WRC HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

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Directors

	Appointed
F H Wilde (Chair)	14 November 2007
A Blackburn	1 May 2002
P Blades	1 May 2005
I M Buchanan	1 January 2005
J B Burke (Deputy Chair)	14 November 2007
P E Glensor	14 November 2007

Registered Office

142-146 Wakefield Street
Wellington

Auditors

Karen Young
Audit New Zealand
on behalf of the Auditor-General

Solicitors

Chapman Tripp

Bankers

ANZ National Bank Ltd

WRC HOLDINGS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2010

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 2010.

Principal Activities

WRC Holdings Ltd (the Company) is the investment holding company of Greater Wellington Regional Council (Greater Wellington). 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 is a 76.9% owner of CentrePort Ltd.

The Group's primary objectives shall be to:

Support the Greater Wellington's strategic vision, operate as a successful, sustainable and responsible business.

Own and operate 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 to the shareholders and to protect the shareholders' investment, including land and property, while maintaining the CentrePort's strategic value to the economy of the region.

CentrePort owns and operates the port of Wellington and related facilities at Seaview and Miramar. It also owns and operates a number of commercial properties. Current tenants include Statistics New Zealand, Telstra Clear and NZ Rugby Union and the Bank of New Zealand. In 2008 construction commenced on a building for NZ Customs due for completion in September 2010.

Own Greater Wellington's current and future investments in rail rolling stock.
Greater Wellington Rail Ltd currently owns 18 carriages used on the Wairarapa line, at a cost of $26 million.
A contract was entered into with Rotem Mitsui for the supply of 90 Matangi electric multiple units (EMUs).
to purchase up to 6 additional EMUs which has been taken up. The units will be delivered in stages commencing in 2010.

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:

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.

Ensure CentrePort and Pringle House become 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 WRC Holdings Group met all its objectives as set out in the 2009/10 SOI and Greater Wellington's 2009-2019 Long-Term Council Community Plan (LTCCP).

The nature and scope of activities undertaken by the group are consistent with those set in the 2009/10 Statement of Intent and Greater Wellington's LTCCP.

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

	Actual 2010 $000	Target 2010 $000	Actual 2009 $000
Net surplus before tax	12,846	7,758	10,468
Net surplus after tax	10,212	3,793	(3,885)
Earning before Interest tax and depreciation (EBITD)	27,352	28,246	25,565
Return on total assets	3.79%	3.66%	4.48%
Return on shareholder's equity: **excluding any** increase/decrease in the value of investment property	11.02%	1.41%	6.07%
Return on shareholder's equity: **including any** increase/decrease in the value of investment property	4.89%	1.41%	(3.03%)
Dividends	1,196	1,249	1,659

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 $12.8 million (budget $7.8million) for the year.

Net surplus after tax (before deduction of minority interest)
The net surplus after tax was $8.6 million (2009: $7.1 million). This was before any valuation or fair value movements which were $1m downward (2009: $11.0 million downward)

Earning before tax and depreciation (EBITD)
EBITD was $27.4 million (2009 $25.6 million) compared to a budget of $28.3 million. Comparing the EBITD to Net Surplus before tax reveals that lower interest cost is driving profitability.

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.

Dividends paid (or payable to the shareholders)
Dividend from the Group is $1.196 million (2009: $1.659 million).

Directors
Directors holding office during the year were:

Parent and 100% owned subsidiaries
F H Wilde (Chair)
A Blackburn
P Blades
I M Buchanan
J B Burke (Deputy Chair)
P E Glensor

Remuneration of Directors of the Parent Company
Details of Directors' remuneration are as follows:

	$
F H Wilde (Chair)	Nil
A Blackburn	3,750
I M Buchanan	Nil
P E Glensor	Nil
P Blades	3,750
J B Burke	Nil

WRC HOLDINGS LIMITED
STATUTORY REPORT OF DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2010

Entries in the Interests Register
Disclosure of interests by Directors for the year ended 30 June 2010:

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

A Blackburn
None

P Blades
None

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

J B Burke (Deputy Chair)
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 Karen Young of Audit New Zealand to undertake the audit.

For, and on behalf of, the Board of Directors

Director ____________________ September 22, 2010

Director ____________________ September 22, 2010

WRC HOLDINGS LIMITED
NON-FINANCIAL PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2010

The Group's non-financial performance criteria contained in the statement of intent for the 2009/10 year, and results are summarised:

ENVIRONMENTAL PERFORMANCE TARGETS

Planned Target

CentrePort to develop and maintain a formal environmental management system consistent with the standards specified in AS/NZS ISO 14000: 2004.

Actual Performance

Achieved. Environmental Management Plan updated. Identified and allocated environmental objectives/targets aimed at ongoing performance improvement.

Planned Target

CentrePort to undertake the monitoring of environmental discharges in accordance with implemented management plans in the areas of:

Port Noise

Storm water discharges to the Costal Marine area

Fumigants associated with pest treatment of cargoes

Actual Performance

Achieved. Port Noise: Monitoring in accordance with Port Noise management Plan effected showing compliance for Central Port and Miramar port areas and inconclusive outcomes for Seaview due to natural ambient noise levels.

Storm Water: Monitoring of private stormwater discharges commissioned during year with results expected July 2010

Fumigants: All monitoring data of fumigation of cargoes submitted to GWRC.

Planned Target

CentrePort to formally review, at least annually, the company's compliance with all environmental legislation, district and regional plans and conditions of resource consents held.

Actual Performance

Achieved. Regulatory compliance review undertaking including review of compliance against relevant Resource Consent conditions. Participated in District and Regional Plan reviews

Planned Target

CentrePort to maintain a sustainability programme with measurable performance criteria covering as a minimum the monitoring of waste and greenhouse gas emissions.

Actual Performance

Achieved. Policy updated and new Environmental and Sustainability Committee established with staff representation. Carbon footprint and waste recycling performance reviewed showing overall environmental improvement against benchmark position.

Planned Target

CentrePort to Monitor compliance of the use of Methyl Bromide for the fumigation of log shipments and work collaboratively with the Greater Wellington Regional Council and Crown agencies to investigate alternative fumigation options.

Actual Performance

All use of Methyl Bromide undertaken in accordance with agreed protocols with monitoring data submitted to GWRC. Participated in Government review on use of Methyl Bromide

Planned Target

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

Actual Performance

Achieved. No issues of materiality recorded.

Planned Target

CentrePort to hold a minimum of three Environmental Consultative Committee meetings in 2009/10 comprising CPL and affected stakeholders (customers, port users, local authorities, Iwi and residential groups). The meetings provide a forum to identify and inform on a range of environmental port related matters.

Actual Performance

Achieved. CentrePort held 3 meetings.

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

The Group has complied with all of its resource consents.

Planned Target - WRC Holdings

Operate in an environmentally and sustainable manner.

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

Raise awareness of environmental issues within the Group.

Ensure pringle House operates in an energy efficient manner.

Actual Performance

WRC Holdings via Greater Wellington operates in a sustainable environmental manner, by minimising on environmental impacts, and raising awareness with in the Group. These include but not limited to such activities as choosing vehicles with the lowest environmental impact, and supporting public transport usage.

Pringle House underwent an environment audit in March 2008. A number of initiatives have recently been undertaken to increase energy efficiency. These include progressive replacement of halogen light fittings with low wattage equivalents. Upgrade of the main chiller this financial year and a regular monitoring of energy usage by the property managers.

WRC HOLDINGS LIMITED
NON-FINANCIAL PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2010

SOCIAL PERFORMANCE TARGETS

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. ACC tertiary certificate current until November 2010 when next audit due.

Planned Target

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

Actual Performance

Achieved. Certified compliant until December 2010.

Planned Target

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

Actual Performance

The final component to implementing the Harbour Safety System was the construction of a new Signal Station at Beacon Hill. The construction of the new building was completed in April 2010. Regrettably the project stalled at that point. An engineering assessment illustrated that the radar scanner could not be installed on the old building top, as contemplated, due to the size of the scanner and the exposed position of the station. The radar mast and associated aerials weighs nearly 2 tonnes and a new mast was required. A Resource Consent and Building Permit was obtained and construction is underway. It is anticipated that this will be completed by September 2010, following which the new station will be outfitted and habitated. Once all equipment is operational the Harbour Safety System will be in a position to be tested operationally and audited.

Planned Target

CentrePort to undertake an appropriate level of community sponsorship.

Actual Performance

Achieved. CentrePort contributed $157,588 to a diverse range of sponsorship activity within its region.

Planned Target

CentrePort to meet regularly with representative community groups.

Actual Performance

Achieved.

Planned Target

CentrePort to provide opportunities for employee growth, development, improvement and recognition.

Actual Performance

Achieved: Key initiatives in 2010 were the introduction of Individual Development Programmes and the provision of tailored development opportunities, the introduction of monthly employee recognition, and long service recognition for employees with over 20 years service. Of the 41 employees entered into national training contracts for level 3 accreditation in Cargo Handling, 28 achieved accreditation in 2010, taking the total number of accredited cargo handling employees to 37. Five Marine Services employees achieved the National Diploma in Pilot Operations (level 6), two the National Certificate in Tug Operations (level 4), and one employee a Certificate in Pilot/Launch Operations (level 4).

Planned Target

CentrePort to undertake an annual review of Health and Safety Policy

Actual Performance

Achieved

Planned Target - WRC Holdings

To provide a safe and health workplace

To participation in development, cultural and community activities within the region in which the Group operates.

To help sustain the economy of the region

Actual Performance

WRC Holdings through Greater Wellington provides a safe and health working place and is supported with the development of regional cultural and community activities.

WRC Holdings through Greater Wellington's Economic Development Agency (Grow Wellington) assists with regional economic sustainability.

GENERAL PERFORMANCE TARGETS

Planned Target

The Company will, in consultation with shareholders, continue to develop performance targets in the environmental and social areas in order to be able to maintain triple bottom line reporting in accordance with best practice.

Actual Performance

Achieved. The 2011 SCI has one new social target.

Planned Target

When developing "property held for development" the Board of CentrePort is to adhere to the following principles:

- Properties may be developed without the building being fully pre-let so long as tenancy risk is managed prudently
- Property developments must not compromise port operations
- Developments are to be undertaken only if they are able to be funded without additional capital from shareholders.

Management of tenancy risk means that each single property investment has committed rental income (via executed lease contracts) that is sufficient to meet forecast interest costs on (i) the cost of the site development related to the development and (ii) the cost of the construction of the development AND the vacant net lettable area of the proposed development is no greater than 25%.

Actual Performance

Achieved. Investment property to accommodate NZ Customs Service meets the pre-let requirements.

WRC HOLDINGS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

	Notes	Group 2010 $000	Group 2009 $000	Parent 2010 $000	Parent 2009 $000
INCOME					
Operating Income		60,625	59,270	2,438	5,371
Share of associate profit accounted for using the equity method		758	542	-	-
TOTAL OPERATING INCOME	2	61,383	59,812	2,438	5,371
CHANGES IN FAIR VALUES OF ASSETS & FINANCIAL INSTRUMENTS					
Increase (Decrease) in the value of Developed Investment Property - Pringle House Ltd		(1,702)	(6,578)	-	-
Increase (Decrease) in the value of Developed Investment Property - CentrePort Limited		1,373	(4,468)	-	-
Net change in value of Land available for Development		1,692			
Changes in Financial Instrument Fair Value	14	(7,691)	1,065		
EXPENDITURE					
Operating Expenses	2	(46,783)	(41,151)	(3,423)	(1,624)
Impairment of Assets	9	-	(777)	-	-
SURPLUS BEFORE INTEREST AND INCOME TAXATION		8,272	7,903	(985)	3,747
Net Interest costs	2	(4,936)	(8,481)	(1,840)	(2,342)
SURPLUS BEFORE INCOME TAXATION AND SUBVENTION PAYMENT	2	3,336	(578)	(2,825)	1,405
Subvention payments	10	(1,020)	(895)	-	-
Income Taxation	10	(6,400)	(2,412)	-	-
NET SURPLUS FROM CONTINUING OPERATIONS		(4,084)	(3,885)	(2,825)	1,405
Profit for the Year from Discontinued Operations		6,310	-	-	-
NET SURPLUS / (DEFICIT) FOR THE YEAR		2,226	(3,885)	(2,825)	1,405
OTHER COMPREHENSIVE INCOME					
Gain(loss) on revaluation of Operational Port & Freehold land	9	3,609	-	-	-
Classification correction	9	8,471	-	-	-
TOTAL COMPREHENSIVE INCOME BEFORE MINORITY INTEREST		14,306	(3,885)	(2,825)	1,405
Share of surplus attributable to minority interest	4	(4,295)	303	-	-
TOTAL COMPREHENSIVE INCOME TO THE EQUITY HOLDERS		10,011	(3,582)	(2,825)	1,405

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

WRC HOLDINGS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010

	Notes	Group		Parent	
		2010	2009	2010	2009
		$000	$000	$000	$000
Equity - opening balance as at 1 July		159,073	164,834	15,529	14,807
Shares Issued during the year		1,264	975	1,264	975
Total comprehensive before minority interest for the year		14,306	(3,885)	(2,825)	1,405
Dividends attributable to:					
Equity holders of the parent	12	(1,196)	(1,658)	(1,195)	(1,659)
Minority interest	4	(1,193)	(1,193)	-	-
Total dividends		(2,389)	(2,851)	(1,195)	(1,659)
Total recognised income and expenses for the period		11,919	(6,736)	(4,019)	(253)
Balance as at 30 June	3	172,256	159,073	12,774	15,529

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

WRC HOLDINGS LIMITED
BALANCE SHEET
AS AT 30 JUNE 2010

	Notes	Group 2010 $000	Group 2009 $000	Parent 2010 $000	Parent 2009 $000
EQUITY					
Issued and paid up capital	3	37,380	36,115	37,380	36,115
Retained earnings					
Capital reserve - CentrePort Limited		46,681	35,031	-	-
Operating surpluses/(deficits)		(1,105)	1,728	(24,606)	(20,586)
Total retained earnings	3	45,576	36,759		
Revaluation reserve		43,060	43,060	-	-
Minority interest	4	46,240	43,139	-	-
TOTAL EQUITY	3	172,256	159,073	12,774	15,529
Represented by:					
ASSETS					
Current Assets					
Cash and cash equivalents		299	211	1	1
Assets held for sale		148,107			
Debtors and other receivables	5	5,508	7,452	1,555	1,785
Taxation refund		228	1,119	-	-
Current account - Greater Wellington Regional Council	6	1,535	1,817	(557)	(143)
Current account - Port Investments Ltd		-		337	-
Current account - Pringle House Ltd	6	-	-	1,997	1,997
Inventories		1,121	1,092	-	-
Total Current Assets		156,798	11,691	3,333	3,640
Non Current Assets					
Investment properties	8	82,414	216,182	-	-
Investments	7	2,215	1,811	54,367	56,327
Other financial assets	14	459	5,439	457	1,251
Property, Plant & Equipment	9	236,155	220,290	-	-
Deferred tax	10	1,582	-	-	-
Intangible assets	16	641	959	-	-
Total Non Current Assets		323,466	444,681	54,824	57,578
TOTAL ASSETS		480,264	456,372	58,157	61,218
Less:					
LIABILITIES					
Current Liabilities					
Bank overdraft		-	-	-	-
Other financial liabilities	14	61	505	-	-
Trade and other payables		8,993	10,259	141	30
Borrowings	13	106,262	45,148	44,046	44,000
Dividend payable	12	1,928	2,121	1,196	1,659
Provision for subvention payments	10	1,007	895	-	-
Taxation payable	10	-	-	-	-
Deferred revenue		3,770	15,014	-	-
Provision for employee entitlements	11	2,243	2,194	-	-
Total Current Liabilities		124,264	76,136	45,383	45,689
Non Current Liabilities					
Borrowings	13	120,000	170,531	-	-
Other financial liabilities	14	4,837	1,682		
Deferred taxation liability		4,372	2,065	-	-
Deferred revenue		53,780	46,205		
Provision for employee entitlements	11	755	680	-	-
Total Non-Current Liabilities		183,744	221,163	-	-
TOTAL LIABILITIES		308,008	297,299	45,383	45,689
NET ASSETS		172,256	159,073	12,774	15,529

For, and on behalf of, the Board of Directors

Director ______________________ September 22, 2010

Director ______________________ September 22, 2010

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 2010

	Notes	Group 2010 $000	Group 2009 $000	Parent 2010 $000	Parent 2009 $000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash was Provided from:					
Receipts from Customers		65,118	56,443	-	-
Dividend Income Received		355	328	-	-
Income Taxation Received		5	22	-	-
Interest Income Received		-	-	1,840	2,342
GST -Received		605			
Cash was disbursed to:					
Payments to Suppliers and Employees		(34,490)	(33,484)	-	-
Income Taxation paid		-	(532)	-	-
Interest Expense paid		(10,352)	(8,481)	(1,840)	(2,342)
NET CASH FLOWS FROM OPERATING ACTIVITIES	17	21,241	14,296	-	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash was provided from:					
Proceeds from Sale of Property, Plant & Equipment		9	230	-	-
Investment in Joint Venture		-	-	-	-
Repayment of Loans by Associate Company		-		-	-
Cash was Applied to:					
Purchase of Property, Plant & Equipment		(14,389)	(53,169)	-	-
Development of Investment Properties		(15,146)		-	-
Subsidiary Company Shares				(1,264)	(975)
Purchase of Intangible Assets		(94)	(355)	-	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		(29,620)	(53,294)	(1,264)	(975)
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash was Provided from:					
Proceeds from Borrowings		10,726	41,600	46	-
Issue of Ordinary Shares		1,264	975	1,264	975
Movement in Current Account - Greater Wellington Regional Council		(1,254)	(3,040)	-	-
Cash was applied to:					
Settlement of Loans		-	-	-	-
Movement in current account - Greater Wellington Regional Council		(1,346)	-	(46)	-
Dividends Paid to Shareholders of the Company		(923)	(1,146)	-	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		8,467	38,389	1,264	975
Net Increase / (Decrease) in Cash, cash equivalents & bank overdraft at year end		88	(609)	-	-
Add Opening Cash, cash equivalents / (Overdraft) Brought Forward		211	820	1	1
CASH, CASH EQUIVALENTS & BANK OVERDRAFT AT YEAR END		299	211	1	1

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

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 New Zealand International Financial Reporting Standards (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.

Unless otherwise stated, all amounts are rounded to $000 and are expressed in New Zealand currency.

Basis of Preparation

The financial statements have been prepared on the basis of historical cost except for the revaluation of Operational Port Freehold Land, Investment Properties (Developed Investment Properties, Land Available for Development and Assets Held for Sale) and financial instruments as outlined below.

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 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 2010, the comparative information presented in these financial statements for the year ended 30 June 2009.

Specific Accounting Policies

The specific accounting policies adopted in the preparation of these financial statements, which materially affect the measurement of the statement of comprehensive Income, statement of movements in equity, balance sheet and cash flows are set out below:

1.1 Basis of Consolidation

The Group financial statements include WRC Holdings Ltd and its subsidiaries. The subsidiaries are accounted for using the purchase method which involves adding together corresponding assets, liabilities, revenues and expenses on a line by line basis. The associate companies are accounted for on an equity accounting basis, which shows the share of surplus/deficits in the Group's income statement and share of post acquisition increases/decreases in net assets in the Group's balance sheet.

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

The consolidated financial statements include the information and results of each subsidiary from the date on which the company obtains control and until such time as the company ceases to control such subsidiary.

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. Bank overdrafts

(b) Investing activities are those activities relating to the acquisition and disposal of Property, Plant and Equipment, Investment Property, Intangible Assets and Joint Ventures. Investments include securities not falling within the definition of cash.

(c) Financing activities are those activities that 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.

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

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

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

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

Income is stated exclusive of GST 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 and Pringle House is stated at valuation determined every three years by an independent registered valuer. This class of asset was revalued in 2010. 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 value of land is recognised in the financial statements of the Group and reviewed at the end of each reporting period to ensure that the carrying value of land is not materially different from its fair value. Any revaluation increase of operational port land is recognised in other comprehensive income and accumulated as a separate component of equity in the properties revaluation reserve, except to the extent it reverses a previous revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit and loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation is charged to the profit and loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

The remaining Property, Plant & 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 & 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 that have been incurred in bringing the assets to the location and condition necessary for their intended service. All these Property Plant & 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 three classes of investment properties:
Developed Investment Properties
Land Available for Development
Investment Property Held for Sale.

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

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

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

Lease incentives:
In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.7 Assets held for sale
Assets are classified as held for sale if their carrying amount will be recovered principally 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 is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Assets held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

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

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

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

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

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

1.10 Depreciation
There is no depreciation on capital works in progress and operational port land or investment properties, (developed investment properties, land available for development and assets held for sale). 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 20 years
Plant, vehicles and equipment	2 to 20 years
Rail rolling stock	5 to 35 years
Other assets	0 to 20 years

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

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

1.12 Investments
Investments in subsidiaries are 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.

1.121 Cash and cash equivalents
Cash and cash equivalents include cash on hand, deposit held at call with banks, other short term highly liquid investments with original maturities of 3 months or less.

1.13 Inventories
Inventories are valued at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Provision has been made for obsolescence where applicable. Apart from fuel stocks, inventories are held for maintenance purposes only.

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.

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

Cash flows are included in the cash flow statement on a net basis for GST purposes. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

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 risk to meet operational needs. These financial instruments include bank overdraft facilities, interest rate swap agreements and forward foreign exchange contracts. Interest rate swap agreements are used within predetermined policies and limits in order to manage interest rate exposure.

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.

In the Parent financial statements subsequent to initial recognition, investments in subsidiaries and joint ventures are measured at cost.

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 income statement

The Group has classified certain derivative instruments as financial assets at fair value through the income statement. The policy for these items is outlined in note 1.22

Loans and receivables

Cash and cash equivalents, trade receivables, loans, and other receivables are recorded at amortised cost using the effective interest method 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 period, where appropriate, to the net carrying amount of the financial assets or financial liability

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 statement.

1.23 Financial instruments issued by the company

Equity instruments

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

Dividends

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

1.24 Foreign Currency Transactions

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

1.25 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 Operations.

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.

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 - Standards & Interpretations Effective in the Current Period

Those with disclosure impact

• NZIAS 1 (revised): Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2009)

The revised standard has introduced a number of terminology changes (including revised titles for the condensed financial statements) and has resulted in a number of changes in presentation and disclosure. However, the revised Standard has had no impact on the reported results or financial position of the Parent and Group.

• Amendments to NZ IFRS 7 Financial Instruments – effective 1 Jan 09

The revised standard requires the fair value of financial instruments to be determined and disclosed on a hierarchical basis that reflects the significance of the inputs used in making the measurements.

Those with no impact

• NZ IAS 23 – Borrowing Costs – effective 1 Jan 09

• Amendments to NZ IFRS 2 Share Based Payments – effective 1 Jan 09

• Revised Amendments to NZ IAS 32 Financial Instruments: Presentation of Financial Statements – effective 1 Jan 09

• NZ IFRIC 17 'Distributions of Non-Cash Assets to Owners'

• NZ IFRIC 18 'Transfers of Assets from Customers'

• NZ IFRS 3 'Business Combinations' – revised 2008

• NZ IAS 27 'Consolidated and Separate Financial Statements' – revised 2008

• Amendments to NZ IAS 39 'Financial Instruments: Recognition and Measurement' – Eligible Hedged Items

Standards or interpretations in issue not yet effective

The following are the new or revised Standards or Interpretations in issue that are not yet required to be adopted for the period ending on 30 June 2010:

Standard/Interpretation	*Effective for annual reporting periods beginning on or after*	*Expected to be initially applied in the financial year ending*
Improvements to New Zealand Equivalents to International Financial Reporting Standards 2009	*	30 June 2011
Amendments to NZ IFRS 2 'Share-Based Payment' – Group Cash-Settled Share-Based Payment Transactions	1 January 2010	30 June 2011
Amendment to NZ IAS 32 'Financial Instruments: Presentation' – Classification of Rights Issues	1 February 2010	30 June 2011
Amendments to NZ IAS 24 'Related Party Disclosures'	1 January 2011	30 June 2012
NZ IFRS 9 'Financial Instruments'	1 January 2013	30 June 2014
NZ IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments'	1 July 2010	30 June 2011
Amendments to NZ IFRIC 14 'Prepayments of a Minimum Funding Requirement'	1 January 2011	30 June 2012

*The effective date and transitional provisions vary by Standard. Most of the improvements are effective for annual periods beginning on or after 1 January 2010, with earlier adoption permitted.
It is not expected that the above standards will have a material impact on the financial statements.

1.27 Changes in Accounting Policies
There have been no changes in accounting policies adopted in the last audited financial statements.

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 Instruments
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 Properties
Certain items of property, plant and equipment have been revalued to fair value at 30 June 2010. Investment Properties have been revalued to fair value at 30 June 2010. 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.

CentrePort estimates that $5.5 million of future infrastructure costs will be incurred to create investment property sites at Harbour Quays. These future costs have been taken into account when determining the fair value of investment properties at 30 June 2010.

In the process of applying the accounting policies, we have made judgements or estimates relating to the estimated useful life of property, plant and equipment. The judgements are disclosed in the notes to the Financial Statements.

NOTE 2

Operating Surplus before Subvention and Taxation

	Notes	Group 2010 $000	Group 2009 $000	Parent 2010 $000	Parent 2009 $000
Operating surplus before subvention and taxation		3,336	(578)	(2,825)	1,405
After Crediting:					
REVENUE					
CentrePort Income		45,444	44,580	-	-
Rental Income		10,161	12,382	-	-
Grants from Greater Wellington Regional Council		4,931	2,239	-	-
Equity accounted earnings of associate companies		758	542	-	-
Dividend Income from subsidiaries		-	-	1,402	1,778
Change in financial instrument fair value	14	(7,691)	1,065	(794)	1,251
Gain on sale of fixed assets		9	230	-	-
Interest revenue		80	69	1,840	2,342
Other revenue			(230)	(10)	-
Total Operating Revenue		53,692	60,877	2,438	5,371
Increase (decrease) in the value of Land available for development - CentrePort Ltd		1,692			
Increase (decrease) in the value of developed investment property - Pringle House Ltd		(1,702)	(6,578)	-	-
Increase (decrease) in the value of developed investment property - CentrePort Ltd		1,373	(4,468)	-	-
Change in value of Investment property		1,363	(11,046)	-	-
After Charging:					
Impairment of Assets		-	777	-	-
EXPENSES					
Amortisation	16	412	338	-	-
Bad debts written (back)\off		-	19	-	-
Change in provision for doubtful debts		13	126	-	-
Depreciation	9	9,570	6,904	-	-
Directors fees and expenses		357	387	8	8
Employee benefits expense		15,809	15,672	-	-
Energy costs (Pringle House only)		24	34	-	-
Fees paid to company auditors for:					
- Audit NZ: audit services		35	31	16	15
- Other auditor: audit services		95	95	-	-
- Other auditor: other assurance services		8	5	-	-
- Other auditor: tax services		74	48	37	14
Consultant and Professional fees		13	5	-	-
Insurance		333	278	5	5
Legal Fees		75	1		
Management fees		320	346	55	54
Maintenance		5,766	4,262	-	-
Rates		185	186	-	-
Rental and lease expenses		1,705	943	-	-
Writedown of investment property - Pringle House		-	-	3,225	1,505
Other operating expenses		11,989	11,471	77	23
Total Operating Expenses		46,783	41,151	3,423	1,624
Interest expense		10,415	12,499	1,840	2,342
Interest capitalised		(5,479)	(4,018)	-	-
Net interest		4,936	8,481	1,840	2,342
Operating Surplus before Subvention and Taxation		3,336	(578)	(2,825)	1,405

NOTE 3
Equity

	Notes	Group		Parent	
		2010	2009	2010	2009
		$000	$000	$000	$000
Ordinary Share Capital					
50,000,000 $1 shares, uncalled			-	-	-
34,541,100 $1 shares, fully paid		34,831	34,541	37,380	36,115
22,170,000 $1 shares, part paid to 7.1 cents		2,549	1,574		
Redeemable Preference Share Capital					
25,000 $1000 shares, paid to 1 cent		-	-	-	-
Total share capital		37,380	36,115	37,380	36,115
Revaluation Reserve					
Operational port land		43,060	43,060	-	-
Total Revaluation Reserve		43,060	43,060	-	-
Revaluation reserve brought forward		43,060	43,060	-	-
Transfer from operational port land		-	-	-	-
Gain on property valuation		-	-	-	-
Revaluation reserve carried forward		43,060	43,060	-	-
Retained Earnings / (Deficit) brought forward		36,760	42,001	(20,586)	(20,333)
Operating surplus after income tax		10,011	(3,582)	(2,825)	1,406
Transfer from operational port land		-	-	-	-
Dividends		(1,196)	(1,659)	(1,195)	(1,659)
Retained Earnings / (Deficit) carried forward		45,575	36,760	(24,606)	(20,586)
Minority Interest	4	46,241	43,138	-	-
Total Equity		172,256	159,073	12,774	15,529

NOTE 4

Minority Interest

	Group		Parent	
	2010	2009	2010	2009
	$000	$000	$000	$000
Opening minority interest	43,135	44,631	-	-
Minority share of operating surplus	4,295	(303)	-	-
Minority share of dividends paid or payable	(1,193)	(1,193)	-	-
Total Minority Interest	46,237	43,135	-	-

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

NOTE 5

Debtors & other receivables

	Group		Parent	
	2010	2009	2010	2009
	$000	$000	$000	$000
Trade receivables	4,960	6,065		-
Provisioning for doubtful debts	(12)	(182)	-	-
Other receivables	50	602	-	-
Prepayments	510	967	58	-
Shareholder subvention receivable	-	-	-	-
Interest receivable	-	-	95	7
Dividends receivable	-	-	1,402	1,778
Total Receivables and Prepayments	5,508	7,452	1,555	1,785

Provision of Doubtful debts

	Group		Parent	
	2010	2009	2010	2009
	$000	$000	$000	$000
Opening balance	182	214	-	-
Amounts written off during the year	(183)	(158)	-	-
Amounts recovered during the year			-	-
Increased in allowance recognised in Profit & Loss	13	126	-	-
Closing balance	12	182	-	-

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 .

Included in trade receivables are debtors with a carrying amount of $0.405 million which are past due at 30 June 2010. The Group believes that the amounts (net of doubtful debt provision) are recoverable.

Included in the allowance for doubtful debts are $12,000 of debtor balances where the respective company is in receivership or liquidation. Amounts written off during the year represent 0.3% of income.

NOTE 6

Current Accounts

	Group		Parent	
	2010	2009	2010	2009
	$000	$000	$000	$000
Current account - Pringle House Ltd	-	-	1,997	1,997
Current account - Greater Wellington Regional Council	1,535	1,817	(557)	(143)
Total Current Accounts	1,535	1,817	1,440	1,854

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
CentrePort Properties Limited	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

	Group		Parent	
	2010	2009	2010	2009
	$000	$000	$000	$000
Investments in Subsidiary Companies				
Investments are stated at the lower of cost and fair value and comprise				
Pringle House Ltd	-	-	7,529	10,753
Port Investments Ltd	-	-	-	-
Greater Wellington Rail Ltd	-	-	2,838	1,574
Greater Wellington Transport Ltd	-	-	-	-
Greater Wellington Infrastructure Ltd	-	-	-	-
Total investments in subsidiary companies	-	-	10,367	12,327
			-	-
Investment in Associate Companies - are stated :				
at the fair market value of net tangible assets				
at acquisition plus post acquisition increases in reserves				
Carrying Amount at Beginning of Year	1,811	1,597	-	-
Equity accounted earnings of associate companies	758	542	-	-
Dividends from joint ventures	(354)	(328)	-	-
Carrying Amount at End of Year	2,215	1,811	-	-
Other Investments - are stated :				
at the lower of cost and fair value				
Advance to subsidiary	-	-	44,000	44,000
Total investments	2,215	1,811	54,367	56,327

NOTE 8
Investment Properties

	Notes	Group 2010 $000	Group 2009 $000	Parent 2010 $000	Parent 2009 $000
Developed investment properties		47,991	186,734	-	-
Land available for development		34,423	29,448	-	-
Investment property held for sale		148,107			
TOTAL		230,521	216,182	-	-

Valuation
Investment properties are revalued every year and are valued in accordance with New Zealand Property Institute Practice Standard 3 – Valuations for Financial Reporting Purposes at fair value arrived at using comparable market rental information.

The Regional Council Centre at 142-146 Wakefield Street, Wellington was valued by Telfer Young (Wellington) Limited as at 30 June 2010. The valuation of The Regional Council Centre was $12.7 million (2009: $14.2 million).

CentrePort Investment properties were valued on 30 June 2010 by independent registered valuers of the firm Bayleys Property Services Limited. The CentrePort valuation assumes completion of the Harbour Quays Development plan as approved by the CentrePort Board and certain costs to complete the infrastructure development have been identified to reduce the valuation to the inspection date of 30 June 2010. The fair value of the investment property valued was $218 million (2009: $202 million).

Reconciliation of Movements in Investment Properties

	Group 2010 $000	Group 2009 $000	Parent 2010 $000	Parent 2009 $000
Developed investment properties brought forward	186,734	78,127	-	-
Additions (Disposals) to investment property	(12,512)	12,364	-	-
Transfer from (to) property plant & equipment	(2,024)	98,387	-	-
Transfer from (to) land available for development	(1,656)	4,302		
Transfer from (to) assets held for sale	(118,310)			
Classification correction	(4,114)			
Net change in the value of developed investment property	(127)	(6,446)	-	-
Developed investment properties carried forward	47,991	186,734	-	-
Land available for development brought forward	29,448	38,218	-	-
Transfer from (to) developed investment property	1,656	(4,302)		
Transfer from (to) property held for sale	(2,487)			
Classification correction	4,114			
Net change in the value of land available for development	1,692	(4,468)	-	-
Land available for development carried forward	34,423	29,448	-	-
Total Investment Property	82,414	216,182	-	-
Investment properties held for sale				
Additions (Disposals) to property held for sale	15,645			
Transfer from (to) developed investment property	118,310			
Transfer from (to) land available for development	2,487			
Transfer from (to) property plant & equipment	13,332			
Net change in the value of developed investment property	(1,667)			
Investment Property Held for Sale	148,107			
TOTAL	230,521			

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

NOTE 9

Property, Plant & Equipment

Group – 2010	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	Work In Progress	Rail Rolling Stock at cost	Total
Gross Carrying Amount							
	$000	$000	$000	$000	$000	$000	$000
Balance at 1 July 2009 *	76,344	96,845	39,843	9,915	26,640	25,363	274,950
Transfers	2,024	(13,332)	-	-	-	-	(11,308)
Additions	-	8,727	485	2,068	13,386		24,666
Disposals	-	-	-	(9)	-	-	(9)
Classification Correction	-	8,471	-	-	-	-	8,471
Adjustments from revaluation increases/decreases	3,609	-	-	-	-	-	3,609
Balance at 30 June 2010	81,977	100,711	40,328	11,974	40,026	25,363	300,379
Accumulated Depreciation/amortisation and impairment							
Balance at 1 July 2009	-	35,110	10,346	6,938	-	2,266	54,660
Transfers	-	-	-	-	-	-	0
Depreciation expense	-	3,624	1,939	704	-	3,303	9,570
Amortisation and impairment expense	-	-	-	-	-	-	-
Disposals	-	-	-	(6)	-	-	(6)
Balance at 30 June 2010	-	38,734	12,285	7,636	-	5,569	64,224
* includes discount on acquisition							
Net Book Value as at 30 June 2010	81,977	61,977	28,043	4,338	40,026	19,794	236,155

NOTE 9 Continued
Property, Plant & Equipment

Group – 2009	Operational Port and freehold land at fair value	Buildings, Wharves, and Pavings at cost	Cranes and Floating Equipment at cost	Property, Plant and Equipment at cost	Other Assets at cost	Rail Rolling Stock at cost	Total
Gross Carrying Amount	$000	$000	$000	$000	$000	$000	$000
Balance at 1 July 2008 *	76,344	148,944	39,851	8,272	8,887	25,363	307,661
Transfers	-	(99,476)	-	-	-	-	(99,476)
Additions	-	49,156	-	1,807	17,753	-	68,716
Disposals	-	(1)	(8)	(164)	-	-	(173)
Adjustments from revaluation increases/decreases	-	(1,778)	-	-	-	-	(1,778)
Balance at 30 June 2009	76,344	96,845	39,843	9,915	26,640	25,363	274,950
Accumulated Depreciation/amortisation and impairment							
Balance at 1 July 2008	-	34,136	8,393	6,488	-	998	50,015
Transfers	-	(1,089)	-	-	-	-	(1,089)
Depreciation expense	-	3,065	1,961	610	-	1,268	6,904
Amortisation and impairment expense	-	-	-	-	-	-	-
Disposals	-	(1)	(8)	(160)	-	-	(169)
Adjustments from revaluation increases/decreases	-	(1,001)	-	-	-	-	(1,001)
Balance at 30 June 2009	-	35,110	10,346	6,938	-	2,266	54,660
* includes discount on acquisition							
Net Book Value							
As at 30 June 2009	76,344	61,735	29,497	2,977	26,640	23,097	220,290

Impairment
The Directors have reviewed assets and tested for impairment. As a result, no impairment (2009 $777,000) has been recognised in the income statement.

Borrowing Costs Capitalised
During the year borrowing costs of $1.352 million (2009: $4.018 million) were capitalised. The weighted average capitalisation rate on funds borrowed was 5.99% (2009: 6.61%).

Investment Properties Work In Progress
Investment properties work in progress has been included within Investment Property under NZIAS 40. This balance was previously accounted for within Property, Plant and Equipment (sub category Buildings, Wharves and Paving) (2009: $12 million).

Valuation
Operational port freehold land is revalued every three years. On 30 June 2010 operational port freehold land was independently valued by registered valuers of the firm Bayleys Property Services Limited. 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 $82 million. Additions subsequent to the valuation are recorded at cost.

All other Property, Plant & Equipment are carried at cost less accumulated depreciation and any allowance for impairment.

The discount on acquisition of fixed assets amounting to $0.729m resulted from the purchase by Port Investments Ltd of 76.9% of CentrePort Ltd in 1998/99.

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

NOTE 10
Taxation

	Group		Parent	
	2010	2009	2010	2009
	$000	$000	$000	$000
(a) Income tax recognised in profit or loss				
Tax expense/(benefit) comprises:				
Current tax expense/(income)	1,644	(1,662)	-	-
Adjustments recognised in the current period in relation to the current tax of prior periods	(41)	(98)	-	-
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	2,224	2,816	-	-
Deferred tax expense arising from the write-down, or reversal of previous write-down, of a deferred tax asset	(397)	1,357	-	-
Tax expense/(benefit) relating to discontinued activities	(4,786)			
Impact of change in tax rate	263			
Impact of changes to building depreciation	4,289	-	-	-
Tax loss recognised	(1,582)			
Total Tax expense/(benefit)	**1,614**	**2,413**	**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:

	Group 2010	Group 2009	Parent 2010	Parent 2009
(Profit)/loss from operations	(3,336)	578	(2,825)	(1,406)
(Profit)/loss from discontinued operations	(1,524)	-	-	-
	(4,860)	578	(2,825)	(1,406)
Income tax expense/(benefit) calculated at 30%	1,458	(173)	848	422
Non-deductible expenses	500	4	(969)	452
Non-assessable income	-	2,054	421	(534)
Land and buildings reclassification	(3,656)	1,063	-	-
Tax effect of imputation credits	(155)	(554)	-	-
Temporary differences	462	-	-	-
Previously unrecognised and unused tax losses now utilised	(404)	(1,165)	-	(262)
Tax loss offsets from or subventions paid to Group companies	(302)	(346)	-	(78)
Unused tax losses and tax offsets not recognised	782	1,627	(280)	-
Impact of change in tax rate	263	-	(20)	-
Impact of changes to building depreciation	4,289			
	3,237	2,510	-	-
(Over)/under provision of income tax in previous period	(41)	(98)		
Tax loss recognised	(1,582)			
Total tax expense/(benefit)	**1,614**	**2,412**	-	-
Tax expense/(benefit)is attributable to:				
Continuing operations	6,400	2,412	-	-
Discontinued operations	(4,786)	-	-	-
	1,614	**2,412**	-	-

In May 2010, the Government announced, and passed into legislation, a reduction in the corporate tax rate from 30% to 28%, which will be effective from 1 July 2011 for the Parent and the Group. The effect of this change on the Parent and the Group's expected deferred tax position as at 30 June 2011 has been accounted for in the current year, with the effect recognised in the Statement of Comprehensive Income.

The Government also announced the removal of tax depreciation on buildings with a useful life of greater than 50 years, also effective from 1 July 2011 for the Parent and the Group. The effect of this change on the deferred tax balance has been accounted for and is reflected in the Statement of Comprehensive Income.

NOTE 10

Taxation - Continued

(b) Current tax assets and liabilities

	Group		Parent	
	2010	2009	2010	2009
	$000	$000	$000	$000
Current tax assets:				
Subvention receivable	-		-	-
Tax refund receivable	228	1,119	-	-
Other	-		-	-
	228	**1,119**	-	-
Current tax payables:				
Income tax payable attributable to:	-	-	-	-
Parent entity	-	-	-	-
Other	-	-	-	-
	-	-	-	-

(c) Deferred tax balances

	Group 2010 $000	Group 2009 $000	Parent 2010 $000	Parent 2009 $000
Deferred tax assets comprise				
Tax losses	-	-	-	-
Temporary differences	2,587	10,692	-	-
Other	-	-	-	-
	2,587	**10,692**	-	-
Deferred tax liabilities comprise:				
Temporary differences	6,959	12,756	-	-
	6,959	**12,756**	-	-

Taxable and deductible temporary differences arise from the following:

Group 2010	**Opening balance**	**Charged to income**	**Change in tax rate**	**Change in depreciation on buildings**	**Closing balance**
	$000	$000	$000	$000	$000
Cash and cash equivalents	-	-	-	-	-
Investment properties	(12,158)	3,609	158	2,057	(6,334)
Property, plant and equipment	5,743	385	(407)	(6,346)	(625)
Trade and other payables	1,240	(110)	(31)	-	1,099
Other financial liabilities	(598)	2,049	-	-	1,451
Revenue in advance	3,709	(3,709)	-	-	-
Other	-	-	37	-	37
Tax losses					1,582
Total	(2,064)	2,224	(243)	(4,289)	(2,790)

Group 2009	**Opening balance**	**Charged to income**	**Change in tax rate**	**Change in depreciation on buildings**	**Closing balance**
	$000	$000	$000	$000	$000
Cash and cash equivalents	-	-	-	-	-
Investment properties	(5,522)	(6,636)	-		(12,158)
Property, plant and equipment	5,546	197	-		5,743
Trade and other payables	1,168	72	-		1,240
Other financial liabilities	(580)	(18)	-		(598)
		3,709	-		3,709
Other	140	(140)	-		-
Total	752	(2,816)	-	-	(2,064)

NOTE 10
Taxation - Continued

Taxable and deductible temporary differences arise from the following:

Parent 2010	**Opening balance**	**Charged to income**	**Change in tax rate**	**Change in depreciation on buildings**	**Closing balance**
	$000	**$000**	**$000**	**$000**	**$000**
Total	-	-	-	-	-

Parent 2009	**Opening balance**	**Charged to income**	**Change in tax rate**	**Change in depreciation on buildings**	**Closing balance**
	$000	**$000**	**$000**	**$000**	**$000**
Total	-	-	-	-	-

	Group		**Parent**	
Unrecognised deferred tax balances	**2010**	**2009**	**2010**	**2009**
	$000	**$000**	**$000**	**$000**
The following deferred tax assets have not been brought to account as assets:				
Tax losses		(1,666)	(280)	-
Unused tax credits	-	-	-	-
Temporary differences	-	-	-	-
	-	(1,666)	(280)	-

Tax losses not recognised

WRC Holdings has a tax loss to carry forward to the 2011 income year of $0.977 million (2009: nil). The tax effect of these losses is $0.273 million (2009: nil).

Port Investments Limited has unrecognised tax losses of $4.651 million (2009 $5.552 million) available to be carried forward and to be offset against taxable income in the future. The tax effect of these losses is $1.302 million (2009: $1.666 million). These losses have been recognised in the Group.

The 2010 financial statements accrue a subvention payment for the utilisation of losses incurred by Greater Wellington Regional Council of $1.007 million (2009: $0.895 million) payable by Pringle House Limited. A subvention payment of $0.908 million was made during the year by Pringle House Limited relating to the 2009 net loss of Greater Wellington Regional Council that was utilised in that year.

The ability to carry forward tax losses is contingent upon continuing to meet the requirements of the Income Tax Act 2007.

(d) Imputation credit account balances	**Group**		**Parent**	
	2010	**2009**	**2010**	**2009**
	$000	**$000**	**$000**	**$000**
Balance at beginning of the period	11,649	10,747	449	476
Attached to dividends received	923	1,447	670	-
Taxation paid	-	731	-	-
Attached to dividends paid	(1,515)	(1,369)	(711)	(27)
Other adjustments	50	93		
Balance at end of the period	**11,107**	**11,649**	**408**	**449**

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

Parent company	408	449
Subsidiaries	10,699	11,200
	11,107	**11,649**

NOTE 11

Provision for Employee Entitlements

	Group 2010 $000	Group 2009 $000	Parent 2010 $000	Parent 2009 $000
Balance at beginning of year	2,874	2,784	-	-
Additional provision made	1,606	1,535	-	-
Amount utilised	(1,482)	(1,445)	-	-
Balance at End of Year	2,998	2,874	-	-
This is represented by:				
Current liability	2,243	2,194	-	-
Non-current liability	755	680	-	-
Balance at End of Year	2,998	2,874	-	-

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 5.3% (2009: 6.10%).

NOTE 12

Dividends Payable

	Group 2010 $000	Group 2009 $000	Parent 2010 $000	Parent 2009 $000
Proposed distributions:				
Proposed dividend to the Greater Wellington Regional Council	1,196	1,659	1,196	1,659
Proposed dividend to minority interest	732	462	-	-
Total Dividends Declared	1,928	2,121	1,196	1,659

NOTE 13

External Debt

	Group 2010 $000	Group 2009 $000	Parent 2010 $000	Parent 2009 $000
Bank loans - current	45,148	45,148	44,046	-
Bank loans - long term	181,114	170,531	-	44,000
Other debt	-	-	-	-
Total External Debt	226,262	215,679	44,046	44,000

The Parent has $44.4 million of Commercial Paper on issue which is supported by a $44 million bank facility with the Commonwealth Bank of Australia. The debt is secured by $50,000,000 of uncalled shares in favour of Greater Wellington Regional Council. The security is maintained by Trustee Executors. The interest rate charged on the facility as at 30 June 2010 was 3.63% p.a. (30 June 2009: 2.62% p.a.).

CentrePort has a unsecured banks loan facility of $203 million with renewal dates in 2010, 2011 and 2012. The facility can be repaid or drawn down until expiry. The interest rate charged on this facility as at 30 June 2010 ranged from 2.97% to 4.24% p.a. (2009: 2.96% to 3.79%). No collateral was required on lending, but CentrePort Limited has given the bank a negative pledge and there are therefore restrictions on the quantum of borrowing made.

CentrePort has $83m of facilities maturing in November 2010. The company will secure replacement facilities to meet ongoing capital structure needs taking account of capital receipts from the sale of assets held for sale.

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 at CentrePort and at each meeting of the WRC Holdings Board. In addition, CentrePort has established a Treasury Committee with independent Treasury advisors as a members. WRC Holdings Treasury activities are covered by Greater Wellington's Treasury Policy.

Fair values
The Group considers that the carrying amount of financial assets and financial liabilities (except borrowings) recorded in the financial statements approximates their fair values.

Fair value assumptions
Cash and cash equivalents, trade and other receivables, other financial assets, trade and other payables and other financial liabilities are either fair valued or approximate fair valued on the Balance Sheet.

The fair value for assets at amortised cost (including cash, trade and other receivables, trade and other payables and other financial liabilities) is determined by using discounted cashflow models incorporating market observable data for similar instruments.

Estimation of Fair Value of Financial Instruments
The fair value of financial instruments is determined on a hierarchical basis that reflects the significance of the inputs used in making the measurements. The fair value hierarchy is:
• Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
• Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
• Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Assumptions for valuation models are based on management's judgements and estimates. Changes in the assumptions used in these models and projections of future cash flows could affect the reported fair value of financial instruments.

Fair value measurements recognised in the balance sheet. All financial instruments recognised on CentrePort Limited's balance sheet at fair value sit within level 2.

Inter- group advances
The Parent 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 review 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 existing debt.

Externally imposed capital requirements

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

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 2010	Loan & Receivables	Derivatives classified as held for trading	Financial liabilities at amortised cost	Total
	$000	$000	$000	$000
Assets:				
Cash and cash equivalents	299	-	-	299
Trade and other receivables	4,546	-	-	4,546
Other financial assets	2,092	459	-	2,551
Total Financial Assets	6,937	459	-	7,396
Liabilities:				
Trade and other payables	-	-	8,993	8,993
Borrowings	-	4,898	226,262	231,160
Other financial liabilities	557	-	62,476	63,033
Total Financial Liabilities	557	4,898	297,731	303,186

Group 2009	Loan & Receivables	Derivatives classified as held for trading	Financial liabilities at amortised cost	Total
	$000	$000	$000	$000
Assets:				
Cash and cash equivalents	211	-	-	211
Trade and other receivables	5,518	-	-	5,518
Other financial assets	1,960	5,439	-	7,399
Total Financial Assets	7,689	5,439	-	13,128
Liabilities:				
Trade and other payables	-	-	10,260	10,260
Borrowings	-	2,187	215,679	217,866
Other financial liabilities	143	-	66,214	66,357
Total Financial Liabilities	143	2,187	292,153	294,483

Parent 2010	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	95	-	-	95
Other financial assets	1,997	457	45,402	47,856
Total Financial Assets	2,093	457	45,402	47,952
Liabilities:				
Trade and other payables	141	-	-	141
Borrowings	-	-	44,046	44,046
Other financial liabilities	557	-	1,196	1,753
Total Financial Liabilities	698	-	45,242	45,940

Parent 2009	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	7	-	-	7
Other financial assets	1,997	1,251	45,778	49,026
Total Financial Assets	2,005	1,251	45,778	49,034
Liabilities:				
Trade and other payables	30	-	-	30
Borrowings	-	-	44,000	44,000
Other financial liabilities	143	-	1,659	1,802
Total Financial Liabilities	173	-	45,659	45,832

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 Policy; ensuring optimal hedging strategies are applied, by either positioning the balance sheet or protecting interest expense through different interest rate cycles.

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. A 1% or 100 basis point (2009:1%) increase or decrease represents management's assessment of the possible change in interest rates

At reporting date, if interest rates had been 1% or 100 basis points higher or lower and all other variables were held constant, the Group's net profit would increase/decrease by $9,530,000 (2009: decrease/increase by $840,000). This is mainly attributable to CentrePort's exposure to fixed rate payer swap revaluations. The Group's sensitivity to interest rates has decreased during the current period due an increase in interest rate swaps. However interest rate swaps are revalued which had lead to a greater volatility in revaluation movement.

Interest Rate Swap Contracts

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 3.39% to 7.30% (2009: 4.15% to 7.30% p.a.) and maturities of:

Interest Rate Swap Agreements - Group		**Group**			
	Interest Rate %	**Face Value 2010 $000**	**Fair Value 2010 $000**	**Face Value 2009 $000**	**Fair Value 2009 $000**
Financial Assets					
Less than one year			-	-	-
One to two years		-	-		-
Two to five years	4.87			45,000	1,612
Greater than 5 years	5.76			40,000	341
Greater than 5 years	4.15			10,000	558
Greater than 5 years	4.54			10,000	693
Greater than 5 years	5.18			45,000	2227
Less than one year	3.39	20,750	2		
Two to five years	4.03	20,000	457		
Total Financial Assets		40,750	459	150,000	5,431
Financial Liabilities					
Less than one year	6.28			20,000	(505)
Two to five years	6.49			20,000	(1,217)
Greater than 5 years	5.99			25,000	(465)
Less than one year					
Two to five years	6.49	20,000	(1,207)		
Two to five years	4.87	45,000	(145)		
Greater than 5 years	5.99	25,000	(1,610)		
Greater than 5 years	5.76	40,000	(1,647)		
Greater than 5 years	5.18	45,000	(228)		
Total Financial Liabilities		175,000	(4,837)	65,000	(2,187)
Foreign Exchange contracts		-	-	-	-
Diesel contracts			(61)		8
Total Financial Instruments		215,750	(4,439)	215,000	3,252

Interest Rate Swap Agreements - Parent		**Parent**			
	Interest Rate %	**Face Value 2010 $000**	**Fair Value 2010 $000**	**Face Value 2009 $000**	**Fair Value 2009 $000**
Financial Assets					
Greater than 5 years	4.15			10,000	558
Greater than 5 years	4.54			10,000	693
Two to five years	4.15	10,000	167		
Two to five years	3.92	10,000	290		
Total Financial Assets		20,000	457	20,000	1,251

Note 14 (continued)

Maturity profile of financial instruments - group

The following table details the Group's exposure to interest rate risk at 30 June 2010 and 30 June 2009.

2010	Weighted Average Effective Interest Rate %	Variable interest Rate NZ $'000	Maturity Profile of Financial Instruments						Non interest Bearing	Total
			Less than one year $000	1-2 years $000	2-3 years $000	3-4 years $000	4-5 years $000	5+ years $000	$000	$000
Financial Liabilities:									-	-
Trade payables			8,993	-	-	-	-	-	8,993	8,993
Other payables			62,278	755	-	-	-	-	63,033	63,033
Debt - Parent	4.03%	3.22%	44,046	-	-	-	-	-	-	44,046
Debt - CentrePt	5.49%	3.10%	62,216	30,000	90,000	-	-	-	-	182,216
Total			177,533	30,755	90,000	-	-	-	72,026	298,288

2009	Weighted Average Effective Interest Rate %	Variable interest Rate NZ $'000	Fixed Maturity Dates						Non interest Bearing	Total
			Less than one year $000	1-2 years $000	2-3 years $000	3-4 years $000	4-5 years $000	5+ years $000	$000	$000
Financial Liabilities:										
Trade payables			10,260	-	-	-	-	-	10,260	10,260
Other payables			65,677	680	-	-	-	-	66,357	66,357
Debt - Parent	2.62%	2.62%	44,000	-	-	-	-	-	-	44,000
Debt - CentrePt	6.05%	2.08%	1,148	140,531	30,000	-	-	-	-	171,679
Total			121,085	141,211	30,000	-	-	-	76,617	292,296

WRC HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

Note 14 (continued)

Maturity Profile of Financial Instruments - Parent

The following table details the parents exposure to interest rate risk at 30 June 2010 and 30 June 2009.

2010	Weighted Average Effective Interest Rate %	Variable interest Rate NZ $'000	Fixed Maturity Dates						Non interest Bearing	Total
			Less than one year $000	1-2 years $000	2-3 years $000	3-4 years $000	4-5 years $000	5+ years $000	$000	$000
									-	-
Financial liabilities:									-	-
Trade payables			141	-	-	-	-	-	141	141
Other payables			1,753	-	-	-	-	-	-	1,753
Borrowings - WRCH	4.03%	3.22%	44,046	-	-	-	-	-	-	44,046
Total			45,940	-	-	-	-	-	141	45,940

2009	Weighted Average Effective Interest Rate %	Variable interest Rate NZ $'000	Fixed Maturity Dates						Non interest Bearing	Total
			Less than one year $000	1-2 years $000	2-3 years $000	3-4 years $000	4-5 years $000	5+ years $000	$000	$000
Financial Liabilities:										
Trade payables			30	-	-	-	-	-	30	30
Other payables			1,802	-	-	-	-	-	-	1,802
Borrowings - WRCH	2.62%	2.62%	44,000	-	-	-	-	-	-	44,000
Total			45,832	-	-	-	-	-	30	45,832

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. Maximum exposures to credit risk as at balance date are the carrying value of financial assets in the balance sheet.

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

Ageing past due trade receivables	Group		Parent	
	2010	2009	2010	2009
	$000	$000	$000	$000
1-30 days	319	512	-	-
30-60 days	51	345	-	-
60-60 days	8	104	-	-
90-120 days	27	89	-	-
Total	405	1,050	-	-

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.

There were no forward foreign currency (FC) contracts as at year end.

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 (2009: $1 million), New Zealand dollar Commercial Bill facilities of $203 million (2009: $203 million) and other borrowings of $Nil (2009: $Nil). Of these $181.2 million (2009: $170.50 million) had been drawn down by the Group at balance date.

CentrePort Limited has an unsecured facility agreement of $203 million with Westpac Banking Corporation with renewal dates in 2010, 2011 and 2012.

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

WRC Holdings has a $44 million term facility with Commonwealth Bank which expires in September 2012, and has recently requested the expiry date be extended by 1 year to September 2013.

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 2010 and 30 June 2009, assuming future interest cost on borrowings at 4.8% (2009: 6.10%) of the average debt for each period.

Group 2010	Cash Flows						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	$006
Financial liabilities							
Trade payables	8,993	-	-	-	-	-	8,993
Other payables	62,278	755	-	-	-	-	63,033
Other financial liabilities	966	979	821	492	454	1,422	5,134
Borrowings	114,611	35,040	92,160	-	-	-	241,811
Financial Assets							-
Other financial assets	154	154	154	154			616
Total	186,694	36,620	92,827	338	454	1,422	318,355

Group 2009	Cash Flows						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	$006
Financial liabilities							
Trade payables	10,260	-	-	-	-	-	10,260
Other payables	65,677	680	-	-	-	-	66,357
Other financial liabilities	816	330	350	372	283	307	2,458
Borrowings	55,199	149,911	30,688	-	-	-	235,798
Total	131,952	150,921	31,038	372	283	307	314,873

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 2010 and 30 June 2009, assuming future interest cost on borrowings at 4.8% (2009: 6.10%) of the average debt for each period.

Parent 2010	Cash Flows						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	$006
Financial liabilities							
Trade payables	141	-	-	-	-	-	141
Other payables	1,753	-	-	-	-	-	1,753
Borrowings	44,431	-	-	-	-	-	44,431
Financial Assets							
Other financial assets	153	153	153	153	-	-	612
Total	46,172	(153)	(153)	(153)	-	-	45,713

Parent 2009	Cash Flows						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	$006
Financial liabilities							
Trade payables	30	-	-	-	-	-	30
Other payables	1,802	-	-	-	-	-	1,802
Borrowings	44,671	-	-	-	-	-	44,671
Total	46,503	-	-	-	-	-	46,503

NOTE 15

Disclosure for lessees

Operating Leases

Operating leases relate to straddles and forklift trucks. The straddle lease is for a period of 10 years; the forklift truck lease terms are between 2 to 5 years, with an option to extend. All operating lease contracts contain market review clauses in the event that the CentrePort Limited exercises its option to renew. CentrePort Limited does not have an option to purchase the leased asset at the expiry of the lease period.

	Group		Parent	
	2010	2009	2010	2009
	$000	$000	$000	$000
Non-cancellable operating lease payments				
Not longer than 1 Year	1,323	1,619	-	-
Longer than 1 year and not longer than 5 years	4,763	4,930	-	-
Longer than 5 years	4,388	5,558	-	-
	10,474	12,107	-	-

Disclosure for lessors

Future minimum lease payments under non-cancellable operating lease are as follows:	Group		Parent	
	2010	2009	2010	2009
Non- cancellable operating lease receipts:	$000	$000	$000	$000
Not later than 1 year	17,573	14,021	-	-
Later than 1 year and no later than 5 years	66,545	37,164	-	-
Later than 5 years	79,252	73,854	-	-
	163,370	125,039	-	-

NOTE 16

Intangible Assets

Group 2010	Cost	Accumulated Amortisation	Total
	$000	$000	$000
Opening balance	4,006	(3,047)	959
Additions	94	-	94
Disposals			-
Amortisation	-	(412)	(412)
Closing balance	4,100	(3,459)	641

Group 2009	Cost	Accumulated Amortisation	Total
	$000	$000	$000
Opening balance	3,791	(2,849)	942
Additions	355	-	355
Disposals	(140)	140	-
Amortisation		(338)	(338)
Closing balance	4,006	(3,047)	959

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

NOTE 17

Reconciliation of surplus for the year with cash flows from operating activities

	Group		Parent	
	2010	**2009**	**2010**	**2009**
	$000	**$000**	**$000**	**$000**
Profit after tax before minority interest	2,226	(3,885)	(2,825)	1,405
Less Dividends declared	(1,196)	(1,659)	(1,196)	(1,659)
Add /(Less) Non Cash Items:				
Depreciation	9,570	6,904	-	-
Amortisation	412	338		
Impairment of fixed assets	-	777	-	-
(Gain)/loss on sale of property, plant & equipment	(9)	(230)	-	-
Gain on fair value movement financial instruments	7,691	(1,065)	794	(1,251)
Revaluation movements	102	10,914	3,224	1,505
Impairment of investments		-	-	-
Equity accounted earnings from associate companies	(404)	(217)	-	-
Deferred tax	2,307	2,816	-	-
(Increase)/decrease in value of investments	-	-	-	-
Bad debt expense	-	19	-	-
Change in provision for doubtful debt	13	126	-	-
Add /(Less) Movements in Working Capital:				
Accounts receivable	1,843	(590)	(146)	3
Accounts payable	(1,177)	(2,395)	112	(6)
Revenue in advance	8,695	15,780	-	-
Dividends receivable	-	-	376	(1,605)
Inventory	(29)	(424)	-	-
Borrowings	(106)	1,366	46	-
Taxation - refund	891	(1,354)	-	-
Taxation - provision		-	-	-
Greater Wellington Regional Council	(134)	(1,528)	-	42
Current account			(337)	(173)
Employee entitlements	124	90	-	-
Add /(Less) Items Classified as Investing and Financing Activities:				
Dividends paid/payable	(463)	1,595	(463)	1595
Shareholder Subvention payable	112	(136)		
Increase/(decrease) in current accounts relating to financing activities	1,716	1,620	415	144
Accounts Payable related to Property, Plant & Equipment	(10,625)	(15,541)	-	-
Increase in Share Capital	1,264	975	-	-
Interest Capitalised		-	-	-
Accounts Receivable related to Property, Plant & Equipment	-	-	-	-
Net Cash Inflows From Operating Activities	**22,823**	**14,296**	**-**	**-**
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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	
	2010	2009	2010	2009
	$000	$000	$000	$000
Greater Wellington Regional Council				
Interest income on inter company current accounts	66	86	-	-
Rental income received	(1,611)	(1,546)	-	-
Proposed dividend	(1,196)	(1,659)	(1,196)	(1,659)
Payment for management fees	(268)	(262)	(55)	(54)
Payment for rent and services, CentrePort	-	-	-	-
Payment for use of navigational facilities, CentrePort	(626)	(650)	-	-
WRC Holdings Subsidiaries				
Dividend income from Port Investments Ltd and Pringle House Ltd	-	-	1,402	1,778
Interest income on Port Investments Ltd advance	-	-	1,840	2,342
CentrePac Ltd				
Income received from rent and services performed.	378	307	-	-
Payment received for payroll and support services	(8)	13	-	-
Transport Systems 2000 Ltd				
Income received from rent and services performed	1,026	1,052	-	-
Payment received for payroll and support services	61	35	-	-
Payment for services performed	(34)	(28)	-	-
Wellington Port Coldstore Limited				
Income received from rent and services performed.	165	164		
Contribution to plant development	-	(12)		

During the year Subsidiary Companies charged by way of lease rentals $15.9 million to the Parent Company (2009: $17.3 million). During the year the Parent Company charged by way of a Management Fee $1.2 million to a Subsidiary Company (2009: $1.2 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):

	2010	2009
	$000	$000
Greater Wellington Regional Council and Subsidiaries	-	-
CentrePac Limited	4	1
Transport Systems 2000 Limited	18	7
Wellington Port Coldstore Limited	-	(12)

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

	2010	2009
	$000	$000
Short-term employee benefits	1,955	2,190
Post-employment benefits	-	-
Other long-term employee benefits	-	-
Total Key Management Personnel Compensation	1,955	2,190

NOTE 19
Contingent Liabilities

The following contingent liabilities existed at 30 June 2010:

Parent Company
The parent company has uncalled capital in Port Investments Ltd of $10,000,100 (2009: $10,000,100).
The parent company has uncalled capital in Greater Wellington Rail of $19,332,240 composed of 22,170,000 $1 shares unpaid to 87.2 cents and has reduced by 5.7c from 92.9 cents in 2009.

Subsidiary Companies

Capital Commitments

The following capital commitments existed at 30 June 2010:

Parent Company
The parent company has no capital commitments (2009: Nil).

Subsidiary Companies - CentrePort Ltd
At balance date commitments in respect of contracts for capital expenditure are $5.6 million (2009: $31.7 million) (Group) and $6.5 million (2009: $31.7 million) (Parent). This relates to the work being carried out on Thorndon and Dock wharves, and the development of the Customhouse building.

Subsidiary Companies - Pringle House Ltd
Estimated contractual commitments at balance date but not provided were $33,000 (30 June 2009:Nil).

Subsidiary Companies - Greater Wellington Rail Ltd
Estimated contractual commitments at balance date but not provided were $190,168,000 (2009: $205,000,826).

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

	Actual 2010 $000	**Target 2010 $000**	**Actual 2009 $000**
Net surplus before tax	12,846	7,758	10,468
Net surplus after tax	10,212	3,793	(3,885)
Earning before Interest tax and depreciation (EBITD)	27,352	28,246	25,565
Return on total assets	3.79%	3.7%	4.5%
Return on shareholder equity: **excluding** any increase in the value of investment property	11.02%	1.41%	6.1%
Return on shareholder equity: **including** any increase in the value of investment property	4.89%	1.41%	(3.0%)
Dividends	1,196	1,249	1,659

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 $12.8 million (budget $7.8million) for the year.

Net surplus after tax (before deduction of minority interest)
The net surplus after tax was $8.6 million (2009: $7.1 million). This was before any valuation or fair value movements which were $1m downward (2009: $11.0 million downward)

Earning before tax and depreciation (EBITD)
EBITD was $27.4 million (2009 $25.6 million) compared to a budget of $28.3 million. Comparing the EBITD to Net Surplus before tax reveals that lower interest cost is driving profitability.

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.

Dividends paid (or payable to the parent shareholders)
Dividend from the Group is $1.196 million (2009: $1.659 million).

NOTE 22

Discontinued Operations

The Board of Directors of CentrePort has announced a plan to dispose of a part interest in three of CentrePort's buildings in Harbour Quays. These assets have therefore been reclassified as investment property held for sale (note 8) and the revenue and expenses incurred in relation to these assets disclosed as discontinued operations. The results from discontinued operations are set out below.

		Group		Parent	
		2010	2009	2010	2009
	Notes	$000	$000	$000	$000
Profit for the Year from Discontinued Operations					
Rental Income		10,759	3,116	-	-
Operating Expenses:				-	-
Repairs & Maintenance		(198)	(85)	-	-
Utilities		(176)	(18)	-	-
Insurance & Rates		(1,590)	(57)	-	-
Other Operating Expenses		(125)	(12)	-	-
Total Operating Expenses		**(2,089)**	**(172)**	-	-
Interest Expense		(6,831)	(6,230)	-	-
Interest Capitalised		1,352	4,018	-	-
Net Interest Costs		**(5,479)**	**(2,212)**	-	-
				-	-
Increase/(Decrease) in the value of Assets Held for Sale	8	(1,667)	2,552	-	-
Profit Before tax		**1,524**	**3,284**	-	-
Attributable Income Tax	10	(4,786)	(402)	-	-
Profit for the Year from Discontinued Operations		**6,310**	**3,686**	-	-

NOTE 23

Subsequent Events

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

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 2010 fairly reflect the financial position and operations of the Company.

Director	______________________	September 22, 2010
Director	______________________	September 22, 2010
Chief Financial Officer	______________________	September 22, 2010