

WRC HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

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WRC HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

Directory

Directors

Appointed

F H Wilde (Chair)	20-Nov-2008
A Blackburn	3-Aug-2006
P Blades	3-Aug-2006
I M Buchanan	3-Aug-2006
J B Burke	14-Nov-2008
P E Glensor	14-Nov-2008

Resigned

F R Long	14-Nov-2008
T McDavit	14-Nov-2008
Hon M K Shields	14-Nov-2008

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

WRC HOLDINGS LIMITED
STATUTORY REPORT OF DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2008

The Directors have pleasure in submitting their Annual Report including the financial statements of WRC Holdings Ltd and its subsidiaries (the Group) for the year ended 30 June 2008.

Principal Activities

WRC Holdings Ltd (the Company) 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, 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 ie Rail rolling stock

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 2007/08 Statement of Intent.

**WRC HOLDINGS LIMITED
STATUTORY REPORT OF DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2008**

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

	Actual 2008 \$000	Target 2008 \$000	Actual 2007 \$000
Net surplus before tax	7,235	4,926	8,915
Net surplus after tax	3,205	1,803	19,178
Return on total assets	4.8%	3.77%	6.06%
Return on shareholder's equity: excluding any increase/decrease in the value of investment property	3.4%	-0.13%	4.33%
Return on shareholder's equity: including any increase/decrease in the value of investment property	1.3%	-0.13%	13.72%
Dividends	64	251	128

Net surplus before tax

The group posted a net surplus before tax, before any increases/decrease in the value of investment property and land, of \$7.2 million (vs. budget \$4.9 million) for the year.

Net surplus after tax (before deduction of minority interest)

The net surplus after tax measure includes a \$830,000 decrease in the net current value of the Group's investment properties and land (2007 \$14.5 million increase).

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 surplus 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 reduced the net surplus resulting in a lower dividend from the Group. The decrease in the net surplus after tax is due to primarily to unrealised movements in the fair value of financial instruments a loss of \$779,000 compared to a profit of \$2,114,000 in 2007.

Directors

Directors holding office during the year were:

Parent and 100% owned subsidiaries

FH Wilde (Chair)
A Blackburn
P Blades
IM Buchanan
JB Burke
PE Glensor

Remuneration of Directors of the Parent Company

Details of Directors' remuneration are as follows:

	\$
FH Wilde (Chair)	Nil
A Blackburn	4,250
IM Buchanan	Nil
PE Glensor	Nil
P Blades	4,250
JB Burke	Nil

**WRC HOLDINGS LIMITED
STATUTORY REPORT OF DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2008**

Entries in the Interests Register

Disclosure of interests by Directors for the year ended 30 June 2008:

F H Wilde (Chair)
Chair of Greater Wellington Regional Council

A Blackburn
None

P Blades
None

I M Buchanan
Immediate past Chair and current Councillor of Greater Wellington Regional Council

J B Burke
Councillor of Greater Wellington Regional Council

P E Glensor
Councillor of Greater Wellington Regional Council

Directors' Interest Register

Directors have had no interest in any transaction or proposed transaction with the Group.

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

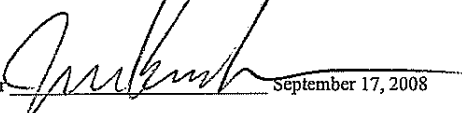
The Company has no employees. The Group has 20 employees who are paid over \$100,000.

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 Andy Burns of Audit New Zealand to undertake the audit.

For, and on behalf of, the Board of Directors

Director  September 17, 2008

Director  September 17, 2008

WRC HOLDINGS LIMITED
NON-FINANCIAL PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2008

The Group's non-financial performance criteria contained in the statement of intent for the 2007/08 year, and results are summarised:

Environmental Performance Indicators:

Planned Target

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

Actual Performance

Achieved. Centreport Ltd 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 CentrePort Ltd's environment performance regularly.

Planned Target

CentrePort Ltd to comply with Centreport's Noise Management Plan.

Actual Performance

No noise monitoring was undertaken during the 2007/8 year. The completion of the CentrePort Port Noise Management Plan has been delayed due to the need to incorporate the provisions contained in the recent plan changes to the Wellington City District Plan and the Regional Coastal Plan on Port Noise. The final form of the CentrePort Port Noise Management Plan is required to be agreed, including the monitoring criteria, in consultation with the respective Councils and this is currently being worked on with the timeframe for completion in the first half of the 2008/9 year.

Planned Target

Maintain an environment issues register of environmental complaints for monitoring and actioning purposes. The register to be reported to CentrePort Ltd's Health, Safety and Environmental Committee on a regular basis (meets at least 3 times per annum)

Actual Performance

Achieved. The register of environment complaints is maintained and all complaints, including follow up action, are reported to the CentrePort Ltd's Health, Safety and Environmental Committee. The Committee met 3 times during the 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 complied with.

Planned Target

CentrePort Ltd will hold a minimum of three Environmental Consultative Committee meetings in 2007/08 comprising CentrePort Ltd and effected stakeholders (customers, port users, local authorities and residential groups). The meetings provide a forum to identify and inform on a range of environmental port related matters.

Actual Performance

Partial achievement. Only two Environmental Consultative Committee meetings were held in 2007/8. There were insufficient issues to justify the holding of a third meeting.

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 currently holds a tertiary level of compliance with the ACC Workplace Safety Management Practices Programme

Planned Target

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

**WRC HOLDINGS LIMITED
NON-FINANCIAL PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2008**

Continued

Actual Performance

Achieved. AN ISPS Code Compliance audit in 2007 showed CentrePort Ltd is

Planned Target

CentrePort to undertake risk assessments and implement any mitigating procedures relating to the Port & Harbour Safety Code (P&HSC) which promotes safety and excellence in marine operations

Actual Performance

In 2006, CentrePort Ltd in conjunction with Greater Wellington Regional Council conducted a risk assessment review as part of the requirements of the Port and Harbour Safety Code. CentrePort Ltd is progressing the assessment and implementation of recommendations from that review. The purchase of a new tug in 2008 is a key response to mitigate some of the risks identified in the review.

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 2007/08 amounted to \$91,000.

Planned Target

To meet regularly with representative community groups of CentrePort.

Actual Performance

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

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

The shareholders were consulted during the development of the 2008/9 Statement of Intent (SCL) and enhanced social and environmental objectives and a greater focus on sustainability were incorporated into the 2008/9 SCL.

WRC HOLDINGS LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

	Notes	Group		Parent	
		2008 \$000	2007 \$000	2008 \$000	2007 \$000
Operating Revenue		57,014	54,694	3,908	6,377
Change in Financial Instrument Fair Value	14	(779)	2,114	-	-
Share of associate profit accounted for using the equity method		315	308	-	-
TOTAL OPERATING REVENUE	2	56,550	57,116	3,908	6,377
Increase in the value of Developed Investment Property		(66)	9,885	-	-
Increase in the value of Land available for Development		(764)	4,634	-	-
Operating Expenses	2	(39,333)	(39,151)	(114)	(180)
Impairment of Assets	9	-	-	-	-
OPERATING SURPLUS BEFORE INTEREST AND INCOME TAXATION		16,387	32,484	3,794	6,197
Net Interest	2	(8,951)	(8,449)	(3,683)	(3,439)
OPERATING SURPLUS BEFORE INCOME TAXATION AND SUBVENTION PAYMENT	2	7,436	24,035	111	2,758
Subvention payments	10	(1,031)	(601)	-	-
Income Taxation	10	(3,200)	(4,256)	-	-
NET SURPLUS BEFORE MINORITY INTEREST		3,205	19,178	111	2,758
Share of surplus attributable to minority interest	4	(1,604)	(4,428)	-	-
SURPLUS FOR THE YEAR ATTRIBUTABLE TO THE EQUITY HOLDERS		1,601	14,750	111	2,758

WRC HOLDINGS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2008

	Notes	Group		Parent	
		2008 \$000	2007 \$000	2008 \$000	2007 \$000
Equity - opening balance as at 1 July		162,194	135,548	14,161	11,531
Shares Issued during the year		599	-	599	-
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		3,205	19,178	111	2,758
Total recognised income and expenses for the year		3,205	27,605	111	2,758
Dividends attributable to:					
Equity holders of the parent	12	(64)	(128)	(64)	(128)
Minority interest	4	(1,101)	(831)	-	-
Total dividends		(1,165)	(959)	(64)	(128)
Total recognised income and expenses for the period		2,040	26,646	47	2,630
Balance as at 30 June 2008	3	164,833	162,194	14,807	14,161

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

WRC HOLDINGS LIMITED
BALANCE SHEET
AS AT 30 JUNE 2008

	Notes	Group 2008 \$000	2007 \$000	Parent 2008 \$000	2007 \$000
EQUITY					
Issued and Paid up Capital	3	35,140	34,541	35,140	34,541
Retained Earnings					
Capital Reserve - CentrePort Limited		42,042	42,460	-	-
Operating surpluses/(deficits)		(43)	(1,998)	(20,333)	(20,380)
Total Retained Earnings	3	41,999	40,462		
Revaluation reserve		43,060	43,060		
Minority interest	4	44,634	44,131		
TOTAL EQUITY	3	164,833	162,194	14,807	14,161
Represented by:					
ASSETS					
Current Assets					
Cash and cash equivalents		820	307	1	1
Trade and other receivables	5	7,004	16,077	183	755
Taxation refund		-	446	-	-
Current account - Greater Wellington Regional Council	6	432	1,443	42	
Current account - Pringle House Ltd	6	-	-	1,824	1,824
Inventories		668	521	-	-
Total Current Assets		8,924	18,794	2,050	2,580
Non Current Assets					
Investment properties	8	116,345	116,129	-	-
Investments	7	1,597	632	56,857	56,208
Financial Instruments	14	2,187	2,966	-	-
Property, Plant & Equipment	9	257,646	191,924	-	-
Deferred tax	10	1,920	3,171	-	-
Intangible assets	16	942	1,019	-	-
Total Non Current Assets		380,637	315,841	56,857	56,208
TOTAL ASSETS		389,561	334,635	58,907	58,788
Less:					
LIABILITIES					
Current Liabilities					
Trade and Other payables		13,024	19,121	36	499
Borrowings	13	44,000	44,000	44,000	44,000
Dividend payable	12	479	543	64	128
Provision for subvention payments	10	1,031	629	-	-
Taxation payable	10	235	-	-	-
Revenue in advance		33,075	19,859	-	-
Provision for employee entitlements	11	2,084	1,779	-	-
Total Current Liabilities		93,928	85,931	44,100	44,627
Non Current Liabilities					
Borrowings	13	128,932	84,254	-	-
Deferred taxation liability		1,168	1,501	-	-
Provision for employee entitlements	11	700	755	-	-
Total Non-Current Liabilities		130,800	86,510	-	-
TOTAL LIABILITIES		224,728	172,441	44,100	44,627
NET ASSETS		164,833	162,194	14,807	14,161

For, and on behalf of, the Board of Directors

Director  September 17, 2008

Director  September 17, 2008

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 2008

	Notes	Group		Parent	
		2008 \$000	2007 \$000	2008 \$000	2007 \$000
CASH FLOWS FROM OPERATING ACTIVITIES					
<i>Cash was Provided from:</i>					
Receipts from Customers		50,987	49,889	-	-
Dividend Income Received		350	245	304	510
Income Taxation Received		16	159	-	-
Interest Income Received		-	-	4,124	3,441
Other Income		-	-	-	-
<i>Cash was disbursed to:</i>					
Payments to Suppliers and Employees		(28,703)	(28,519)	-	-
Income Taxation paid		(2,265)	(1,040)	-	-
Interest Expense paid		(9,082)	(9,917)	(4,124)	(3,441)
NET CASH FLOWS FROM OPERATING ACTIVITIES	17	11,303	10,817	304	510
CASH FLOWS FROM INVESTING ACTIVITIES					
<i>Cash was provided from:</i>					
Proceeds from Sale of Property, Plant & Equipment		1,000	44	-	-
Investment in Joint Venture		(1,000)	-	-	-
Repayment of Loans by Associate Company		-	-	-	-
<i>Cash was Applied to:</i>					
Purchase of Property, Plant & Equipment		(55,081)	(29,728)	-	-
Development of Investment Properties		(61)	(65)	-	-
Subsidiary Company Shares		-	-	(599)	-
Purchase of Intangible Assets		(279)	-	-	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		(55,421)	(29,749)	(599)	-
CASH FLOWS FROM FINANCING ACTIVITIES					
<i>Cash was Provided from:</i>					
Proceeds from Borrowings		44,679	20,347	-	-
Issue of Ordinary Shares		599	-	599	-
Movement in Current Account - Greater Wellington Regional Council		759	167	-	-
<i>Cash was applied to:</i>					
Movement in current account - Greater Wellington Regional Council		(176)	-	(176)	(115)
Dividends Paid to Shareholders of the Company		(1,229)	(1,226)	(128)	(395)
NET CASH FLOWS FROM FINANCING ACTIVITIES		44,632	19,288	295	(510)
Net Increase / (Decrease) in Cash Held		513	356	-	-
Add Opening Cash / (Overdraft) Brought Forward		307	(49)	1	1
ENDING CASH CARRIED FORWARD		820	307	1	1

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

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1

Statement of Accounting Policies

Statement of Compliance

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.

Basis of Preparation

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 accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2008, the comparative information presented in these financial statements for the year ended 30 June 2007.

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

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) Goods and Services Tax is accounted for on an accruals basis consistent with the income statement.

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

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 not have an option to purchase the property at expiry of the lease period.

Lease

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, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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.

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

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 unit 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 of 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 no 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 asset 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.

Borrowing

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 valued 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 the Group 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.

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

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, plus transactions costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Subsequent to initial recognition, investments in subsidiaries are measured at cost. Subsequent to initial recognition, investments in joint ventures are accounted for under the equity method in the consolidated 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 1.22

Loans and receivables

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

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the instrument or a shorter

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

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 and are subsequently recorded at amortised cost using the effective interest method.

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 income.

Cash settlements of Derivatives adjust the line in the income statement to which they relate.

1.23 Financial instruments issued by the company

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 Joint Ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control that is when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in the Group financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with NZ IFRS 5 Non-current Assets Held for Sale and Discontinued

Under the equity method, investments in joint ventures are carried in the balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the joint venture, less any impairment in the value of individual investments. Losses of a joint venture in excess of the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the joint venture recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the income statement.

Where a Group entity transacts with a joint venture of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant joint

Interests in jointly controlled entities are recognised in the parent company's financial statements using the cost method.

1.26 Adoption of new and revised Standards

Early adoption of Standards and

The Group has elected to adopt the following in advance of their effective dates:

NZ IAS 23 (Revised) Borrowing Costs (effective for accounting periods beginning on or after 1 January 2009);

The revisions to NZ IAS 23 have had no impact on the Group's accounting policies. The principal change to the Standard, which was to eliminate the previously available option to expense all borrowing costs when incurred, has no impact on these financial statements because it has always been the Group's accounting policy to capitalise borrowing costs incurred on qualifying assets.

NZ IFRS 8 Operating Segments (effective for accounting periods beginning on or after 1 January 2009); and

The revisions to NZ IFRS 8 also did not impact on the Group's accounting policy as the Group has always designated reportable segments

1.27 Changes in Accounting Policies

There have been no changes in accounting policies adopted in the last audited financial statements.

**WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

Standards or interpretations in issue not yet effective

Improvement to NZIFRS 2008 -

NZ IAS 40 Investment Properties (effective for accounting periods beginning on or after 1 January 2009);

The revisions to NZ IAS 40 require that properties being developed for future use as development properties can be classified as Investment Properties instead of property, plant and equipment. Had this amendment been applied, the Company and Group would have realised an increase in pre-tax profit of \$5.3m.

Various other standards, amendments and interpretations have been issued by the ASRB and the IASB but have not been adopted by the Group as they are not yet effective.

Application of these standards, amendments and interpretations, is not expected to have a material impact on the Group's financial position and results in the period of initial application

1.28 Key Management Assumptions and Uncertainties

Retirement Gratuity Allowance

The valuation is on a discounted cash flow basis whereby the future cash flow liability is discounted using a discount rate based on the 10-year government bond yield at balance date.

Financial

Fair value is the amount for what could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction. Refer to note 14 for details of fair values of derivatives.

Property, Plant and Equipment and Investment Property

Certain items of Property, Plant and Equipment have been revalued to fair value at 30 June 2007. Investment Properties have been revalued to fair value at 30 June 2008. Refer to note 8 and 9 respectively for disclosure about the valuations and valuation methodology.

The Board and management have undertaken a process to determine what constitutes Investment Property and what constitutes Property, Plant and Equipment. There was an element of judgement in this. There is a developed Port plan, and those items of land that are considered integral to the operations of the Port have been included in Operational Port land. Land held specifically for capital appreciation or to derive income rental have been classified as Investment Property.

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 2

	Notes	Group		Parent	
		2008 \$000	2007 \$000	2008 \$000	2007 \$000
Operating Surplus before Subvention and Taxation					
Operating surplus before subvention and taxation		7,436	24,035	111	2,758
<i>After Crediting:</i>					
REVENUE					
Port Income		41,881	40,784	-	-
Rental Income		12,188	10,285	-	-
Grants from Greater Wellington Regional Council		2,448	2,480	-	-
Equity accounted earnings of associate companies		315	308	-	-
Dividend Income from subsidiaries		-	-	173	304
Change in Financial Instrument Fair Value	14	(779)	2,114	-	-
Gain on sale of fixed assets		448	-	-	-
Interest revenue		49	304	3,686	3,444
Write up of investment in subsidiaries		-	-	49	2,629
Other Revenue		-	841	-	-
Total Operating Revenue		56,550	57,116	3,908	6,377
Increase/decrease in the value of Developed Investment Property		(66)	9,885	-	-
Increase/decrease in the value of Land available for Development		(764)	4,634	-	-
Change in value of Investment property		(830)	14,519	-	-
<i>After Charging:</i>					
Impairment of Assets		-	-	-	-
EXPENSES					
Amortisation	16	356	423	-	-
Bad Debts Written (Back) \ Off		194	224	-	-
Change in Provision for Doubtful Debts		85	12	-	-
Depreciation	9	6,490	5,494	-	-
Directors fees and expenses		396	343	9	8
Employee benefits expense		15,401	15,067	-	-
Energy costs (Pringle House only)		25	29	-	-
Fees paid to company auditors for:					
- Audit NZ: Audit services		31	28	15	13
- Other Auditor: Audit Services		72	75	-	-
- Audit NZ: Other assurance services		-	18	-	-
- Other Auditor: Other assurance services		32	64	-	-
- Other Auditor: Tax services		98	118	9	20
Consultant and Professional fees		759	2,343	-	-
Fixed Assets Written Off		-	-	-	-
Insurance		262	129	5	3
Legal Fees		381	134	-	-
Loss on Sale of Fixed Assets		-	29	-	-
Management fees		339	346	56	58
Maintenance		295	2,988	-	-
Rates		164	1,526	-	-
Rental and Lease Expenses		646	759	-	-
Other operating expenses		13,307	9,002	20	78
Total Operating Expenses		39,333	39,151	114	180
Interest Expense		11,721	8,804	3,683	3,439
Interest Capitalised		(2,770)	(355)	-	-
Net Interest		8,951	8,449	3,683	3,439
Operating Surplus before Subvention and Taxation		7,436	24,035	111	2,758

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 3

Equity

	Notes	Group		Parent	
		2008 \$000	2007 \$000	2008 \$000	2007 \$000
Ordinary Share Capital					
50,000,000 \$1 shares, uncalled			-	-	
34,541,100 \$1 shares, fully paid		34,541	34,541	35,140	34,541
22,170,000 \$1 shares, part paidly to 2.7 cents		599			
Redeemable Preference Share Capital					
25,000 \$1000 shares, paid to 1 cent		-	-	-	-
Total share capital		35,140	34,541	35,140	34,541
Revaluation Reserve					
Operational Port Land		43,060	43,060	-	-
Total Revaluation Reserve		43,060	43,060	-	-
Revaluation reserve brought forward		43,060	29,083	-	-
Transfer from Operational Port Land		-	7,495	-	-
Gain on Property Valuation		-	6,482	-	-
Revaluation reserve carried forward		43,060	43,060	-	-
Retained Earnings / (Deficit) brought forward		40,464	33,337	(20,380)	(23,010)
Operating surplus after income tax		1,601	14,750	111	2,758
Transfer from Operational Port Land		-	(7,495)	-	-
Dividends		(64)	(128)	(64)	(128)
Retained Earnings / (Deficit) carried forward		42,001	40,464	(20,333)	(20,380)
Minority Interest	4	44,632	44,129	-	-
Total Equity		164,833	162,194	14,807	14,161
Included in Retained Earnings:					
Investment Property Reserves					
Developed Investment Properties		11,164	8,737	-	-
Land Available for Development		23,393	23,225	-	-
Total Investment Property Reserve		34,557	31,962	-	-

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 4

Minority Interest

	Group		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Opening minority interest	44,129	38,587	-	-
Minority share of operating surplus	1,604	4,428	-	-
Minority share of asset revaluation gains taken directly to equity	-	1,945	-	-
Minority share of dividends paid or payable	(1,101)	(831)	-	-
Total Minority Interest	44,632	44,129	-	-

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

NOTE 5

Receivables and Prepayments

	Group		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Trade receivables	6,623	15,828	-	-
Provisioning for Doubtful Debts	(214)	(129)	-	-
Prepayments	595	378	-	-
Shareholder subvention receivable	-	-	-	-
Interest receivable	-	-	10	451
Dividends receivable	-	-	173	304
Total Receivables and Prepayments	7,004	16,077	183	755

Provision of Doubtful debts

	Group		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Opening balance	129	117	-	-
Amounts written off during the year	(123)	(238)	-	-
Amounts recovered during the year	14	26	-	-
Increased in allowance recognised in Profit & Loss	194	224	-	-
Closing balance	214	129	-	-

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 \$85,000 was recognised in the profit or loss for the current financial year.

Included in trade receivables are debtors with a carrying amount of \$218,000 which are past due at 30 June 2008. CentrePort believes that the amounts (net of doubtful debt provision) are recoverable.

Included in the allowance for doubtful debts are \$253,000 of debtor balances where the respective company is in receivership or liquidation.

NOTE 6

Current Accounts

	Group		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Current account - Pringle House Ltd	-	-	1,824	1,824
Current account - Greater Wellington Regional Council	432	1,443	42	-
Total Current Accounts	432	1,443	1,866	1,824

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

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%)	Inactive company
Greater Wellington Infrastructure Ltd	Subsidiary	(100%)	Inactive company
CentrePort Ltd	Subsidiary	(76.9%)	Port operations
Central Stevedoring Ltd	Subsidiary	(76.9%)	Inactive company
Port Wellington Ltd	Subsidiary	(76.9%)	Inactive company
Port of Wellington (1988) Ltd	Subsidiary	(76.9%)	Asset ownership
CentrePac Ltd	Joint Venture	(38.5%)	Container packing
Transport Systems 2000 Ltd	Joint Venture	(38.5%)	Storage, wash and repair of containers
Wellington Port Coldstores Ltd	Joint Venture	(38.5%)	Coolstore operation

During the year CentrePort Ltd entered into a 50% joint venture agreement to purchase Wellington Port Coldstore, a coolstore operation located on the port. This transaction was completed in July 2008.

Notes	Group		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Investments in Subsidiary Companies				
Investments are stated at the lower of cost and fair value and comprise				
Pringle House Ltd	-	-	12,258	12,208
Port Investments Ltd	-	-	-	-
Greater Wellington Rail Ltd	-	-	599	-
Greater Wellington Transport Ltd	-	-	-	-
Greater Wellington Infrastructure Ltd	-	-	-	-
Total investments in subsidiary companies	-	-	12,857	12,208
Investment in Associate Companies - are stated :				
<i>at the fair market value of net tangible assets</i>				
<i>at acquisition plus post acquisition increases in reserves</i>				
Carrying Amount at Beginning of Year	632	594	-	-
Equity accounted earnings of associate companies	315	308	-	-
Dividends from associate companies	-	(270)	-	-
Dividends from Joint Ventures	(350)	-	-	-
Investment in Joint Venture during the year	1,000	-	-	-
Carrying Amount at End of Year	1,597	632	-	-
Other Investments - are stated :				
<i>at the lower of cost and fair value</i>				
Advance to subsidiary	-	-	44,000	44,000
Total Investments	1,597	632	56,857	56,208

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 8
Properties

	Notes	Group		Parent	
		2008 \$000	2007 \$000	2008 \$000	2007 \$000
Developed Investment Properties		78,127	78,130	-	-
Land Available for Development		38,218	37,999	-	-
TOTAL		116,345	116,129	-	-

Valuation

Investment properties are revalued every year. Investment properties were valued on 30 June 2008 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 2008. 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 2008. The fair value of investment properties valued was \$116 million (2007: \$116 million).

Reconciliation of movements in value of investment properties

	Group		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Developed Investment Properties brought Forward	78,130	77,701	-	-
Additions to investment property	61	65	-	-
Transfer from (to) Operational Port Land	0	(9,521)	-	-
Net change in the value of Developed Investment	(64)	9,885	-	-
Developed Investment Properties carried Forward	78,127	78,130	-	-
Land Available for Development brought Forward	37,999	35,511	-	-
Transfer from (to) Operational Port Land		(2,146)	-	-
Net change in the value of Land available for	219	4,634	-	-
Land Available for Development carried Forward	38,218	37,999	-	-
TOTAL	116,345	116,129	-	-

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 WRC Holdings 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 2008 was 8.37% p.a. (30 June 2007: 8.07% p.a.).

Disclosure required for amounts recognised in the profit & loss for Centreport :

- i) Rental income from investment property \$7.1 million (2007:\$6.1 million)
- ii) Direct operating expenses (including repairs & maintenance) arising from investment property that generated income during the period \$2.6 million (2007 \$2.1 million)
- iii) Direct operating expenses (including repairs & maintenance) arising from investment property that did not generate rental income during the period \$0.03 million (2007: \$0.03 million)

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 9

Property, Plant & Equipment

Group – 2008	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
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Gross Carrying Amount							
Balance at 1 July 2007 *	78,764	94,311	35,666	9,406	1,099	19,809	239,055
Transfers	(2,420)	2,420	-	-	-	-	-
Additions	-	52,361	5,435	925	-	14,441	73,162
Disposals	-	(148)	(1,250)	(2,059)	(1,099)	-	(4,556)
Adjustments from revaluation increases/decreases	-	-	-	-	-	-	-
Balance at 30 June 2008	76,344	148,944	39,851	8,272	0	34,250	307,661
Accumulated Depreciation/amortisation and impairment							
Balance at 1 July 2007	-	31,195	7,340	7,816	780	0	47,131
Transfers	-	-	-	-	-	-	0
Depreciation expense	-	3,058	1,819	615	-	998	6,490
Amortisation and Impairment expense	-	-	-	-	-	-	0
Disposals	-	(117)	(766)	(1,943)	(780)	-	(3,606)
Adjustments from revaluation increases/decreases	-	-	-	-	-	-	0
Balance at 30 June 2008	-	34,136	8,393	6,488	-	998	50,015
* includes discount on acquisition							
Net Book Value							
As at 30 June 2008	76,344	114,808	31,458	1,784	0	33,252	257,646

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 9 Continued
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
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Gross							
Balance at 1	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							
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	-	-	-	-	-	-	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

Impairment

The directors have reviewed assets and tested for impairment. As a result, no impairment (2007: Nil) has been recognised in the income statement.

Borrowing Costs Capitalised

During the year borrowing costs of \$2.77 million (2007: \$0.355 million) were capitalised. The weighted average capitalisation rate on funds borrowed was 7.63% (2007: 7.48%).

Investment Properties Work In Progress

Included in Property, Plant and Equipment (sub category Buildings, Wharves and Paving) is \$58 million (2007: \$19 million) associated with the development of investment properties. On completion these work-in-progress amounts will be reclassified as Investment Properties.

Valuation

Operational port freehold land is revalued every three years. On 30 June 2007 operational port freehold land was independently valued by registered valuers of the firm Colliers International. The valuations were based on the assets highest and best use in accordance with New Zealand Property Institute Practise Standard 3 – valuations for Financial reporting purposes 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. Additions subsequent to the valuation are recorded at cost.

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.

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 10

Taxation

	Group		Parent	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
(a) Income tax recognised in profit or loss				
Tax expense/(income) comprises:				
Current tax expense/(income)	1,379	1,063	-	-
Adjustments recognised in the current period in relation to the current tax of prior periods	(109)	(14)	-	-
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	1,062	2,686	-	-
Deferred tax expense arising from the write-down, or reversal of previous write-down, of a deferred tax asset	1,013	302	-	-
Impact of change in tax rate	(144)	219	-	-
Total tax expense/(benefit)	3,201	4,256	0	0

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	(7,436)	(24,035)	(111)	(2,758)
Income tax expense/(benefit) calculated at 33%	2,454	7,932	37	910
Non-deductible expenses	506	803	-	-
Non-assessable income	54	(4,396)	(73)	(968)
Unused tax losses and tax offsets not recognised as deferred tax assets	1,310	302	36	58
Tax effect of imputation credits	(629)	(590)	-	-
Temporary differences	(241)	-	-	-
Previously unrecognised and unused tax losses and tax offsets now recognised deferred tax assets	-	-	-	-
Impact of Change in tax rate	(144)	219	-	-
Other	-	0	-	-
	3,310	4,270	-	-
(Over)/under provision of income tax in previous period	(109)	(14)	-	-
Total tax expense/(benefit)	3,201	4,256	-	-

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 a 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, where the companies elect to do so. At 30 June 2008, CentrePort Ltd had advanced \$nil (2007: \$0.900 million) on account of the subvention payment to Port Investments Limited

(c) Income tax recognised directly in equity

	Group		Parent	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$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	-	-	-	-
	-	-	-	-

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 10

Taxation - Continued

(d) Current tax assets and liabilities

	Group		Parent	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Current tax assets:				
Subvention receivable	-	-	-	-
Tax refund receivable	-	-	-	-
Other	-	446	-	-
	-	446	-	-
Current tax payables:				
Income tax payable attributable to:				
Parent entity	-	-	-	-
Other	235	-	-	-
	235	-	-	-
(e) Deferred tax balances				
Deferred tax assets comprise				
Tax losses	-	-	-	-
Temporary differences	6,854	6,537	-	-
Other	-	-	-	-
	6,854	6,537	-	-
Deferred tax liabilities comprise:				
Temporary differences	6,102	4,867	-	-
	6,102	4,867	-	-

Taxable and deductible temporary differences arise from the following:

Group	Opening	Charged to	Charged to	Change in	Closing
	balance	income	equity	tax rate	balance
2008	\$000	\$000	\$000	\$000	\$000
Cash and cash equivalents	-	-	-	-	-
Investment properties	(3,742)	(1,957)	-	177	(5,522)
Property, plant and equipment	5,473	140	-	(67)	5,546
Trade and other payables	1,002	182	-	(16)	1,168
Other financial liabilities	(1,125)	487	-	58	(580)
Other	62	86	-	(8)	140
Total	1,670	(1,062)	-	144	752
Group	Opening	Charged to	Charged to	Change in	Closing
2007	balance	income	equity	tax rate	balance
	\$000	\$000	\$000	\$000	\$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

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 10

Taxation - Continued

Taxable and deductible temporary differences arise from the following:

Parent 2008	Opening balance \$000	Charged to income \$000	Charged to equity \$000	Change in tax rate \$000	Closing balance \$000
Total	-	-	-	-	-
Parent 2007	Opening balance \$000	Charged to income \$000	Charged to equity \$000	Change in tax rate \$000	Closing balance \$000
Total	-	-	-	-	-

Unrecognised deferred tax balances	Group		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
The following deferred tax assets have not been brought to account as				
Tax losses	1,551	694	262	253
Unused tax credits	-	-	-	-
Temporary differences	-	-	-	-
	<u>1,551</u>	<u>694</u>	<u>262</u>	<u>253</u>

Tax losses not recognised

WRC Holdings Limited has unrecognised tax losses of \$0.875 million (2007: \$0.766 million) available to be carried forward and to be offset against taxable income in the future. The tax effect of these losses at 30% is \$0.262 million (2007: \$0.230 million).

Port Investments Limited has unrecognised tax losses of \$4.193 million (2007: \$1.337 million) available to be carried forward and to be offset against taxable income in the future. The tax effect of these losses at 30% is \$1.258 million (2007: \$0.401 million).

Greater Wellington Rail Limited has unrecognised tax losses of \$0.105m (2007: nil) available to be carried forward and to be offset against taxable income in the future. The tax effect of these losses at 30% is \$0.031m (2007: nil).

The 2008 financial statements accrue subvention payments for the utilisation of losses incurred by Greater Wellington Regional Council of \$1.031 million (2007: \$0.628 million) payable by Pringle House Limited. In addition, a subvention payment of \$628,634 was made by Pringle House Limited relating to the 2007 net loss of Greater Wellington Regional Council that were utilised in that year.

(e) Imputation credit account balances

	Group		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Balance at beginning of the period	9,447	9,067	439	521
Attached to dividends received	1,596	102	100	113
Taxation paid	1,231	473	-	-
Attached to dividends paid	<u>(1,527)</u>	<u>(195)</u>	<u>(63)</u>	<u>(195)</u>
Balance at end of the period	<u>10,747</u>	<u>9,447</u>	<u>476</u>	<u>439</u>

Imputation credits available directly and indirectly to shareholders of the parent company, through:

Parent company	476	439
Subsidiaries	<u>10,271</u>	<u>9,008</u>
	<u>10,747</u>	<u>9,447</u>

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 11

Provision for Employee Entitlements

	Group		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Balance at Beginning of Year	2,534	2,378	-	-
Additional Provision Made	1,830	1,636	-	-
Amount	(1,580)	(1,480)	-	-
Balance at	2,784	2,534	-	-
This is represented by:				
Current	2,084	1,779	-	-
Non-current	700	755	-	-
Balance at	2,784	2,534	-	-

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 6.4% (2007: 6.9%).

NOTE 12

Dividends Payable

	Group		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Proposed distributions:				
Proposed dividend to parent company	64	128	64	128
Proposed dividend to minority interest	415	415	-	-
Total Dividends Declared	479	543	64	128

NOTE 13

External Debt

	Group		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Bank loans - Current				
Bank loans - Long Term	172,932	128,254	44,000	44,000
Other debt	-	-	-	-
Total External Debt	172,932	128,254	44,000	44,000

The parent has a bank loan facility of \$44 million with the Commonwealth Bank (drawn to \$44 million) which is secured by \$50,000,000 uncalled shares in favour of Greater Wellington Regional Council. The interest rate charged on the facility as at 30 June 2008 was 8.37% p.a. (30 June

Centreport has a three-year unsecured bank loan facility of \$170 million with renewal dates in 2010 and 2011. The facility can be repaid or drawn down until expiry. The interest rate charged on this facility as at 30 June 2008 ranged from 8.225% to 9.158% p.a. (2007: 7.695% to 8.605%). No collateral was required on lending, but CentrePort Limited has a negative pledge and there are therefore restrictions on the quantum of borrowing made.

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

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:

Financial Risk Management Objectives

The Group's Finance function provides services to the business, co-ordinates access to financial markets, monitors and manages the financial risk relating to the operations of the Group through internal risk reports which analyses exposure by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group seeks to minimise the effects of these risks, by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments. The Group does not enter into or trade financial instruments, including derivative financial instruments for speculative purposes.

Treasury activities are reported to the Board quarterly. In addition, the Group has established Treasury Committees with independent Treasury advisors as a members.

Fair values

The Group considers that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values, which are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- the fair value of other financial assets and financial liabilities are calculated using market-quoted rates based on discounted cash flow analysis.
- the fair value of derivative instruments 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.

Inter- group Advances

The Company holds balances with other group entities. These inter-group advances are non-interest bearing, and are carried at cost not fair value. It is considered impractical to determine the fair value of these advances due to the difficulty of doing so without an actively traded market.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, and the basis of measurement applied in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 13.

The Boards of Directors reviews the capital structure at least annually. This review is forward focused and considers the availability, cost and risks associated with each class of capital to balance capital structure through the payment of dividends and issue of new debt or the redemption of

Externally imposed capital

The CentrePort Limited has borrowing covenant requirements for gearing and interest cover ratios. Covenants are reported semi-annually to the Board then forwarded to our banker. All externally imposed covenants have been complied with during the period. WRC Holdings does not have any financial covenants on its borrowing.

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

Note 14 (continued)

The following table details the classes of financial assets and financial liabilities contained in the Balance Sheet for both the Company and the Group:

Group 2008	Loan & Receivables	Derivatives classified as held for trading	Financial liabilities at amortised cost	Total
	\$000	\$000	\$000	\$000
Assets:				
Cash and cash equivalents	820	-	-	820
Trade and other receivables	6,409	-	-	6,409
Other	774	2,187	-	2,961
Total	8,003	2,187	-	10,190
Liabilities:				
Trade and other payables	-	-	13,024	13,024
Borrowings	-	-	172,932	172,932
Other	342	-	36,338	36,680
Total financial liabilities	342	-	222,294	222,636
Group 2007				
	Loan & Receivables	Derivatives classified as held for trading	Financial liabilities at amortised cost	Total
	\$000	\$000	\$000	\$000
Assets:				
Cash and cash equivalents	307	-	-	307
Trade and other receivables	15,699	-	-	15,699
Other	1,443	2,966	-	4,409
Total	17,449	2,966	-	20,415
Liabilities:				
Trade and other payables	-	-	19,121	19,121
Borrowings	-	-	128,254	128,254
Other	0	443	22,936	23,379
Total financial liabilities	-	443	170,311	170,754
Parent 2008				
	Loan & Receivables	Derivatives classified as held for trading	Financial liabilities at amortised cost	Total
	\$000	\$000	\$000	\$000
Assets:				
Cash and cash equivalents	1	-	-	1
Trade and other receivables	10	-	-	10
Other	1,866	-	44,173	46,039
Total	1,877	-	44,173	46,050
Liabilities:				
Trade and other payables	36	-	-	36
Borrowings	-	-	44,000	44,000
Other	0	-	64	64
Total financial liabilities	36	-	44,064	44,100
Parent 2007				
	Loan & Receivables	Derivatives classified as held for trading	Financial liabilities at amortised cost	Total
	\$000	\$000	\$000	\$000
Assets:				
Cash and cash equivalents	1	-	-	1
Trade and other receivables	451	-	-	451
Other	1,824	-	44,304	46,128
Total	2,276	-	44,304	46,580
Liabilities:				
Trade and other payables	501	-	-	501
Borrowings	-	-	44,000	44,000

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

Note 14 (continued)

Interest Rate Risk

The Group is exposed to interest rate risk as the Group borrows funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite as provided for in the Treasury. The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of note 14.

Interest Rate Sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A100 basis point increase or decrease represents management's assessment of the possible change in interest rates.

At reporting date, if interest rates had been 100 basis points higher or lower and all other variables were held constant, the Group's - net profit would increase/decrease by \$580,000 (2007: decrease/increase by \$660,000). This is mainly attributable to the Group's exposure to interest rates on its uncovered rate borrowings.

The Group's sensitivity to interest rates has decreased during the current period due to the increase in interest rate swaps.

Interest Rate Swap

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps are based on market values of equivalent instruments at the reporting date and are disclosed below. The average interest rate is based on the outstanding balances.

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 7.765% (2007: 6.02% to 7.6% p.a.) and maturities of:

Interest Rate Swap Agreements

	Group			
	Face Value	Fair Value	Face Value	Fair Value
	2008	2008	2007	2007
	\$000	\$000	\$000	\$000
Less than one year	5,000	49	5,000	145
One to two years	20,000	564	20,000	858
Two to five years	85,000	1,319	50,000	2,351
Greater than 5 years				
	110,000	1,932	75,000	3,354
Interest rate Caps	-			55
Foreign Exchange contracts		255	-	(443)
Total Financial Instruments		2,187		2,966

Interest Rate Swap Agreements

	Parent			
	Face Value	Fair Value	Face Value	Fair Value
	2008	2008	2007	2007
	\$000	\$000	\$000	\$000
Less than one year	-	-	-	-
One to two years	-	-	-	-
Two to five years	-	-	-	-
Greater than 5 years				
	-	-	-	-
Interest rate Caps	-			-
Foreign Exchange contracts		-	-	-
Total Financial Instruments		-		-

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 14 - continued

Maturity Profile of Financial Instruments - Group

The following table details the group's exposure to interest rate risk at 30 June 2008 and 30 June 2007.

2008	Weighted Average Effective Interest Rate %	Variable interest Rate NZ \$'000	Fixed Maturity Dates						Non interest Bearing \$000	Total \$000
			Less than one year	1-2 years	2-3 years	3-4 years	4-5 years	5+ years		
			\$000	\$000	\$000	\$000	\$000	\$000		
Financial										
Cash	8.70%	8.70%	820	-	-	-	-	-	820	
Trade	Nil	Nil	6,409	-	-	-	-	6,409	6,409	
Other	Nil	Nil	774	-	-	-	-	774	774	
Forward rate swap	7.11%	Nil	49	564	(15)	577	757	-	1,932	
Interest rate Caps			-	-	-	-	-	-	-	
Interest rate collars			-	-	-	-	-	-	-	
Foreign Contracts	Nil		255	-	-	-	-	255	255	
Total			8,307	564	(15)	577	757	-	9,370	
Financial										
Trade	Nil	Nil	13,024					13,024	13,024	
Other			35,980	700				36,680	36,680	
Borrowings -		8.37%	44,000						44,000	
Borrowings -	7.11%	8.70%		30,000	98,932				128,932	
Total			93,004	30,700	98,932	-	-	-	222,636	
Total net			(84,697)	(30,136)	(98,947)	577	757	-	(212,446)	
2007	Weighted Average Effective Interest Rate %	Variable interest Rate NZ \$'000	Fixed Maturity Dates						Non interest Bearing \$000	Total \$000
			Less than one year	1-2 years	2-3 years	3-4 years	4-5 years	5+ years		
			\$000	\$000	\$000	\$000	\$000	\$000		
Financial										
Cash	8.23%	8.23%	307	-	-	-	-	-	307	
Trade	Nil	Nil	15,699	-	-	-	-	4,335	15,699	
Other	Nil	Nil	2,611	-	-	-	-	2,611	2,611	
Forward rate swap	6.32%	Nil	-	145	858	-	-	2,351	3,354	
Interest rate Caps	Nil	Nil	55	-	-	-	-	55	55	
Interest rate collars	Nil	Nil	-	-	-	-	-	-	-	
Total			18,672	145	858	-	-	2,351	22,026	
Financial										
Foreign Contracts	Nil	Nil	426	17				443	443	
Trade	Nil	Nil	19,121					8,348	19,121	
Other			22,181	755				4,334	22,936	
Borrowings -		8.07%	44,000						44,000	
Borrowings -	7.48%	8.23%		30,000	30,000	24,254			84,254	
Total			85,728	30,772	30,000	24,254	-	-	170,754	
Total net			(67,056)	(30,627)	(29,142)	(24,254)	-	2,351	(148,728)	

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 14 - continued

Maturity Profile of Financial Instruments - Parent

The following table details the group's exposure to interest rate risk at 30 June 2008 and 30 June 2007.

2008	Weighted Average Effective Interest Rate %	Variable interest Rate NZ \$'000	Fixed Maturity Dates						Non interest Bearing \$000	Total \$000
			Less than one year	1-2 years	2-3 years	3-4 years	4-5 years	5+ years		
			\$000	\$000	\$000	\$000	\$000	\$000		
Financial										
Cash	8.70%	8.70%	1	-	-	-	-	-	1	
Trade	Nil	Nil	10	-	-	-	-	10	10	
Other	Nil	Nil	2,039	-	-	-	-	2,039	2,039	
Forward rate swap	7.11%	Nil	-	-	-	-	-	-	-	
Interest rate Caps			-	-	-	-	-	-	-	
Interest rate collars			-	-	-	-	-	-	-	
Foreign Contracts	Nil		-	-	-	-	-	-	-	
Total			2,050	-	-	-	-	2,049	2,050	
Financial										
Trade	Nil	Nil	36	-	-	-	-	36	36	
Other			64	-	-	-	-	-	64	
Borrowings -		8.37%	44,000	-	-	-	-	-	44,000	
Borrowings -	7.11%	8.70%	-	-	-	-	-	-	-	
Total			44,100	-	-	-	-	36	44,100	
Total (net)			(42,050)	-	-	-	-	2,013	(42,050)	

2007	Weighted Average Effective Interest Rate %	Variable interest Rate NZ \$'000	Fixed Maturity Dates						Non interest Bearing \$000	Total \$000
			Less than one year	1-2 years	2-3 years	3-4 years	4-5 years	5+ years		
			\$000	\$000	\$000	\$000	\$000	\$000		
Financial										
Cash	8.23%	8.23%	1	-	-	-	-	1	1	
Trade	Nil	Nil	451	-	-	-	-	451	451	
Other	Nil	Nil	2,113	-	-	-	-	2,113	2,113	
Forward rate swap	6.320%	Nil	-	-	-	-	-	-	-	
Interest rate Caps	Nil	Nil	-	-	-	-	-	-	-	
Interest rate collars	Nil	Nil	-	-	-	-	-	-	-	
Total			2,565	-	-	-	-	2,565	2,565	
Financial										
Foreign Contracts	Nil	Nil	-	-	-	-	-	-	-	
Trade	Nil	Nil	501	-	-	-	-	501	501	
Other			128	-	-	-	-	128	128	
Borrowings -		8.07%	44,000	-	-	-	-	44,000	44,000	
Borrowings -	7.48%	8.23%	-	-	-	-	-	-	-	
Total			44,629	-	-	-	-	44,629	44,629	
Total net			(42,064)	-	-	-	-	(42,064)	(42,064)	

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 14 continued

Credit Risk Management

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.

Trade and other receivables include amounts that are unimpaired but considered past due as at balance date. An analysis of the age of such trade receivables is included in the table following

Aging past due trade receivables	Group		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
30-60 days	218	39	-	-
60-90 days	14	26	-	-
90-120 days	212	154	-	-
Total	444	219	-	-

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.

The following table details the forward foreign currency (FC) contracts outstanding as at year end.

Outstanding contracts	Average exchange rate		Foreign currency		Contract value		Fair value	
	2008	2007	\$000	\$000	\$000	\$000	\$000	\$000
			2008	2007	2008	2007	2008	2007
Buy Euro	0.4952	0.5114	4,350	2,647	8,784	5,176	255	(443)
Total			4,350	2,647	8,784	5,176	255	(443)

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 (2007: \$1 million), New Zealand dollar Commercial Bill facilities of \$170 million (2007: \$85 million) and a Cash Advance facility of \$44 million (2007: \$44 million) other borrowings of \$Nil (2007: \$Nil). Of these \$172.9 million (2007: \$128.3 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.

WRC Holdings has a \$44 million term facility with Commonwealth Bank which expires in September 2009.

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 14 continued

Liquidity Profile of Financial Instruments - Group

The following tables detail the entity's liquidity profile based on undiscounted cash outflows at 30 June 2008 and 30 June 2007, assuming future interest cost on borrowings at 8% of the average debt for each period.

Group 2008	Fixed Maturity Dates						Total
	Less than one year	1-2 years	2-3 years	3-4 years	4-5 years	5+ years	
	\$000	\$001	\$002	\$003	\$004	\$005	\$006

Financial Liabilities							
Trade payables	13,024	-	-	-	-	-	13,024
Other payables	35,980	700	-	-	-	-	36,680
Borrowings	13,835	86,635	102,889	-	-	-	203,359
Total	62,839	87,335	102,889	-	-	-	253,063

Group 2007	Fixed Maturity Dates						Total
	Less than one year	1-2 years	2-3 years	3-4 years	4-5 years	5+ years	
	\$000	\$001	\$002	\$003	\$004	\$005	\$006

Financial Liabilities							
Trade payables	19,121	-	-	-	-	-	19,121
Other payables	22,181	755	-	-	-	-	22,936
Borrowings	10,260	39,060	80,660	27,394	-	-	157,374
FX contracts	426	17	-	-	-	-	443
Total	51,988	39,832	80,660	27,394	-	-	199,874

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 14 continued

Liquidity Profile of Financial Instruments - Parent

The following tables detail the entity's liquidity profile based on undiscounted cash outflows at 30 June 2008 and 30 June 2007, assuming future interest cost on borrowings at 8% of the average debt for each period.

Parent 2008	Fixed Maturity Dates						Total
	Less than one year \$000	1-2 years \$001	2-3 years \$002	3-4 years \$003	4-5 years \$004	5+ years \$005	

Financial Liabilities							
Trade payables	36						36
Other payables	64						64
Borrowings	3,520	47,520					51,040
FX contracts							-
Total	3,620	47,520	-	-	-	-	51,140

Parent 2007	Fixed Maturity Dates						Total
	Less than one year \$000	1-2 years \$001	2-3 years \$002	3-4 years \$003	4-5 years \$004	5+ years \$005	

Financial Liabilities							
Trade payables	501						501
Other payables	128						128
Borrowings	3,520	3,520	47,520				54,560
FX contracts							-
Total	4,149	3,520	47,520	-	-	-	55,189

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 15

Disclosure for lessees

Leases

The Group through CentrePort has 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 the Group exercises its option to renew. The Group does not have an option to purchase the leased asset at the expiry of the lease period.

	Group		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Non-cancellable operating lease payments				
Not longer than 1 Year	415	557	-	-
Longer than 1 year and not longer than 5 years	364	506	-	-
Longer than 5 years	-	425	-	-
	<u>779</u>	<u>1,488</u>	<u>-</u>	<u>-</u>

Disclosure for lessors

Future minimum lease payments under non-cancellable operating lease are as follows:

	Group		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Non- cancellable operating lease receipts:				
Not later than 1 year	7,126			
Later than 1 year and no later than 5 years	3,491			
Later than 5 years	3,491			
	<u>14,108</u>	<u>-</u>	<u>-</u>	<u>-</u>

2007 comparatives are no available for the above tables.

NOTE 16

Intangible Assets

	Cost	Accumulated	Total
	\$000	Amortisation \$000	\$000
Group 2008			
Opening	3,687	(2,668)	1,019
Additions	279	-	279
Disposals	(175)	175	-
Revaluations	-	-	-
Amortisation	-	(356)	(356)
Closing balance	<u>3,791</u>	<u>(2,849)</u>	<u>942</u>
Group 2007			
Opening	3,432	(2,702)	730
Additions	712	-	712
Disposals	(457)	457	-
Revaluations	-	-	-
Amortisation	-	(423)	(423)
Closing balance	<u>3,687</u>	<u>(2,668)</u>	<u>1,019</u>

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

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 17

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

	Group		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Profit after tax before minority interest	3,205	19,178	111	2,758
Add /(Less) Non Cash Items:				
Depreciation	6,490	5,494	-	-
Amortisation	356	423	-	-
Impairment of Fixed Assets	-	-	-	-
(Gain)/loss on sale of Property, Plant & Equipment	(448)	29	-	-
(Gain) on sale of Medical Waste	-	-	-	-
Fixed Assets Written Off	-	-	-	-
Disposal costs of Investment properties	-	-	-	-
Gain on Fair value movement Financial instruments	779	(2,114)	-	-
Revaluation Movements	(155)	(14,519)	(49)	(2,629)
Equity Accounted Earnings from Associate Companies	35	(38)	-	-
Deferred tax	918	2,905	-	-
(Increase)/decrease in value of investments	-	-	-	-
Bad Debt Expense	194	224	-	-
Change in provision for doubtful debt	85	12	-	-
Add /(Less) Movements in Working Capital:				
Accounts Receivable	9,942	(11,672)	572	208
Accounts Payable	(6,910)	8,371	(515)	(252)
Revenue in advance	13,216	19,859	-	-
Inventory	(147)	(105)	-	-
Taxation - Refund	682	-	-	-
Taxation - Provision	-	826	-	-
Current Account -				
Greater Wellington Regional Council	1,011	369	(57)	43
Employee Entitlements	250	156	-	-
Add /(Less) Items Classified as Investing and				
Financing Activities:				
Dividends paid/payable	64	267	64	267
Increase/(decrease) in current accounts relating to				
financing activities	(581)	(167)	178	115
Accounts Payable related to Property, Plant & Equipment	(17,683)	(18,681)	-	-
Interest Capitalised	-	-	-	-
Accounts Receivable related to Property, Plant & Equipment	-	-	-	-
Net Cash Inflows From Operating Activities	11,303	10,817	304	510

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

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:

	Group		Parent	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Greater Wellington Regional Council				
Interest income on inter company current accounts	(49)	(146)	3	5
Rental income received	(1,551)	(1,199)	-	-
Proposed dividend	(64)	(128)	(64)	(128)
Payment for management fees	(249)	(249)	(56)	(58)
Payment for rent and services, CentrePort	93	51		
Payment for use of Navigational facilities, CentrePort	(705)	(712)		
WRC Holdings Subsidiaries				
Dividend income from Port Investments Ltd and Pringle House Ltd		-	173	304
Interest income on Port Investments Ltd advance		-	3,686	3,439
CentrePac Ltd				
Income received from rent and services performed.	303	310	-	-
Payment	(13)	(7)		
Transport Systems 2000 Ltd				
Income received from rent and services performed	1,614	605	-	-
Payment	(35)	(14)	-	-

During the year CentrePort subsidiary companies charged by way of lease rentals \$17.9 million 2007: \$16.5 million).

During the year CentrePort charged by way of a Management Fee \$1.2 million to a subsidiary company (2007: \$1.2 million).

During the year the CentrePort transferred \$2.4 million, representing a wharf at cost, to Port of Wellington (1988) Limited, a subsidiary company.

CentrePort made subvention payments to Greater Wellington Regional Council and its subsidiaries totalling \$ Nil million (2007: \$0.9 million).

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):

	2008 \$000	2007 \$000
Greater Wellington Regional Council and Subsidiaries	-	(62)
CentrePac	9	21
Transport	18	22

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

	2008 \$000	2007 \$000
Short-term employee benefits	2,038	1,537
Post-employment benefits	14	15
Other long-term employee benefits		-
Total Key Management Personnel Compensation	2,052	1,552

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 19

Contingent Liabilities

The following contingent liabilities existed at 30 June 2008:

Parent Company

The parent company has uncalled capital in Port Investments Ltd of \$10,000,100 (2007: \$10,000,100).

The parent company has uncalled capital in Greater Wellington Rail of \$21,508,000 composed of 22,170,000 \$1 shares unpaid to 97.3 cents 2007: (Nil)

Subsidiary Companies

At balance date CentrePort Limited had contingent liabilities of \$750,000 being shares in Wellington Port Coldstore Limited subscribed but not paid. (2007: \$Nil).

Capital Commitments

The following capital commitments existed at 30 June 2008:

Parent Company

The parent company has no capital commitments (2007: Nil).

Subsidiary Companies - CentrePort Ltd

At balance date there were commitments in respect of contracts for capital expenditure of \$57,280,000 (2007: \$80,210,000).

Subsidiary Companies - Pringle House Ltd

Estimated contractual commitments at balance date but not provided were \$19,000 (30 June 2007:\$514,000).

Subsidiary Companies - Greater Wellington Rail Ltd

Estimated contractual commitments at balance date but not provided were \$208,825,000 (2007 \$7,434,000).

NOTE 21

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

	Actual 2008 \$000	Target 2008 \$000	Actual 2007 \$000
Net surplus before tax	7,235	4,926	8,915
Net surplus after tax	3,205	1,803	19,178
Return on total assets	4.8%	3.8%	6.1%
Return on shareholder equity: excluding any increase in the value of investment	3.4%	-0.13%	4.3%
Return on shareholder equity: including any increase in the value of investment	1.3%	-0.13%	13.7%
Dividends	64	251	128

Net profit before tax

The Group posted a net profit before tax, before any increases in the value of investment property and land, of \$7.2 million (vs. budget \$4.9 million) for the year.

Net profit after tax (before deduction of minority interest)

The net surplus after tax measure includes a \$830,000 (2006 \$14.5 million increase) decrease in the net current value of the group's investment properties and

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			Other		Group
	Operations	Rail	Property	Operations	Eliminations	
	2008	2008	2008	2008	2008	2008
	\$000	\$000	\$000	\$000	\$000	\$000
Total revenue	47,565	2,448	10,252	3,859	(7,574)	56,550
Net surplus before tax	10,385	(105)	936	111	(3,891)	7,436
Total assets	212,506	34,117	189,886	58,366	(106,144)	388,731
Other Segment Information						
Carrying value of investments accounted for using the equity method	1,597					1,597
Share of net profit/loss of associates accounted for under the equity method	315					315

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 22 Segment Information - continued	Port	Rail	Property	Other	Eliminations	Group
	Operations	2007	2007	2007		
	2007	2007	2007	2007	2007	2007
	\$000	\$000	\$000	\$000	\$000	\$000
Total revenue	46,203	2480	13,665	3,907	(9,139)	57,116
Net surplus before tax	8,041	0	18,938	2,758	(5,702)	24,035
Total assets	208,444	30040	142,277	58,773	(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	308		-	-	-	308
Acquisition of segment assets	10,099		17,787	-	-	27,886
Depreciation and amortisation of segment	5,509		408	-	-	5,917

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.

Wellington Regional Council Holdings Limited is a holding company for Pringle House Limited which owns and operates an Investment property at 142 Wakefield St, Ports Investments Limited holds shares a 76.9% share Centreport Limited, Greater Wellington Rail Limited holds rail rolling stock, Greater Wellington Transport & Infrastructure are inactive companies.

NOTE 23

Events

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

WRC HOLDINGS LIMITED
STATEMENT OF COMPLIANCE AND RESPONSIBILITY
FOR THE YEAR ENDED 30 JUNE 2008

Compliance

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

Responsibility

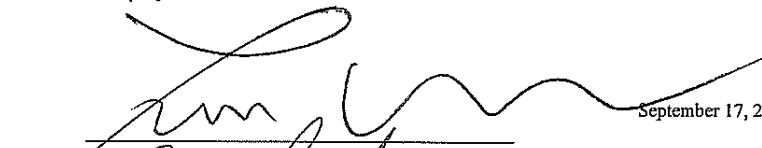
The Directors and management of the Company accept responsibility for the preparation of the annual Financial Statements and the judgements used in them.

The Directors have authority to sign these financial statements.

The Directors and management of the Company 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 the Company, the annual Financial Statements for the year ended 30 June 2008 fairly reflect the financial position and operations of the Company.

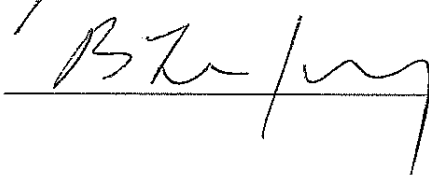
Director


September 17, 2008

Director


September 17, 2008

Chief Financial Officer


September 17, 2008

AUDIT REPORT**TO THE READERS OF
WRC HOLDINGS LTD AND GROUP'S
FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION
FOR THE YEAR ENDED 30 JUNE 2008**

The Auditor-General is the auditor of WRC Holdings Ltd (the company) and group. The Auditor-General has appointed me, A P Burns, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the company, on his behalf, for the year ended 30 June 2008.

Unqualified Opinion

In our opinion:

- The financial statements of the company and group on pages 8 to 40:
 - comply with generally accepted accounting practice in New Zealand;
 - give a true and fair view of:
 - the company and group's financial position as at 30 June 2008; 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 and 7 gives a true and fair view of the achievements measured against the performance targets adopted for the year ended 30 June 2008.
- Based on our examination the company kept proper accounting records.

The audit was completed on 17 September 2008, 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 the financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must give a true and fair view of the financial position of the company and group as at 30 June 2008 and 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 2008. The Board of Directors' 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

A handwritten signature in black ink, appearing to be 'A P Burns', with a stylized, cursive script.

A P Burns
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand