables are recorded at amortised cost less impairment.

1.21 Financial liabilities

Payables

Trade payables and other accounts payable are recognised when the group becomes obliged to make future payments resulting from the purchase of goods and services.

Borrowings

Borrowings are recorded initially at fair value, net of transaction costs.

Subsequent to initial recognition, borrowings are measured at amortised costs with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowing using the effective interest rate method.

1.22 Derivative financial instruments

The consolidated entity enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including forward foreign exchange contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at cost on the date a derivative contract is entered into, which is equivalent to fair value, and are subsequently re-measured to fair value at each reporting date. Changes in fair value of derivative instruments that do not qualify for hedge accounting are recognised immediately in profit or loss.

1.23 Financial instruments issued by the company

Equity instruments

Equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Dividends

Dividends are classified as expenses or as distributions of profit consistent with the statement of financial position classification of the related equity instrument.

1.24 Foreign Currency Transactions

Transactions in foreign currency are converted at the rate of exchange ruling at the date of the transaction. At balance date, foreign monetary assets and liabilities are translated at the closing rate and exchange variations arising from these transactions are recognised in the income statement.

1.25 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 as detailed in note 24.

NOTE 2

Operating Surplus before Subvention and Taxation

	Notes	Group 2007 $000	Group 2006 $000	Parent 2007 $000	Parent 2006 $000
Operating surplus before subvention and taxation		24,035	20,442	2,758	2,504
After Crediting:					
REVENUE					
Port Income		40,784	39,487	-	-
Rental Income		10,285	8,060	-	-
Grants from Greater Wellington Regional Council		2,480	-	-	-
Equity accounted earnings of associate companies		308	411	-	-
Dividend Income from subsidiaries		-	-	304	510
Change in Financial Instrument Fair Value	14	2,114	1,458	-	-
Interest revenue		304	464	3,444	3,461
Write up of investment in subsidiaries		-	-	2,629	2,108
Gain on Sale of Medical Waste		-	231	-	-
Other Revenue		841	285	-	-
Total Operating Revenue		57,116	50,396	6,377	6,079
Increase/decrease in the value of Developed Investment Property		9,885	10,714	-	-
Increase/decrease in the value of Land available for Development		4,634	2,193	-	-
Change in value of Investment property		14,519	12,907	-	-
After Charging:					
Impairment of Assets		-	1,320	-	-
EXPENSES					
Amortisation	16	423	388	-	-
Bad Debts Written (Back) \ Off		224	(86)	-	-
Change in Provision for Doubtful Debts		12	249	-	-
Depreciation	9	5,494	4,655	-	-
Directors fees and expenses		343	346	8	9
Employee benefits expense		15,067	15,713	-	-
Energy costs		2,301	1,958	-	-
Fees paid to company auditors for:					
- Audit NZ: Audit services		28	13	13	7
- Audit NZ: IFRS Audit $15,000 Group, $5,000 parent paid for by Greater Wellington Regional Council					
- Other Auditor: Audit Services		75	69	-	-
- Audit NZ: Other assurance services		18	-	-	-
- Other Auditor: Other assurance services		64	77	-	-
- Other Auditor: Tax services		118	117	20	13
Consultant and Professional fees		2,343	85	-	-
Fixed Assets Written Off		-	1,308	-	-
Insurance		129	149	3	6
Loss on Sale of Fixed Assets		29	-	-	-
Management fees		275	269	58	82
Maintenance		2,988	2,570	-	-
Rates		1,526	889	-	-
Rental and Lease Expenses		759	698	-	-
Other operating expenses		6,935	6,082	78	5
Total Operating Expenses		39,151	35,549	180	122
Interest Expense		8,804	7,377	3,439	3,453
Interest Capitalised		(355)	(1,385)	-	-
Net Interest		8,449	5,992	3,439	3,453
Operating Surplus before Subvention and Taxation		24,035	20,442	2,758	2,504

NOTE 3
Equity

	Notes	Group 2007 $000	Group 2006 $000	Parent 2007 $000	Parent 2006 $000
Ordinary Share Capital					
50,000,000 $1 shares, uncalled		-	-	-	-
34,541,100 $1 shares, fully paid		34,541	34,541	34,541	34,541
Redeemable Preference Share Capital					
1,200,000 $1 shares, fully paid, issued at a premium of $10.25 per share		-	-	-	-
1,466,600 $1 shares, fully paid, issued without a premium		-	-	-	-
25,000 $1000 shares, paid to 1 cent		-	-	-	-
Total Redeemable Preference Shares		-	-	-	-
Total share capital		34,541	34,541	34,541	34,541
Revaluation Reserve					
Operational Port Land		43,060	29,082	-	-
Total Revaluation Reserve		43,060	29,082	-	-
Revaluation reserve brought forward		29,082	32,240	-	-
Transfer from Operational Port Land		7,496	(3,158)	-	-
Gain on Property Valuation		6,482	-	-	-
Revaluation reserve carried forward		43,060	29,082	-	-
Retained Earnings / (Deficit) brought forward		33,337	18,948	(23,012)	(25,121)
Operating surplus after income tax		14,750	11,626	2,758	2,504
Transfer from Operational Port Land		(7,497)	3,158	-	-
Dividends		(128)	(395)	(128)	(395)
Retained Earnings / (Deficit) carried forward		40,462	33,337	(20,382)	(23,012)
Minority Interest	4	44,131	38,588	-	-
Total Equity		162,194	135,548	14,159	11,529
Included in Retained Earnings:					
Investment Property Reserves					
Developed Investment Properties		8,737	9,516	-	-
Land Available for Development		23,225	21,310	-	-
Total Investment Property Reserve		31,962	30,826	-	-

NOTE 4

Minority Interest

	Notes	Group 2007 $000	Group 2006 $000	Parent 2007 $000	Parent 2006 $000
Opening minority interest		38,589	35,851	-	-
Minority share of operating surplus		4,428	3,569	-	-
Minority share of asset revaluation gains taken directly to equity		1,945			
Minority share of dividends paid or payable		(831)	(831)	-	-
Total Minority Interest		44,131	38,589	-	-

Minority interest represent the Manawatu-Wanganui Regional Council's 23.1% share of CentrePort Ltd.

NOTE 5

Receivables and Prepayments

	Notes	Group 2007 $000	Group 2006 $000	Parent 2007 $000	Parent 2006 $000
Trade receivables		15,699	3,960	-	-
Prepayments		378	232	-	-
Shareholder subvention receivable		-	31	-	-
Interest receivable		-	-	451	453
Dividends receivable		-	-	304	510
Total Receivables and Prepayments		16,077	4,223	755	963

Provision of Doubtful debts

	Notes	Group 2007 $000	Group 2006 $000	Parent 2007 $000	Parent 2006 $000
Opening balance		117	366	-	-
Movement		12	(249)	-	-
Closing balance		129	117	-	-

The average credit period on sales of goods is 30 days. No interest is charged on the trade receivables. An allowance has been made for estimated irrecoverable amounts from the sale of services, determined by reference to past default experience . The movement in the allowance of $12,000 was recognised in the profit or loss for the current financial year.

NOTE 6

Current Accounts

	Notes	Group 2007 $000	Group 2006 $000	Parent 2007 $000	Parent 2006 $000
Current account - Pringle House Ltd		-	-	1,824	1,800
Current account - Greater Wellington Regional Council		1,443	1,812	-	52
Total Current Accounts		1,443	1,812	1,824	1,852

NOTE 7

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 Ltd	Subsidiary	(100%)	Property owner
Port Investments Ltd	Subsidiary	(100%)	Investment management
Greater Wellington Rail Ltd	Subsidiary	(100%)	Rail rolling stock owner
Greater Wellington Transport Ltd	Subsidiary	(100%)	Not active
Greater Wellington Infrastructure Ltd	Subsidiary	(100%)	Not active
CentrePort Ltd	Subsidiary	(76.9%)	Port operations
Central Stevedoring Ltd	Subsidiary	(76.9%)	Stevedoring
Port Wellington Ltd	Subsidiary	(76.9%)	Inactive Company
Port of Wellington (1988) Ltd	Subsidiary	(76.9%)	Asset ownership
CentrePac Ltd	Associate	(38.5%)	Container packing
Transport Systems 2000 Ltd	Associate	(38.5%)	Storage, wash and repair of containers

	Notes	Group		Parent	
		2007	2006	2007	2006
		$000	$000	$000	$000
Investments in Subsidiary Companies					
Investments are stated at the lower of cost and fair value and comprise					
Pringle House Ltd		-	-	12,208	9,579
Port Investments Ltd		-	-	-	-
Greater Wellington Rail Ltd		-	-	-	-
Greater Wellington Transport Ltd		-	-	-	-
Greater Wellington Infrastructure Ltd		-	-	-	-
Total investments in subsidiary companies		-	-	12,208	9,579
Investment in Associate Companies					
at the fair market value of net tangible assets					
at acquisition plus post acquisition increases in reserves					
Carrying Amount at Beginning of Year		594	1,300	-	-
Equity accounted earnings of associate companies		308	411	-	-
Dividends from associate companies		(270)	(373)	-	-
Capital Reduction in TSL		-	(200)	-	-
Sale of Medical Waste		-	(544)	-	-
Carrying Amount at End of Year		632	594	-	-
Other Investments					
at the lower of cost and fair value					
Advance to subsidiary		-	-	44,000	44,000
Total Investments		632	594	56,208	53,579

NOTE 8
Investment Properties

	Notes	Group 2007 $000	Group 2006 $000	Parent 2007 $000	Parent 2006 $000
Developed Investment Properties		78,130	77,701	-	-
Land Available for Development		37,999	35,511	-	-
TOTAL		116,129	113,212	-	-

Valuation
Investment properties are revalued every year. Investment properties were valued on 30 June 2007 by independent registered valuers. The Regional Council Centre at 142-146 Wakefield Street, Wellington was valued by CB Richard Ellis Limited as at 30 June 2007. Colliers International valued the CentrePort investment properties. The properties are valued at fair value. The properties are valued in accordance NZ Property Institute Practise Standard 3 - valuations for Financial reporting purposes at fair value arrived at using comparable market rental information. The CentrePort valuation assumes the completion of the Harbour Quays Development plan as approved by the CentrePort Board and certain costs to complete the infrastructure development for its intended use have been identified to the inspection date of 30 June 2007. These costs do not include expenditure relating to improving or enhancing the infrastructure.

Reconciliation of movements in value of investment properties

	Notes	Group 2007 $000	Group 2006 $000	Parent 2007 $000	Parent 2006 $000
Developed Investment Properties brought Forward		77,701	36,823	-	-
Additions to investment property		65	25,020	-	-
Transfer from (to) Operational Port Land		(9,521)	5,200	-	-
Net change in the value of Developed Investment Property		9,885	10,658	-	-
Developed Investment Properties carried Forward		78,130	77,701	-	-
Land Available for Development brought Forward		35,511	33,262	-	-
Transfer from (to) Operational Port Land		(2,146)			
Net change in the value of Land available for Development		4,634	2,249	-	-
Land Available for Development carried Forward		37,999	35,511	-	-
TOTAL		116,129	113,212	-	-

The group's investment properties comprise:
(a) The Regional Council Centre at 142-146 Wakefield Street, Wellington.
(b) CentrePort's developed and undeveloped investment properties.

The company has an unsecured advance facility of $44 million with its subsidiary, Port Investments 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% p.a.).

Reclassification of Land
During the year CentrePort's leasehold land, of $11.188 million (2006:$5.215 million) held at Aotea Quay, Waterloo Quay and Miramar were transferred to Operational Port Land from Developed Investment Properties. In the group there were also a transfer from Developed Investment Property to Property, Plant and Equipment of $0.884 million for the opening Work in Progress associated with the BNZ development and a transfer from Property, Plant and Equipment to Investment Property of $0.405 million to correct a classification from 2006. The Revaluation reserve attached to these transfers was $9.744 million (2006: $4.105 million)

CentrePort has a fully developed port plan and as a result of this the transfers to and from investment property has occurred.

NOTE 9

Property, Plant & Equipment

Group – 2007	Operational Port and freehold land at fair value	Buildings, Wharves, and Pavings at cost	Cranes and Floating Equipment at cost	Property, Plant and Equipment at cost	Other Assets at cost	Rail Rolling Stock at cost	Total
Gross Carrying Amount							
	$000	$000	$000	$000	$000	$000	$000
Balance at 1 July 2006 *	56,729	72,821	31,871	10,167	788	-	172,376
Transfers	11,188	397	-	-	-	-	11,585
Additions	2,420	21,280	3,795	80	311	19,809	47,695
Disposals	-	(187)	-	(841)	-	-	(1,028)
Adjustments from revaluation increases/decreases	8,427	-	-	-	-	-	- 8,427
Balance at 30 June 2007	78,764	94,311	35,666	9,406	1,099	19,809	239,055
Accumulated Depreciation/amortisation and impairment							
Balance at 1 July 2006	-	28,452	5,521	7,931	771	0	42,675
Transfers	-	(82)	-	-	-	-	(82)
Depreciation expense	-	2,964	1,819	702	9	-	5,494
Amortisation and Impairment expense	-	-	-	-	-	-	0
Disposals	-	(139)	-	(817)	-	-	(956)
Adjustments from revaluation increases/decreases							0
Balance at 30 June 2007	-	31,195	7,340	7,816	780	-	47,131
* includes discount on acquisition							
Net Book Value							
As at 30 June 2007	78,764	63,116	28,326	1,590	319	19,809	191,924

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NOTE 9 Continued

Group – 2006	Operational Port and freehold land at fair value	Buildings, Wharves, and Pavings at cost	Cranes and Floating Equipment at cost	Property, Plant and Equipment at cost	Other Assets at cost	Rail Rolling Stock at cost	Total
Gross Carrying Amount							
	$000	$000	$000	$000	$000	$000	$000
Balance at 1 July 2005 *	61,944	79,102	13,337	11,798	778	-	166,959
Transfers	(5,215)	(17,307)	-	-	-	-	(22,522)
Additions	-	14,050	19,664	344	10	-	34,068
Disposals	-	(3,024)	(1,130)	(1,975)	-	-	(6,129)
Adjustments from revaluation increases/decreases	-	-	-	-	-	-	-
Balance at 30 June 2006	56,729	72,821	31,871	10,167	788	0	172,376
* includes discount on acquisition							
Accumulated Depreciation/amortisation and impairment							
Balance at 1 July 2005	-	25,864	4,050	8,869	762	0	39,545
Depreciation expense	-	2,973	923	750	9	-	4,655
Amortisation and Impairment expense	-	311	1,009	-	-	-	1,320
Disposals	-	(696)	(461)	(1,688)	-	-	(2,845)
Adjustments from							0
Balance at 30 June 2006	-	28,452	5,521	7,931	771	-	42,675
Net Book Value							
As at 30 June 2006	56,729	44,369	26,350	2,236	17	0	129,701

Impairment

The directors have reviewed assets and tested for impairment. As a result, no impairment (2006: $1.32 million) has been recognised in the income statement.

Borrowing Costs Capitalised

During the year borrowing costs of $0.355 million (2006: $1.385 million) were capitalised. The weighted average capitalisation rate on funds borrowed was 7.48% (2006: 7.21%).

Valuation

Operational port freehold land is revalued every three years. On 30 June 2007 operational port freehold land was independently valued by the registered valuers of the firm Colliers International. The valuations were based on the assets highest and best use. In accordance with A1035 with reference to sales evidence of land sales or development sites within the wider Wellington region. Each freehold parcel of land is valued on a per square metre basis by reference to the most comparable sales evidence with appropriate adjustments for size, shape and location. The valuation was $76.3 million. The valuation did not include $2.4 million of coastal development.

All other Property, Plant & Equipment are carried at cost less accumulated depreciation.

The discount on acquisition of fixed assets resulted from the purchase by Port Investments Ltd of 76.9% of CentrePort Ltd in 1998/99.

The parent, WRC Holdings Ltd, does not hold any property plant or equipment.

NOTE 10
Taxation

	Notes	Group 2007 $000	Group 2006 $000	Parent 2007 $000	Parent 2006 $000
(a) Income tax recognised in profit or loss					
Tax expense/(income) comprises:					
Current tax expense/(income)		1,063	306	-	-
Adjustments recognised in the current period in relation to the current tax of prior periods		(14)	(74)	-	-
Deferred tax expense/(income) relating to the origination and reversal of temporary differences		2,686	4,260	-	-
Deferred tax expense arising from the write-down, or reversal of previous write-down, of a deferred tax asset		302	236	-	-
Impact of change in tax rate		219	-	-	-
Total tax expense/(benefit)		4,256	4,728	-	-
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		(24,035)	(20,440)	(2,758)	(2,504)
Income tax expense/(benefit) calculated at 33%		7,932	6,746	910	826
Non-deductible expenses		803	-	-	-
Non-assessable income		(4,396)	(3,919)	(968)	(864)
Unused tax losses and tax offsets not recognised as deferred tax assets		302	236	58	38
Tax effect of imputation credits		(590)	(592)	-	-
Previously unrecognised and unused tax losses and tax offsets now recognised deferred tax assets		-	2,488	-	-
Other		219	-	-	-
		4,270	4,958	-	-
(Over)/under provision of income tax in previous period		(14)	(230)	-	-
Total tax expense/(benefit)		4,256	4,728	-	-

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 WRC Holdings Limited, its wholly owned subsidiaries and CentrePort Limited entered into a Tax Loss Sharing Agreement under which the WRC Holdings group will receive subvention payments from CentrePort Limited equivalent to 33% of its available losses, with the balance of losses offset. At 30 June 2007, CentrePort Ltd had advanced $0.900 million (2006: $0.956 million) on account of the subvention payment to Port Investments Limited.

(c) Income tax recognised directly in equity	Notes	Group 2007 $000	Group 2006 $000	Parent 2007 $000	Parent 2006 $000
The following current and deferred amounts were charged/ (credited) directly to equity during the period:					
Current tax:		-	-	-	-
Deferred tax:					
Adjustments to opening retained earnings associated with changes in accounting policies for financial instruments		-	-	-	-
Other - change in deferred tax recognised		-	6,579	-	-
		-	6,579	-	-

NOTE 10
Taxation - Continued
(d) Current tax assets and liabilities

	Notes	Group 2007 $000	Group 2006 $000	Parent 2007 $000	Parent 2006 $000
Current tax assets:					
Subvention receivable		-	31	-	-
Tax refund receivable		446	1,272	-	-
Other		-	-	-	-
		446	1,303	-	-
Current tax payables:					
Income tax payable attributable to:		-	-	-	-
Parent entity		-	-	-	-
Other		-	-	-	-
		-	-	-	-

(e) Deferred tax balances

	Notes	Group 2007 $000	Group 2006 $000	Parent 2007 $000	Parent 2006 $000
Deferred tax assets comprise					
Tax losses		-	-	-	-
Temporary differences		6,537	7,866	-	-
Other		-	-	-	-
		6,537	7,866	-	-
Deferred tax liabilities comprise:					
Temporary differences		4,867	3,291	-	-
		4,867	3,291	-	-

Taxable and deductible temporary differences arise from the following:

Group 2007	Opening balance $000	Charged to income $000	Charged to equity $000	Change in tax rate $000	Closing balance $000
Cash and cash equivalents	-	-	-	-	-
Investment properties	(3,010)	(1,107)	-	375	(3,742)
Property, plant and equipment	6,686	(725)	-	(488)	5,473
Trade and other payables	1,108	(6)	-	(100)	1,002
Other financial liabilities	(281)	(844)	-	-	(1,125)
Other	72	(4)	-	(6)	62
Total	4,575	(2,686)	-	(219)	1,670

Group 2006	Opening balance $000	Charged to income $000	Charged to equity $000	Change in tax rate $000	Closing balance $000
Cash and cash equivalents	-	-	-	-	-
Investment properties	(544)	(2,466)	-	-	(3,010)
Property, plant and equipment	8,254	(1,568)	-	-	6,686
Trade and other payables	987	121	-	-	1,108
Other financial liabilities	200	(481)	-	-	(281)
Other	-	72	-	-	72
Total	8,897	(4,322)	-	-	4,575

NOTE 10
Taxation - Continued

Taxable and deductible temporary differences arise from the following:

Parent 2007	Opening balance	Charged to income	Charged to equity	Change in tax rate	Closing balance
	$000	$000	$000	$000	$000
Total	-	-	-	-	-

Parent 2006	Opening balance	Charged to income	Charged to equity	Change in tax rate	Closing balance
	$000	$000	$000	$000	$000
Total	-	-	-	-	-

		Group		Parent	
Unrecognised deferred tax balances	Notes	2007	2006	2007	2006
		$000	$000	$000	$000
The following deferred tax assets have not been brought to account as assets:					
Tax losses		694	392	253	195
Unused tax credits		-	-	-	-
Temporary differences		-	-	-	-
		694	392	253	195

Tax losses not recognised

WRC Holdings Limited has unrecognised tax losses of $0.766m (2006 $0.590m) available to be carried forward and to be offset against taxable income in the future. The tax effect of these losses at 33% is $0.253m (2006 $0.195m). The tax effect of these losses at 30% is $0.230m.

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) Subvention payments

The 2007 financial statements accrue subvention payments for the utilisation of losses incurred by Greater Wellington Regional Council of $628,634 (2006: $519,257) payable by Pringle House Limited. In addition, a subvention payment of $492,033 was made by Pringle House Limited relating to the 2006 net loss of Greater Wellington Regional Council that were utilised in that year.

(e) Imputation credit account balances		Group		Parent	
	Notes	2007	2006	2007	2006
		$000	$000	$000	$000
Balance at beginning of the period		9,067	8,469	521	675
Attached to dividends received		102	155	113	326
Taxation paid		473	923	-	-
Attached to dividends paid		(195)	(480)	(195)	(480)
Balance at end of the period		9,447	9,067	439	521

Imputation credits available directly and indirectly to shareholders of the parent company, through:	2007	2006
Parent company	439	521
Subsidiaries	9,008	8,546
	9,447	9,067

NOTE 11

Entitlements

	Notes	Group 2007 $000	Group 2006 $000	Parent 2007 $000	Parent 2006 $000
Balance at Beginning of Year		2,378	2,121	-	-
Additional Provision Made		1,636	1,310	-	-
Amount Utilised		(1,480)	(1,053)	-	-
Balance at End of Year		2,534	2,378	-	-
This is represented by:					
Current liability		1,779	1,719	-	-
Non-current liability		755	659	-	-
Balance at End of Year		2,534	2,378	-	-

The provision for employee entitlements relates to employee benefits such as redundancy provisions, accrued annual leave, sick leave and long service leave. The provision is affected by a number of estimates, including the expected length of service of employees and the timing of benefits being taken.

The rate used for discounting the provision for future payments is 7.0% (2006: 7.0%).

NOTE 12

Dividends Payable

	Notes	Group 2007 $000	Group 2006 $000	Parent 2007 $000	Parent 2006 $000
Proposed distributions:					
Proposed dividend to parent company		128	395	128	395
Proposed dividend to minority interest		415	415	-	-
Total Dividends Declared		543	810	128	395

NOTE 13

External Debt

	Notes	Group 2007 $000	Group 2006 $000	Parent 2007 $000	Parent 2006 $000
Bank loans - Current		44,000	44,000	44,000	44,000
Bank loans - Long Term		84,254	63,908	-	-
Other debt		-	-	-	-
Total External Debt		128,254	107,908	44,000	44,000

The parent has a bank loan facility of $44 million (drawn to $44 million) which is secured by a debenture over the assets of the company and matures on 28 October 2007. The interest rate charged on the facility as at 30 June 2007 was 8.07% p.a. (30 June 2006: 8.00% p.a.).

CentrePort Ltd has an unsecured bank loan facility of $85 million, with a renewal date in 2007. The facility can be repaid or drawn down until expiry. The interest rate charged on the facility as at 30 June 2007 ranged from 7.695% to 8.605% p.a. (2006: 5.680% to 7.725%). No collateral was required for lending, but CentrePort has a negative pledge and there are therefore restrictions on the quantum of borrowing made.

In July 2007 CentrePort executed a revised unsecured facility agreement of $170 million with Westpac Banking Corporation with renewal dates in 2008, 2009 and 2010.

NOTE 14
Financial Instruments

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

Fair Values
The estimated fair value of the following financial instruments are:

- forward interest rate swap agreements show a surplus of $3,353,990 (2006: $156,628)
- interest rate caps show a surplus of $54,851 (2006: $35,803)
- interest rate collars (options) show a surplus of $Nil (2006: $9,656)
- foreign exchange contracts show a profit of $442,965 (2006: $650,309)

The fair value of derivative instruments, included in hedging assets and liabilities, are calculated using quoted prices. Where such prices are not available use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instrument.

The estimated fair values of all other financial instruments of the group are the carrying amounts of the financial instruments.

2007 – Group and Parent	**Opening**	**Movement**	**Closing**
Fair Value Derivatives	852	2,114	2,966

2006 – Group and Parent	**Opening**	**Movement**	**Closing**
Fair Value Derivatives	(606)	1,458	852

Interest Rate Risk
Interest rate risk is the risk that the value of the group's assets and liabilities will fluctuate due to changes in market interest rates. The group is exposed to interest rate risk primarily through its cash balances and advances, bank overdrafts and borrowings. To minimise this risk, management monitors the level of market interest rates on an on going basis and uses swap agreements and interest rate collars (options) to manage interest rate exposures for future periods. At balance date the group had entered into the following swap agreements and interest rate collars (options) that had interest rates ranging from 6.02% to 7.6% (2006 5.68% to 7.2%) and maturities of:

Interest Rate Swap Agreements	**Group and Parent**	
	2007	**2006**
	$000	**$000**
Less Than One Year	0	3,000
One to Two Years	5,000	2,500
Two to Five Years	20,000	2,500
Greater than Five Years (commencing February 2008)	50,000	20,000

Interest Rate Collars (Options)

Amount	**Commencing**	**Maturity**	**Floor**	**Cap**
$7.5 million	25/7/2007	25/4/2009	7.15%	7.60%

Interest Rate Cap Agreement (options)

Amount	**Commencing**	**Maturity**	**Cap**
$5 million	25/1/2005	25/7/2006	7.10%

NOTE 14 - continued
Maturity Profile of Financial Instruments - Group

The following table details the group's exposure to interest rate risk at 30 June 2007 and 30 June 2006.

2007	Weighted Average Effective Interest Rate %	Variable interest Rate NZ $'000	Fixed Maturity Dates: Less than one year NZ$'000	1-2 years NZ$'000	2-3 years NZ$'000	3-4 years NZ$'000	4-5 years NZ$'000	5+ years NZ$'000	Non interest Bearing NZ$'000	Total NZ$'000
Financial Assets:										
Cash	8.225%		307	-	-	-	-	-	-	307
Trade Receivables	Nil	Nil	16,077	-	-	-	-	-	16,077	16,077
Forward interest rate swap	6.320%	Nil	-	145	858	-	-	2,351	3,354	3,354
Interest rate Caps	Nil	Nil	55	-	-	-	-	-	55	55
Foreign Exchange									-	-
Contracts	Nil	Nil	(426)	(17)	-	-	-		(443)	(443)
Financial Liabilities:										
Trade Payables	Nil	Nil	19,121				-	-	19,121	19,121
Other Payables									-	-
Borrowings - WRCH		8.070%	44,000						-	44,000
Borrowings - CentrePort	7.210%	7.725%	-	30,000	30,000	24,254	-	-	-	84,254
Total			(47,108)	(29,872)	(29,142)	(24,254)	-	2,351	(78)	(128,025)

2006	Weighted Average Effective Interest Rate %	Variable interest Rate NZ $'000	Fixed Maturity Dates: Less than one year NZ$'000	1-2 years NZ$'000	2-3 years NZ$'000	3-4 years NZ$'000	4-5 years NZ$'000	5+ years NZ$'000	Non interest Bearing NZ$'000	Total NZ$'000
Financial Assets:										
Cash	7.725%	7.725%	(49)	-	-	-	-	-	-	(49)
Trade Receivables	Nil	Nil	4,223	-	-	-	-	-	4,223	4,223
Forward interest rate swap	6.080%	Nil	13	104	-	-	-	40	157	157
Interest rate Caps	Nil	Nil	18	18	-	-	-	-	36	36
Interest rate collars (options)	Nil	Nil	-	-	10	-	-	-	10	10
Foreign Exchange contracts	Nil	Nil	650	-	-	-	-	-	650	650
Financial Liabilities:										
Trade Payables	Nil	Nil	10,175	-	-	-	-	-	10,175	10,175
Other Payables	-	-		-	-				-	-
Borrowings - WRCH		8.000%	44,000						-	44,000
Borrowings - CentrePort	7.210%	7.725%	-	60,000	3,908	-	-	-	-	63,908
Total			(49,320)	(59,878)	(3,898)	-	-	40	(5,099)	(113,056)

NOTE 14 continued
Credit Risk

Credit risk is the risk that the counter party to a transaction with the group will fail to discharge its obligations, causing the group to incur a financial loss. The group is exposed to credit risk through the normal trade credit cycle and advances to third parties. The group performs credit evaluations on all customers requiring credit and generally does not require collateral. Maximum exposures to credit risk as at balance date are:

	Notes	Group 2007 $000	Group 2006 $000	Parent 2007 $000	Parent 2006 $000
Receivables		4,335	3,950	-	-
Other receivables		1,168	-		

No collateral is held on the above amounts.

Concentrations of Credit Risk

The group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by International credit-rating agencies.

Currency Risk

The group enters into forward exchange contracts to hedge the group's foreign currency risk on major asset purchases. As at 30 June 2007 the group had forward foreign currency agreements outstanding with Westpac Institutional Bank for Euro 2.65 million (2006: $3 million).

Liquidity Risk

Liquidity risk is the risk that the group will encounter difficulty in raising funds at short notice to meet its financial commitments as they fall due. To reduce the exposure to liquidity risk the group has a bank overdraft facility of $1 million (2005: $1 million), New Zealand dollar Commercial Bill facilities of $85 million (2005: $78 million) and other borrowings of $Nil (2006: $Nil). Of these $84.3 million (2006: $63.9 million) had been drawn down by the group at balance date.

In July 2007 CentrePort executed a revised unsecured facility agreement of $170 million with Westpac Banking Corporation with renewal dates in 2008, 2009 and 2010.

The Board and Management review the cash flow on a monthly basis.

Financial Risk

The group activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The consolidated entity enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including:

- Forward foreign exchange contracts to hedge the exchange rate risk.
- Forward interest rate contracts to manger interest rate risk; and
- Interest rate swaps to mitigate the risk of rising interest rates.

The following table details the fair value of the consolidated entity's financial assets and financial liabilities where their carrying value differs from their fair value

2007 - Group	Carrying Amount NZ$'000	Fair Value NZ$'000
Financial Assets:		
Due from Subsidiaries	632	
Investments		
Financial Liabilities:		
Dividend Payable	543	
Due to Subsidiary	44,000	44,000
Borrowings	84,254	84,254

2006 - Group	Carrying Amount NZ$'000	Fair Value NZ$'000
Financial Assets:		
Investments	594	
Financial Liabilities:		
Dividend Payable	810	
Borrowings - Current	44,000	44,000
Borrowings - Long term	63,908	63,908

NOTE 15

Disclosure for lessees

Operating Leases

Operating leases relate to forklift trucks with lease terms of between 2 to 5 years, with an option to extend. All operating lease contracts contain market review clauses in the event that the CentrePort Limited exercises its option to renew. CentrePort Limited does not have an option to purchase the leased asset at the expiry of the lease period.

	Notes	Group 2007 $000	Group 2006 $000	Parent 2007 $000	Parent 2006 $000
Non-cancellable operating lease payments					
Not longer than 1 Year		557	613	-	-
Longer than 1 year and not longer than 5 years		506	519	-	-
Longer than 5 years		425	935	-	-
		1,488	2,067	-	-

NOTE 16

Intangible Assets

Group 2007	**Cost**	**Accumulated**	**Total**
Opening balance	3,432	(2,702)	730
Additions	712	-	712
Disposals	(457)	457	-
Revaluations	-	-	-
Amortisation	-	(423)	(423)
Closing balance	3,687	(2,668)	1,019

Group 2006	**Cost**	**Accumulated**	**Total**
Opening balance	2,965	(2,314)	651
Additions	467	-	467
Disposals	-	-	-
Revaluations	-	-	-
Amortisation	-	(388)	(388)
Closing balance	3,432	(2,702)	730

The amortisation expense is included in operating expenses in the income statement (see Note 2).

NOTE 17

Reconciliation of Surplus for the Year with Cash Flows from Operating Activities

	Notes	Group 2007 $000	Group 2006 $000	Parent 2007 $000	Parent 2006 $000
Profit after tax before minority interest		19,178	15,195	2,758	2,504
Add /(Less) Non Cash Items:					
Depreciation		5,494	4,655	-	-
Amortisation		423	388		
Impairment of Fixed Assets		-	1,320	-	-
(Gain)/loss on sale of Property, Plant & Equipment		29	-	-	-
(Gain) on sale of Medical Waste		-	(133)	-	-
Fixed Assets Written Off		-	1,308	-	-
Disposal costs of Investment properties		-	(1,338)		
Gain on Fair value movement Financial instruments		(2,114)	(1,458)		
Revaluation Movements		(14,519)	(11,375)	(2,629)	(2,108)
Equity Accounted Earnings from Associate Companies		(38)	(136)	-	-
Deferred tax		2,905	3,237	-	-
(Increase)/decrease in value of investments		-	925		-
Bad Debt Expense		224	(85)	-	-
Change in provision for doubtful debt		12	249	-	-
Add /(Less) Movements in Working Capital:					
Accounts Receivable		(11,672)	485	208	209
Accounts Payable		8,371	3,261	(252)	(216)
Revenue in advance		19,859	-		
Inventory		(105)	(92)	-	-
Taxation		826	(829)	-	-
Current Account - Greater Wellington Regional Council		369	274	43	6
Employee Entitlements		156	107	-	-
Add /(Less) Items Classified as Investing and Financing Activities:					
Dividends paid/payable		267	256	267	256
Increase/(decrease) in current accounts relating to financing activities		(167)	(352)	115	104
Accounts Payable related to Property, Plant & Equipment		(18,681)	(3,566)	-	-
Interest Capitalised		-	-		
Accounts Receivable related to Property, Plant & Equipment		-	-	-	-
Net Cash Inflows From Operating Activities		10,817	12,296	510	755

NOTE 18

Related Parties

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

	Notes	Group 2007 $000	Group 2006 $000	Parent 2007 $000	Parent 2006 $000
Greater Wellington Regional Council					
Interest income on inter company current accounts		(146)	162	5	7
Rental income received		(1,199)	1,184	-	-
Proposed dividend		(128)	(395)	(128)	(395)
Payment for management fees		(249)	(266)	(58)	(82)
Payment for rent and services, CentrePort		51	50		
Payment for use of Navigational facilities, CentrePort		(712)	(701)		
WRC Holdings Subsidiaries					
Dividend income from Port Investments Ltd and Pringle House Ltd			-	304	510
Interest income on Port Investments Ltd advance			-	3,439	3,453
CentrePac Ltd					
Income received from rent and services performed.		310	298	-	-
Payment		(7)	-		
Medical Waste (Wellington) Ltd					
Income received from rent and services performed.		-	13	-	-
Waste disposal expenditure.		-	(173)	-	-
Transport Systems 2000 Ltd					
Income received from rent and services performed		605	629	-	-
Payment		(14)	-	-	-

During the year CentrePort Ltd subsidiaries charged their parent $16,500,000 (2006: $14,032,000) for lease rentals.

Subvention payments by CentrePort Ltd advanced to Greater Wellington Regional Council and its subsidiaries totalled $900,000 (2006: $956,000).

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

At year-end the following outstanding balances with related parties were recorded as an asset / (liability):

	2007 $000	2006 $000
Greater Wellington Regional Council and Subsidiaries	(62)	-
CentrePac Limited	21	11
Medical Waste (Wellington) Limited	-	(12)
Transport Systems 2000	22	20

The compensation of the Directors and executives, being the key management personnel of the entity, is set out below:

	2007 $000	2006 $000
Short-term employee benefits	1,537	1,817
Post-employment benefits	15	18
Other long-term employee benefits	-	8
Total Key Management	1,552	1,843

NOTE 19
Contingent Liabilities

The following contingent liabilities existed at 30 June 2007:

Parent Company
The parent company has uncalled capital in Port Investments Ltd of $10,000,100 (2006: $10,000,100).

Subsidiary Companies
As at 30 June 2007, the subsidiary companies did not have any contingent liabilities (2006: $Nil).

NOTE 20
Capital Commitments

The following capital commitments existed at 30 June 2007:

Parent Company
The parent company has no capital commitments (2006: Nil).

Subsidiary Companies - CentrePort Ltd
At balance date there were commitments in respect of contracts for capital expenditure of $80,210,000 (2006: $4,180,000).

Subsidiary Companies - Pringle House Ltd
Estimated contractual commitments at balance date but not provided for, was $514,000 (2006:$7,000).

Subsidiary Companies - Greater Wellington Rail Ltd
Estimated contractual commitments at balance date but not provided for, was $7,434,000.

NOTE 21
Financial Results Compared with Statement of Intent (SOI) Targets:

	Actual 2007 $000	Target 2007 $000	Actual 2006 $000
Net profit before tax	8,915	4,896	7,015
Net profit after tax	19,178	3,207	15,195
Return on total assets	6.1%	4.6%	5.7%
Return on shareholder equity: **excluding** any increase in the value of investment property	4.3%	0.9%	2.5%
Return on shareholder equity: **including** any increase in the value of investment property	13.7%		12.7%
Dividends	128	463	395

Net profit before tax
The group posted a net profit before tax, before any increases in the value of investment property and land, of $8.9 million (vs. budget $4.9 million) for the year.

Net profit after tax (before deduction of minority interest)
The net profit after tax measure includes a $14.5 million (2006 $12.9 million) increase in the net current value of the group's investment properties and land.

Return on total assets
This target is calculated as earnings before interest and tax (EBIT) and expressed as a percentage of average total assets.

Return on shareholder equity
This target is calculated as net profit after tax (after deduction of minority interest) as a percentage of average shareholder equity (excluding minority interest). The measure is shown both before and after any increase in the value of investment properties. Average parent shareholder equity has also increased due to the revaluation of assets.

NOTE 22
Segment Information

The WRC Holdings group's operations can be split into property, port operation and investment segments. All operations are carried out within New Zealand.

	Port Operations 2007 $000	Property 2007 $000	Other Operations 2007 $000	Eliminations 2007 $000	Group 2007 $000
Total revenue	46,203	13,665	6,387	(9,139)	57,116
Net surplus before tax	8,041	18,938	2,758	(5,702)	24,035
Total assets	208,444	142,277	88,813	(106,400)	333,134
Other Segment Information					
Carrying value of investments accounted for using the equity method	632	-	-	-	632
Share of net profit/loss of associates accounted for under the equity method	308	-	-	-	308
Acquisition of segment assets	10,099	17,787	-	-	27,886
Impairment losses	-		-	-	-
Reversal of impairment assets	-	-	-	-	-
Depreciation and amortisation of segment assets	5,509	408	-	-	5,917

NOTE 22

Segment Information - continued

	Port Operations 2006 $000	Property 2006 $000	Other Operations 2006 $000	Eliminations 2006 $000	Group 2006 $000
Total revenue	44,733	10,532	3,971	(8,840)	50,396
Net surplus before tax	6,023	17,305	2,504	(5,390)	20,442
Total assets	181,315	122,886	56,395	(103,207)	257,389
Other Segment Information					
Carrying value of investments accounted for using the equity method	594	-	-	-	594
Share of net profit/loss of associates accounted for under the equity method	411	-	-	-	411
Acquisition of segment assets	34,525	25,020	-	-	59,545
Impairment losses	1,320	-	-	-	1,320
Reversal of impairment assets	-	-	-	-	-
Depreciation and amortisation of segment assets	4,581	462	-	-	5,043

CentrePort Limited operates in the property and port operation segments. All operations are carried out within New Zealand. The principal products and services of the Port operations are management and operation of a commercial port pursuant to the Port Companies Act 1998. The principal products and services of the property segment are marine, logistical and storage services for containers, forestry, vehicles, bulk fuels and other ancillary cargos imported and exported through CentrePort.

NOTE 23

Subsequent Events

There were no subsequent events up to the date these financial statements were signed.

NOTE 24

Adoption of International Financial Reporting Standards

The group changed its accounting policies on 1 July 2006 to comply with NZ IFRS. The transition to NZ IFRS is accounted for in accordance with NZ IFRS-

An explanation of how the transition from superseded policies to NZ IFRS has affected the Company and group's financial position, financial performance and cash flows is set out in the following table and the notes that accompany the tables.

NOTE 24

Adoption of International Financial Reporting Standards - continued

Effect of NZ IFRS on the balance sheet as at 1 July 2005:

	Note	GROUP			PARENT		
		Previous NZ GAAP	Effect of transition to NZ IFRS	NZ IFRS	Previous NZ GAAP	Effect of transition to NZ IFRS	NZ IFRS
		$000	$000	$000	$000	$000	$000
EQUITY							
Issued and Paid up Capital		34,541	-	34,541	34,541	-	34,541
Revaluation Reserve		39,731	(8,022)	31,709	-	-	0
Retained Earnings	f	5,600	13,877	19,477	(25,469)	348	(25,121)
Minority Interests		34,198	1,654	35,852	-		0
Total Equity		114,070	7,509	121,579	9,072	348	9,420
Current Assets							
Cash		574	-	574	1	-	1
Receivables and Prepayments		4,454	-	4,454	1,172	-	1,172
Inventories		324	-	324	-	-	0
Taxation Refund		477	-	477	0	-	0
Current account - Greater Wellington Regional Council		2,086	-	2,086	58		58
Current account - Pringle House		-	-	0	1,800	-	1,800
Total Current Assets		7,915	0	7,915	3,031	0	3,031
Non Current Assets							
Property, Plant & Equipment	a	128,065	(651)	127,414	-	-	0
Investment Properties	g	68,399	1,686	70,085	51,124	348	51,472
Deferred tax	b	2,318	6,579	8,897	-	-	0
Investments		1,300	-	1,300	-	-	0
Intangible assets	c	-	651	651	-	-	0
Total Non Current Assets		200,082	8,265	208,347	51,124	348	51,472
TOTAL ASSETS		207,997	8,265	216,262	54,155	348	54,503
Current Liabilities							
Bank Overdraft		-	-	0	-	-	0
Creditors		6,288	-	6,288	432	-	432
Dividend Payable		1,066	-	1,066	651	-	651
Provision for Employee Entitlements	d	1,513	150	1,663	-	-	0
Provision for subvention		472	-	472	-	-	0
Total Current Liabilities		9,339	150	9,489	1,083	0	1,083
Non-Current Liabilities							
Borrowings		83,980	-	83,980	44,000	-	44,000
Other financial liabilities	e	-	606	606	-	-	0
Provision for Employee Entitlements	d	608	-	608	-	-	0
Total Non-Current		84,588	606	85,194	44,000	0	44,000
TOTAL LIABILITIES		93,927	756	94,683	45,083	0	45,083
NET ASSETS		114,070	7,509	121,579	9,072	348	9,420

NOTE 24
Adoption of International Financial Reporting Standards - continued

Effect of NZ IFRS on the income statement for the year ended 30 June 2006:

	Note	GROUP Previous NZ GAAP	GROUP Effect of transition to NZ IFRS	GROUP NZ IFRS	PARENT Previous NZ GAAP	PARENT Effect of transition to NZ IFRS	PARENT NZ IFRS
		$000	$000	$000	$000	$000	$000
Operating Revenue	h	49,060	(533)	48,527	6,247	(168)	6,079
Change in Financial Instrument Fair Value	e	-	1,458	1,458	-	-	-
Share of associate income	h	-	411	411	-	-	-
Operating Expenses	h	(35,671)	122	(35,549)	(3,575)		(3,575)
TRADING SURPLUS		13,389	1,458	14,847	2,672	(168)	2,504
Subvention payment		(519)	-	(519)	-	-	-
Impairment of Assets		(1,320)	-	(1,320)	-	-	-
Unrealised net change in the value of Developed Investment Property	g	8,632	2,082	10,714	-	-	-
Unrealised net change in the value of Land available for Development	g	2,193	-	2,193	-	-	-
OPERATING SURPLUS BEFORE INTEREST AND INCOME TAXATION		22,375	3,540	25,915	2,672	(168)	2,504
Net Interest Expense		(5,992)	-	(5,992)	-	-	-
OPERATING SURPLUS BEFORE INCOME TAXATION		16,383	3,540	19,923	2,672	(168)	2,504
Income Taxation	b	(1,149)	(3,579)	(4,728)	-	-	-
Share of surplus applicable to minority interest		(3,539)	(30)	(3,569)	-	-	-
OPERATING SURPLUS AFTER INCOME TAXATION		11,695	(69)	11,626	2,672	(168)	2,504
NET SURPLUS FOR THE YEAR		11,695	(69)	11,626	2,672	(168)	2,504

NOTE 24
Adoption of International Financial Reporting Standards - continued

Effect on the balance sheet as at 30 June 2006:

	Note	GROUP			PARENT		
		Previous NZ GAAP	Effect of transition to NZ IFRS	NZ IFRS	Previous NZ GAAP	Effect of transition to NZ IFRS	NZ IFRS
		$000	$000	$000	$000	$000	$000
EQUITY							
Issued and Paid up Capital		34,541	-	34,541	34,541	-	34,541
Revaluation Reserve	f	44,830	(15,748)	29,082		-	-
Retained Earnings	a-g	11,801	21,536	33,337	(23,192)	180	(23,012)
Minority interests		36,906	1,682	38,588	-	-	-
Total Equity		128,078	7,470	135,548	11,349	180	11,529
Current Assets							
Cash		2	-	2	1	-	1
Receivables and Prepayments		4,223	-	4,223	963	-	963
Inventories		416	-	416	-	-	-
Taxation Refund		1,272		1,272	-	-	-
Current account - Greater Wellington Regional Council		1,812	-	1,812	52		52
Current account - Pringle House		-	-	-	1,800	-	1,800
Total Current Assets		7,725	-	7,725	2,816	-	2,816
Non Current Assets							
Property, Plant & Equipment	a	130,431	(730)	129,701	-	-	-
Investment Properties	g	110,342	2,870	113,212	-	-	-
Deferred tax	b	677	3,898	4,575	-	-	-
Other Financial Assets	e	-	852	852	-	-	-
Investments	g	-	-	-	53,400	179	53,579
Investments accounted for under equity method		594	-	594	-	-	-
Intangible assets	c	-	730	730	-	-	-
Total Non Current Assets		242,044	7,620	249,664	53,400	179	53,579
TOTAL ASSETS		249,769	7,620	257,389	56,216	179	56,395
Current Liabilities							
Bank Overdraft		51	-	51	-	-	-
Creditors		10,175	-	10,175	472	(1)	471
Dividend Payable		810	-	810	395	-	395
Borrowings		44,000	-	44,000	44,000	-	44,000
Provision for Employee Entitlements	d	1,569	150	1,719	-	-	-
Provision for subvention		519	-	519		-	-
Total Current Liabilities		57,124	150	57,274	44,867	(1)	44,866
Non-Current Liabilities							
Borrowings		63,908	-	63,908	-	-	-
Deferred tax	e	-	-	-	-	-	-
Provision for Employee Entitlements	d	659	-	659	-	-	-
Total Non-Current Liabilities		64,567	-	64,567	-	-	-
TOTAL LIABILITIES		121,691	150	121,841	44,867	(1)	44,866
NET ASSETS		128,078	7,470	135,548	11,349	180	11,529

* Reported financial position for the financial year ended 30 June 2006

NOTE 24
Adoption of International Financial Reporting Standards - continued

Effect of NZ IFRS on the cash flow statement for the financial year ended 30 June 2006
There are no material differences between the cash flow statement presented under NZ IFRS and the cash flow statement presented under the superseded policies.

Notes to the reconciliations of income and equity

a) Property, plant and equipment
Software, previously included in property, plant and equipment, has been reclassified as an intangible asset. As at 1 July 2005 the Net Book Value of ICT Software was $651,000. Intangibles with a definite life are required to be amortised.

b) Income tax
Previously, the group adopted tax-effect accounting principles whereby income tax expense was calculated on pre-tax accounting profits after adjustment for permanent differences. The tax effect of timing differences, which occur when items were included or allowed for income tax purposes in a period different to that for accounting were recognised at current taxation rates as deferred tax assets and deferred tax liabilities, as applicable. These policies have been superseded.

Under NZ IFRS, deferred tax is determined using the 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 their corresponding tax bases.

The effect of the above adjustments on the deferred tax balances are as follows:

Group	2006 000s	2005 000s
Deferred tax not recognised under superseded policies	560	6,522
Deferred tax now recognised under NZ IFRS	3,338	57
	3,898	6,579
Net increase in deferred tax asset	3,898	6,579
Net decrease in deferred tax liability	-	-

There was no effect on consolidated profit for the financial year ended 30 June 2006 as there was no increase or decrease on previously reported income tax expense.

c) Other intangible assets
As per note (b) intangible assets have been separated out from property, plant and equipment.

d) Employee benefits
The group currently provides sick leave to all its employees in accordance with the Holidays Act 2003. Generally every employee is entitled to a certain number of days of sick leave per year and if these are not taken in that year, such unused leave is able to be accumulated for use in subsequent years. Under NZ IFRS, the group has provided for sick leave earned that is expected to be taken in future years.

e) Other financial liabilities: interest rate swap
At 30 June 2006 the group held an off balance sheet interest rate swap. Under NZ IFRS, this swap is recognised in the statement of financial position as a financial liability at fair value through profit or loss.

f) Retained earnings
The effect of the above adjustments on retained earnings is as follows:

Group	1 July 2005 000s	30 June 2006 000s
Adjustment to tax balances	6,579	3,898
Add back disposal costs	1,686	2,870
Employee benefits	(150)	(150)
Interest rate swap	(606)	852
Revaluation Reserve	(31,709)	(29,082)
Minority Interest	(35,852)	(38,588)
Total adjustment to retained earnings attributable to members	(60,052)	(60,200)

g) Investment Properties
Investment properties are to be measured at fair value not net current value under NZ IFRS. This results in the disposal costs as measured in net current value to be added back under NZ IFRS.

WRC HOLDINGS LIMITED
STATEMENT OF COMPLIANCE AND RESPONSIBILITY
FOR THE YEAR ENDED 30 JUNE 2007

Compliance
The Directors and management of WRC Holdings 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 WRC Holdings 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 WRC Holdings 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 WRC Holdings Limited, the annual Financial Statements for the year ended 30 June 2007 fairly reflect the financial position and operations of WRC Holdings Limited.

Director ____________ September 21, 2007

Director ____________ September 21, 2007

Chief Financial Officer ____________ September 21, 2007

AUDIT REPORT

TO THE READERS OF WRC HOLDINGS LIMITED AND GROUP'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2007

The Auditor-General is the auditor of WRC Holdings Limited (the company) and group. 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 and group, on his behalf, for the year ended 30 June 2007.

Unqualified opinion

In our opinion:

- The financial statements of the company and group on pages 8 to 39:
  - comply with generally accepted accounting practice in New Zealand; and
  - give a true and fair view of:
    - the company and group'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 and group on pages 6 to 7 give 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 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 or any of its subsidiaries.

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