

**CENTREPORT LIMITED**  
**THIRTEENTH STATUTORY REPORT OF DIRECTORS**  
**For the Year ended 30 June 2001**

Your Directors have pleasure in submitting their Annual Report including the financial statements of the Company and its Subsidiaries for the year ended 30 June 2001.

**Principal Business**

CentrePort Limited is a port company pursuant to the Port Companies Act 1988. Its principal business is the management and operation of a commercial port.

**Results**

- Group revenue for the year ended 30 June 2001 was \$38,308,000.
- Net profit attributable to shareholders of the Company was \$6,902,000 after providing for taxation of \$3,157,000.
- Total equity at 30 June 2001 was \$58,652,000.

**Dividends**

Interim	\$ 3,900,000
Final	\$ <u>200,000</u>
Total	\$ <u>4,100,000</u>

**Directors**

Directors' holding office during the year were:

**Parent & Subsidiaries**

N J Gould  
M J Cashin (appointed 26 April 2001)  
K D Harris  
J G Jefferies  
E M M Johnson  
B K Knowles (deceased 6 August 2000)  
D J Setter (appointed 29 August 2000, resigned 25 June 2001)  
H J Stone

**Remuneration of Directors**

Directors' remuneration paid during the year, was as follows:

	<b>Group &amp; Parent</b>
N J Gould	\$44,000
M J Cashin	\$7,333
K D Harris	\$228,850
J G Jefferies	\$25,000
E M M Johnson	\$25,424
B K Knowles	\$1,833
D J Setter	\$97,197
H J Stone	\$22,000

**Entries in the Interests Register**

CentrePort maintains an Interests Register in which particulars of certain transactions and matters involving the Directors are recorded. The following are the particulars of changes made in the Interests Register for the year 1 July 2000 to 30 June 2001.

Directors disclosed interests in the following entities pursuant to section 140 of the Companies Act 1993:

**NJ Gould, Chairman**

- Resigned as Chairman of Allenson Products Limited
- Resigned as Chairman of Comtex Group Limited
- Director of Infinity Group Limited

**K D Harris, Managing Director**

- Shareholder of Nuplex Industries Limited

**M J Cashin**

- Director of Allied Farmers Limited
- Director of Allied Farmers Finance Limited
- Chairman of @ Work Insurance Limited (in liquidation)
- Director of Cashin Corporate Services Limited
- Director/Shareholder of Capital Properties New Zealand Limited
- Director of Container Terminals Limited
- Director of Farmers Wools Limited
- Chairman/Shareholder of Mooring Systems Limited
- Director of Port Wellington Limited
- Director of Port of Wellington (1988) Limited
- Director/Shareholder of Ryman Healthcare Limited
- Trustee of The Wellington Anaesthesia Trust

**J G Jefferies**

- Director of Container Terminals Limited
- Director of Medical Waste (Wellington) Limited
- Chairman of Regent Theatre Trust Board
- Resigned as Chairman of Regent Theatre Executive

**E M M Johnson**

- Director of CentrePac Limited
- Director of Container Terminals Limited
- Retired as Director of Wilson Neill Corporation Limited

**D J Setter**

- Director of Container Terminals Limited
- Director of Port Wellington Limited
- Director of Port of Wellington (1988) Limited

**H J Stone**

- No changes

**Directors' Insurance**

The Company has arranged Directors' and Officers' liability insurance cover for \$10 million with QBE Insurance (International) Limited to indemnify the Directors against loss as a result of actions undertaken by them as directors and employees provided they operate within the law. This disclosure is made in terms of Section 162 of the Company 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 been otherwise available to them.

**Remuneration of Employees**

During the year, the number of employees or former employees of CentrePort Limited and its Subsidiaries who received remuneration and other benefits in excess of \$100,000 are:

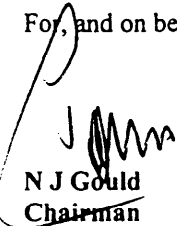
	Number of Current Employees	Number of Former Employees
\$100,001 - \$110,000	1	1
\$110,001 - \$120,000	3	0
\$120,001 - \$130,000	1	1
\$130,001 - \$140,000	1	0
\$150,001 - \$160,000	0	1

A former employee is one who left the employment of the Company during the year by way of resignation, retirement or redundancy.

**Auditor**

The Audit Office continues in office in accordance with Section 19 of the Port Companies Act 1988. The Controller and Auditor-General has appointed Mr I C Marshall of Deloitte Touche Tohmatsu to undertake the audit.

For, and on behalf of, the Board of Directors

  
**N J Gould**  
**Chairman**  
22 August 2001

  
**K D Harris**  
**Managing Director**  
22 August 2001

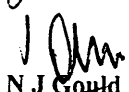
**CENTREPORT LIMITED**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**For the Year ended 30 June 2001**

	Notes	Group		Parent	
		2001 \$000	2000 \$000	2001 \$000	2000 \$000
REVENUE		38,308	38,488	38,308	38,488
Expenses		(27,225)	(27,168)	(34,030)	(33,753)
<b>SURPLUS BEFORE INTEREST</b>		11,083	11,320	4,278	4,735
Net Interest Expense		(1,167)	(857)	(1,167)	(941)
<b>SURPLUS BEFORE TAXATION</b>	2	9,916	10,463	3,111	3,794
Taxation Expense	7	(3,157)	(3,300)	(1,161)	(1,445)
<b>SURPLUS AFTER TAXATION</b>	14	6,759	7,163	1,950	2,349
Share of Earnings of Associate Companies after Taxation and Dividends	3	143	80	-	-
<b>SURPLUS ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY</b>		6,902	7,243	1,950	2,349

**STATEMENT OF MOVEMENTS IN EQUITY**  
**For the Year ended 30 June 2001**

	Note	Group		Parent	
		2001 \$000	2000 \$000	2001 \$000	2000 \$000
EQUITY - OPENING BALANCE		55,850	52,957	23,442	25,443
Surplus for the Year		6,902	7,243	1,950	2,349
Dividends	4	(4,100)	(4,350)	(4,100)	(4,350)
<b>EQUITY - CLOSING BALANCE</b>		58,652	55,850	21,292	23,442

For, and on behalf of, the Board of Directors

  
**N J Gould**  
Chairman  
22 August 2001

  
**K D Harris**  
Managing Director  
22 August 2001

The Statement of Accounting Policies and Notes on pages 7 to 18 form part of these Financial Statements.

**CENTREPORT LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
As at 30 June 2001

	Notes	Group		Parent	
		2001 \$000	2000 \$000	2001 \$000	2000 \$000
<b>EQUITY</b>	5	58,652	55,850	21,292	23,442
Represented by:					
<b>ASSETS</b>					
<b>Non Current Assets</b>					
Fixed Assets	6	81,228	75,009	40,975	41,540
Future Taxation Benefit	7	1,181	1,066	1,181	1,066
Investments	9	765	622	31,814	31,814
<b>Total Non Current Assets</b>		<b>83,174</b>	<b>76,697</b>	<b>73,970</b>	<b>74,420</b>
<b>Current Assets</b>					
Cash and Deposits		-	123	-	123
Receivables and Prepayments	10	3,811	3,211	3,811	3,211
Inventories		324	315	324	315
Taxation Refund		746	527	475	301
<b>Total Current Assets</b>		<b>4,881</b>	<b>4,176</b>	<b>4,610</b>	<b>3,950</b>
<b>TOTAL ASSETS</b>		<b>88,055</b>	<b>80,873</b>	<b>78,580</b>	<b>78,370</b>
Less:					
<b>LIABILITIES</b>					
<b>Bank Borrowing</b>	11	<b>21,800</b>	<b>18,850</b>	<b>21,800</b>	<b>18,850</b>
<b>Current Liabilities</b>					
Bank Overdraft		22	-	22	-
Creditors and Accruals		5,464	4,176	5,464	4,176
Provision for Employee Entitlements		1,917	1,797	1,917	1,797
Provision for Dividend	4	200	200	200	200
Due to Subsidiaries	12	-	-	27,885	29,905
<b>Total Current Liabilities</b>		<b>7,603</b>	<b>6,173</b>	<b>35,488</b>	<b>36,078</b>
<b>TOTAL LIABILITIES</b>		<b>29,403</b>	<b>25,023</b>	<b>57,288</b>	<b>54,928</b>
<b>NET ASSETS</b>		<b>58,652</b>	<b>55,850</b>	<b>21,292</b>	<b>23,442</b>

The Statement of Accounting Policies and Notes on pages 7 to 18 form part of these Financial Statements.

**CENTREPORT LIMITED**  
**STATEMENT OF CASH FLOWS**  
**For the Year ended 30 June 2001**

	Note	Group		Parent	
		2001 \$000	2000 \$000	2001 \$000	2000 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<i>Cash was Provided from:</i>					
Receipts from Customers		37,787	38,369	37,787	38,369
Dividends Received		30	70	30	3,070
Interest Received		36	7	36	7
<i>Cash was Disbursed to:</i>					
Payments to Suppliers and Employees		(22,501)	(23,433)	(31,810)	(32,787)
Restructuring Costs Paid		(286)	(689)	(286)	(689)
Income Taxation Paid		(3,491)	(3,337)	(1,450)	(1,207)
Interest Paid		(1,222)	(874)	(1,222)	(874)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	14	<b>10,353</b>	<b>10,113</b>	<b>3,085</b>	<b>5,889</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
<i>Cash was Provided from:</i>					
Proceeds from Sale of Fixed Assets		69	95	-	-
<i>Cash was Applied to:</i>					
Purchase of Fixed Assets		(9,417)	(9,575)	(60)	(267)
Investment in Associate Company Shares		-	(55)	-	(55)
Advance to Associate Companies		-	(30)	-	(30)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(9,348)</b>	<b>(9,565)</b>	<b>(60)</b>	<b>(352)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
<i>Cash was Provided from:</i>					
Loan Advances		2,950	5,400	2,950	5,400
<i>Cash was Applied to:</i>					
Settlement of Subsidiary Company Advances		-	-	(2,020)	(4,989)
Dividends Paid		(4,100)	(5,797)	(4,100)	(5,797)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(1,150)</b>	<b>(397)</b>	<b>(3,170)</b>	<b>(5,386)</b>
Net Increase / (Decrease) in Cash Held		(145)	151	(145)	151
Add Opening Cash / (Overdraft) Brought Forward		123	(28)	123	(28)
<b>ENDING CASH / (OVERDRAFT) CARRIED FORWARD</b>		<b>(22)</b>	<b>123</b>	<b>(22)</b>	<b>123</b>

The Statement of Accounting Policies and Notes on pages 7 to 18 form part of these Financial Statements.

**CENTREPORT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year ended 30 June 2001**

**NOTE 1**

**Statement of Accounting Policies**

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**Reporting Entity**

CentrePort Limited is a company registered under the Companies Act 1993. The Group consists of CentrePort Limited, its Subsidiaries and Associates as disclosed in Note 9.

The financial statements and group financial statements of CentrePort Limited are presented in accordance with the Companies Act 1993 and the Port Companies Act 1988 and have been prepared to comply with the Financial Reporting Act 1993.

**General Accounting Policies**

The general accounting policies recognised as appropriate for the measurement and reporting of financial performance, cash flows and financial position under the historical cost method have been followed. The going concern concept has been adopted in the preparation of these financial statements. Accrual accounting is used to match income and expenses.

**Specific Accounting Policies**

The specific accounting policies adopted in the preparation of these financial statements which materially affect the measurement of financial performance, cash flows and financial position are set out below:

**1.1 Revenue**

Revenue shown in the Statement of Financial Performance comprises the amounts received and receivable by the Group for services provided to customers in the ordinary course of business. Income is stated exclusive of Goods and Services Tax collected from customers.

**1.2 Fixed Assets**

The Group has four classes of fixed assets:

- Land
- Buildings, Wharves and Paving
- Cranes and Floating Plant
- Plant, Vehicles and Equipment

The fixed assets acquired by the Group on 1 October 1988 are stated at original cost based on a business valuation carried out in accordance with the Company plan under Section 21 of the Port Companies Act 1988.

Subsequent purchases of fixed assets are recorded at cost. Cost represents the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service.

**CENTREPORT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year ended 30 June 2001**

**1.3 Leases**

Group entities lease certain land, buildings, vehicles and wharves. Operating lease payments, where the lessors effectively retain substantially all risks and benefits of ownership of the leased items, are charged to the Statement of Financial Performance in equal instalments over the lease term.

**1.4 Depreciation**

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

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

**1.5 Investments**

Investments in Associate Companies are stated at the fair market value of the net tangible assets at acquisition plus the share of post-acquisition increases in reserves.

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

**1.6 Receivables**

Receivables are valued at expected net realisable value inclusive of Goods and Services Tax. Provision has been made for doubtful debts.

**1.7 Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method. Provision has been made for obsolescence where applicable. Inventories are held for maintenance purposes only.

**1.8 Income Taxation**

The Group follows the liability method of accounting for deferred taxation.

The income taxation expense charged against the surplus for the year is the estimated liability in respect of that surplus and is calculated after allowance for permanent differences and timing differences not expected to reverse in the foreseeable future. This is the partial basis for the calculation of deferred taxation.

Future taxation benefits attributable to timing differences or taxation losses carried forward are only recognised when there is virtual certainty that the benefit of the timing differences or taxation losses will be utilised by the Group.



**CENTREPORT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year ended 30 June 2001**

**1.9 Basis of Consolidation**

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

**1.10 Statement of Cash Flows**

The following are the definitions used in the Statement of Cash Flows:

- (a) Cash is considered to be cash on hand and current accounts in banks, net of bank overdrafts.
- (b) Investing activities are those activities relating to the acquisition, holding and disposal of fixed assets and of investments. Investments include securities not falling within the definition of cash.
- (c) Financing activities are those activities which result in the changes in size and composition of the capital structure of the Group. This includes both equity and debt not falling within the definition of cash. Dividends paid in relation to capital structure are included in financing activities.
- (d) Operating activities include all transactions and other events that are not investing or financing activities.

**1.11 Financial Instruments**

As part of normal operations, the Group is party to financial instruments with off balance sheet risk to meet financing needs. These financial instruments include bank overdraft facilities, forward interest rate and interest swap agreements. Forward interest rate and interest swap agreements are used solely to manage interest rate exposure. The differential to be paid or received is accrued as interest rates change and is recognised as a component of interest income / expense over the life of the agreements.

**1.12 Changes in Accounting Policies**

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

**CENTREPORT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year ended 30 June 2001**

NOTE 2

Surplus before Taxation

	Group		Parent	
	2001 \$000	2000 \$000	2001 \$000	2000 \$000
Surplus before Taxation	9,916	10,463	3,111	3,794
<i>After Crediting:</i>				
<b>REVENUE</b>				
Dividend Received from Associates	30	70	30	70
Interest Received	36	94	36	10
<i>After Charging:</i>				
<b>EXPENSES</b>				
Bad Debts Written Off	8	41	8	41
Change in Provision for Doubtful Debts	100	7	100	7
Depreciation	3,602	3,383	625	641
Directors' Fees	122	149	122	149
Fees paid to Parent Company Auditors for Audit Services	50	50	50	50
Fees paid to Parent Company Auditors for Other Services	25	-	25	-
Interest Expense	1,203	951	1,203	951
Net (Profit) / Loss on Sale of Fixed Assets	(31)	170	-	-
Rental and Lease Expenses	808	809	14,971	14,608
Restructuring Costs	286	89	286	89

NOTE 3

Associate Companies

	Group	
	2001 \$000	2000 \$000
Share of Earnings of Associate Companies before Taxation and Dividends	265	227
Taxation	(92)	(77)
Dividends Received	(30)	(70)
Share of Earnings of Associate Companies after Taxation and Dividends	143	80

NOTE 4

Dividends

	Group and Parent	
	2001 \$000	2000 \$000
Interim Distributions: Dividend Paid on Ordinary Shares	3,900	4,150
Proposed Distributions: Proposed Dividend on Ordinary Shares	200	200
Total Dividends Paid or Payable	4,100	4,350

**CENTREPORT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year ended 30 June 2001**

NOTE 5

Equity

	Group and Parent	
	2001	2000
	\$000	\$000
Equity includes:		
Issued and Paid Up Capital		
23,424,657 ordinary shares	30,000	30,000

NOTE 6

Fixed Assets

	Cost	Accumulated Depreciation	Net Book Value
	\$000	\$000	\$000
<b>Group - 2001</b>			
Freehold Land	35,539	-	35,539
Buildings, Wharves and Paving	52,767	18,111	34,656
Cranes and Floating Plant	9,219	3,687	5,532
Plant, Vehicles and Equipment	18,079	12,578	5,501
<b>Total Fixed Assets</b>	<b>115,604</b>	<b>34,376</b>	<b>81,228</b>
<b>Group - 2000</b>			
Freehold Land	35,539	-	35,539
Buildings, Wharves and Paving	44,677	15,983	28,694
Cranes and Floating Plant	8,105	3,348	4,757
Plant, Vehicles and Equipment	19,772	13,753	6,019
<b>Total Fixed Assets</b>	<b>108,093</b>	<b>33,084</b>	<b>75,009</b>
<b>Parent - 2001</b>			
Freehold Land	35,539	-	35,539
Paving	11,479	6,043	5,436
<b>Total Fixed Assets</b>	<b>47,018</b>	<b>6,043</b>	<b>40,975</b>
<b>Parent - 2000</b>			
Freehold Land	35,539	-	35,539
Paving	11,419	5,418	6,001
<b>Total Fixed Assets</b>	<b>46,958</b>	<b>5,418</b>	<b>41,540</b>

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

**CENTREPORT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year ended 30 June 2001**

NOTE 7

Taxation

	Group		Parent	
	2001	2000	2001	2000
	\$000	\$000	\$000	\$000

**Taxation Expense**

The Income Taxation Expense has been calculated as follows:

Surplus before Taxation	9,916	10,463	3,111	3,794
Income Taxation on the Surplus for the Year at 33%	3,272	3,453	1,027	1,252
Taxation Effect of				
- Permanent Differences	97	89	96	109
- Timing Differences not Recognised	(144)	(120)	103	107
Benefit of Imputation Credits Received	(15)	(34)	(15)	(34)
Current Year Taxation Expense	3,210	3,388	1,211	1,434
Prior Year Adjustments	(53)	(88)	(50)	11
<b>Taxation Expense</b>	<b>3,157</b>	<b>3,300</b>	<b>1,161</b>	<b>1,445</b>

*The Taxation Expense is represented by:*

Current Year Taxation	3,323	2,987	1,327	1,132
Future Taxation Benefit	(166)	313	(166)	313
	3,157	3,300	1,161	1,445

**Future Taxation Benefit Comprises**

Opening Balance	1,066	1,356	1,066	1,356
Current Year Movement	166	(313)	166	(313)
Prior Year Adjustments	(51)	23	(51)	23
<b>Closing Balance</b>	<b>1,181</b>	<b>1,066</b>	<b>1,181</b>	<b>1,066</b>

**Taxation Balances Not Recognised**

Taxation Effect of the Differences between the Accounting and Taxation Treatment of Depreciation	6,910	7,054	669	566
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Due to the long term nature of the fixed assets deployed by the Group, future taxation benefits have not been recognised as an asset in the financial statements.

**CENTREPORT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year ended 30 June 2001**

NOTE 8

Imputation Credit Account

	Parent	
	2001 \$000	2000 \$000
Opening Balance	2,739	3,032
Imputation Credits Attached to Dividends Received	36	1,512
Imputation Credits Attached to Dividends Paid	(2,019)	(2,855)
Income Taxation Paid	1,000	1,050
<b>Closing Balance</b>	<b>1,756</b>	<b>2,739</b>

Imputation credits available to the shareholders of the Parent Company as at 30 June 2001 are:

Through direct shareholding in the Parent Company	1,756	2,739
Through indirect interests in Subsidiaries	3,168	1,668

NOTE 9

Investments

All Group companies have a common balance date of 30 June and all significant inter-company transactions have been eliminated on consolidation.

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

	Group		Parent	
	2001 \$000	2000 \$000	2001 \$000	2000 \$000

**Investments in Subsidiary Companies**

Investments are stated at the lower of cost and net realisable value and comprise:

Container Terminals Limited	-	-	633	633
Port of Wellington (1988) Limited	-	-	30,719	30,719
Port Wellington Limited	-	-	1	1
	-	-	<b>31,353</b>	<b>31,353</b>

**Investment in Associate Companies**

Shares in Associate Companies at Cost	461	461	461	461
Share of Post-Acquisition Retained Earnings	304	161	-	-
	<b>765</b>	<b>622</b>	<b>461</b>	<b>461</b>

<b>Total Investments</b>	<b>765</b>	<b>622</b>	<b>31,814</b>	<b>31,814</b>
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**CENTREPORT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year ended 30 June 2001**

**NOTE 10**

**Receivables and Prepayments**

	Group		Parent	
	2001 \$000	2000 \$000	2001 \$000	2000 \$000
Trade Receivables	3,267	2,817	3,267	2,817
Prepayments and Other Receivables	494	344	494	344
Associate Company Advance	50	50	50	50
<b>Total Receivables and Prepayments</b>	<b>3,811</b>	<b>3,211</b>	<b>3,811</b>	<b>3,211</b>

**NOTE 11**

**Bank Borrowing**

The Parent Company has a bank loan facility which is unsecured and matures on 14 April 2002. The interest rate charged on the facility as at 30 June 2001 ranged from 5.9% to 6.1% p.a.

**NOTE 12**

**Due to Subsidiaries**

	Parent	
	2001 \$000	2000 \$000
Container Terminals Limited	1,167	1,167
Port of Wellington (1988) Limited	26,698	28,718
Port Wellington Limited	20	20
<b>Total Due to Subsidiaries</b>	<b>27,885</b>	<b>29,905</b>

**CENTREPORT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year ended 30 June 2001**

**NOTE 13**

**Financial Instruments**

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

**Fair Values**

The estimated fair value of the interest rate swap agreements is a surplus of \$84,000 (Carrying Value \$Nil). The estimated fair values of all other financial instruments of the Group are the carrying amounts of the financial instruments.

**Interest Rate Risk**

The Group has an exposure to interest rate movements as a result of its term borrowing facilities. To minimise this risk, management monitors the levels of interest rates on an on going basis and uses forward rate and swap agreements to hedge interest rates when rates are anticipated to rise. At balance date the Group had entered into the following forward rate and swap agreements with maturities of:

	Group and Parent	
	2001	2000
	\$000	\$000
Less than One Year	11,000	2,000
One to Two Years	6,000	11,000
Two to Three Years	3,000	-
Three to Four Years	5,000	-

**Credit Risk**

Financial instruments which potentially subject the Group to credit risk principally consist of bank balances, money market deposits and accounts receivable. The Group performs credit evaluations on all customers requiring credit and generally does not require collateral. Maximum exposures to credit risk as at balance date are:

	Group and Parent	
	2001	2000
	\$000	\$000
Cash and Deposits	-	123
Receivables	3,666	2,983

No collateral is held on the above amounts.

**Concentrations of Credit Risk**

The Group is not exposed to any concentrations of credit risk except as disclosed in note 17.

**Credit Facilities**

The Group has a total bank overdraft facility of \$1,000,000 and New Zealand dollar Commercial Bill facilities of \$33,000,000 (2000: \$25,000,000). Of these \$21,822,000 (2000: \$18,850,000) had been drawn down by the Group at balance date.

**CENTREPORT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year ended 30 June 2001**

NOTE 14

Reconciliation of Surplus After Taxation with Cash Flows from Operating Activities

	Group		Parent	
	2001 \$000	2000 \$000	2001 \$000	2000 \$000
Reported Surplus After Taxation and before Share of Earnings of Associate Companies	6,759	7,163	1,950	2,349
<b>Add (Less) Non Cash Items:</b>				
Depreciation	3,602	3,383	625	641
Net (Profit) / Loss on Sale of Fixed Assets	(31)	170	-	-
Future Taxation Benefit	(115)	290	(115)	290
<b>Add (Less) Movements in Working Capital:</b>				
Accounts Receivable	(600)	115	(600)	3,115
Accounts Payable	1,408	(446)	1,408	(446)
Inventory	(9)	6	(9)	6
Taxation	(219)	(376)	(174)	(27)
<b>Add (Less) Items Classified as Investing and Financing Activities:</b>				
Advance to Associate Company	-	30	-	30
Accounts Payable related to Investments	-	(65)	-	(65)
Accounts Payable related to Fixed Assets	(442)	(157)	-	(4)
<b>Net Cash Inflow From Operating Activities</b>	<b>10,353</b>	<b>10,113</b>	<b>3,085</b>	<b>5,889</b>

NOTE 15

Operating Leases

	Group and Parent	
	2001 \$000	2000 \$000
Lease commitments for non-cancellable operating leases as at balance date were:		
Less than One Year	160	372
One to Two Years	-	148
	<b>160</b>	<b>520</b>



**CENTREPORT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year ended 30 June 2001**

**NOTE 16**

**Related Parties**

CentrePort Limited is 76.9% owned by Port Investments Limited, a subsidiary of Wellington Regional Council, and 23.1% owned by Manawatu-Wanganui Regional Council (trading as Horizons. MW). During the year transactions between CentrePort Limited and related parties included:

	2001 \$000	2000 \$000
<b>Wellington Regional Council and Subsidiaries</b>		
Income received from rent and services performed	24	27
Payment for use of navigational facilities	(550)	(550)
<b>CentrePac Limited</b>		
Income received from rent and services performed	149	151
<b>Medical Waste (Wellington) Limited</b>		
Income received from rent and services performed	84	108
Waste disposal expenditure	(198)	(183)
<b>Transport Systems 2000 Limited</b>		
Income received from rent and services performed	312	284

During the year Subsidiary Companies charged by way of lease rentals \$14,163,000 to the Parent Company (2000: \$13,799,000).

Subvention payments were made to Wellington Regional Council and its subsidiaries totalling \$979,000 (2000: \$787,000) (Group) and \$490,000 (2000: \$304,000) (Parent).

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

**NOTE 17**

**Contingent Liabilities**

The following contingent liabilities existed at 30 June 2001:

**Group and Parent Company**

Customers of the Parent Company have commenced litigation disputing the level of the Company's charges and seeking some reimbursement of charges paid. The Parent Company has lodged counter claims against the customers for breach of contract in respect of charges that have been withheld. The charges determined by the Parent Company as appropriate, are included within trade receivables (note 10) at balance date. Professional advice indicates that the Parent Company and the Group have no significant further exposure to the customer claims.

**CENTREPORT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year ended 30 June 2001**

**NOTE 18**

**Capital Commitments**

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At balance date the Parent Company and Group had commitments in respect of contracts for capital expenditure and future loan funding of \$4,149,000 (2000: \$77,000).

**NOTE 19**

**Segment Information**

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

**REPORT OF THE AUDIT OFFICE**

**To the Readers of the Financial Statements of CentrePort Limited and Group for the Year Ended 30 June 2001**

We have audited the financial statements on pages 4 to 18. The financial statements provide information about the past financial performance of CentrePort Limited and Group and their financial position as at 30 June 2001. This information is stated in accordance with the accounting policies set out on pages 7 to 9.

**Responsibilities of the Board of Directors**

The Port Companies Act 1988 and the Financial Reporting Act 1993 require the Board of Directors (the "Board") to prepare financial statements which comply with generally accepted accounting practice and give a true and fair view of the financial position of CentrePort Limited and Group as at 30 June 2001 and the results of their operations and cash flows for the year ended 30 June 2001.

**Auditors' Responsibilities**

Section 19(1) of the Port Companies Act 1988 requires the Audit Office to audit the financial statements presented by the Board. It is the responsibility of the Audit Office to express an independent opinion on the financial statements and report its opinion to you.

The Controller and Auditor-General has appointed Mr I C Marshall of Deloitte Touche Tohmatsu to undertake the audit.

**Basis of Opinion**

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Board in the preparation of the financial statements, and
- whether the accounting policies are appropriate to CentrePort Limited's and Group's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards, including the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

We have performed certain tax assurance work. Other than this in our capacity as auditor acting on behalf of the Controller and Auditor-General, we have no relationship with or interests in CentrePort Limited or any of its subsidiaries.

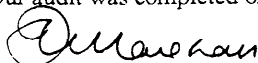
**Unqualified Opinion**

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by CentrePort Limited and Group as far as appears from our examination of those records, and
- the financial statements on pages 4 to 18:
  - comply with generally accepted accounting practice, and
  - give a true and fair view of:
    - the financial position of CentrePort Limited and Group as at 30 June 2001, and
    - the results of their operations and cash flows for the year ended on that date.

Our audit was completed on 22 August 2001 and our unqualified opinion is expressed as at that date.



**I C Marshall**  
**Deloitte Touche Tohmatsu**  
**Wellington, NZ**  
**On behalf of the Controller and Auditor-General**  
**Wellington, NZ**