CentrePort Limited

HALF YEAR REPORT

December 2004

CentrePort Limited
DIRECTORY

Directors
N J Gould
B S Hams
J G Jefferies
E M M Johnson
W A Larsen
R M Peterson
R S Janes

Management
Liz Ward (Chief Executive Officer)
William Gorrie (Finance Business Manager)

Auditors
Deloitte, on behalf of the Auditor-General

Bankers
Westpac Institutional Bank

CentrePort Limited
CentrePort House
Hinemoa Street
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CentrePort Limited
Directors Report to Shareholders
For the six months ended 31 December 2004

Nigel J Gould
Chairman
24 February *2005*

CentrePort Limited
Consolidated Statement of Financial Performance
For the six months ended 31 December 2004 (Unaudited)

Year ended 30 June 2004 $000		Notes	6 Months to 31 December 2004 $000	6 Months to 31 December 2003 $000
40,196	**REVENUE**		22,657	19,989
(31,504)	Operating Expenses		(17,211)	(15,416)
8,692	**OPERATING SURPLUS BEFORE INTEREST**		5,446	4,573
(1,199)	Net Interest Expense		(841)	(665)
7,493	**OPERATING SURPLUS BEFORE TAXATION**	5	4,605	3,908
(2,294)	Taxation Expense	3	(1,474)	(1,236)
5,199	**SURPLUS AFTER TAXATION**	16	3,131	2,672

Consolidated Statement of Movements in Equity
For the six months ended 31 December 2004 (Unaudited)

Year ended 30 June 2004 $000		Note	6 Months to 31 December 2004 $000	6 Months to 31 December 2003 $000
64,421	**EQUITY - OPENING BALANCE**		133,854	64,421
5,199	**Surplus** after Taxation		3,131	2,672
67,094	Increase in Revaluation Reserves			
(2,860)	Dividends	4		
133,854	**EQUITY - CLOSING BALANCE**		136,985	67,093

For and **on** behalf of the Board of Directors

N J Gould - Chairman
24 February 2005

J G Jefferies - Director
24 February 2005

The Statement of Accounting Policies and Notes on pages 6 to 18 form part of these Financial Statements.

CentrePort Limited
Consolidated Statement of Financial Position
As at 31 December 2004 (Unaudited)

30 June 2004 $000		Notes	31 December 2004 $000	31 December 2003 $000
133,854	**EQUITY**	7	**136.985**	67.093
	Represented by:			
	ASSETS			
	Non Current Assets			
158,782	Fixed **Assets**	*8*	**165,466**	**88,908**
1,117	Future Taxation Benefit	**9**	**989**	**1,082**
0	Intellectual Property			**50**
2,285	Investments	**11**	**1,366**	**2,412**
162,184	**Total Non Current Assets**		**167,821**	**92,452**
	Current Assets			
-	Cash			
5,478	Receivables and Prepayments	**12**	**4,659**	**5,182**
370	Inventories		**457**	**341**
-	Investments	**11**	**1,000**	
621	Taxation Refund		**8**	**403**
6,469	**Total Current Assets**		**6,124**	**5,926**
168,653	**TOTAL ASSETS**		**173,945**	**98,378**
	Less:			
	LIABILITIES			
24,261	**Borrowings**	**13**	**30,515**	**25,515**
	Current Liabilities			
541	Bank Overdraft		**50**	**440**
6,365	Creditors and Accruals		**3,829**	**3,022**
1,260	Provision for Dividend	**4**		
2,372	Provision for Employee Entitlements	**14**	**2,566**	**2,308**
-	Tax Payable			
10,538	**Total Current Liabilities**		**6,445**	**5,770**
34,799	**TOTAL LIABILITIES**		**36,960**	**31,285**
133,854	**NET ASSETS**		**136,985**	**67,093**

The Statement of Accounting Policies and Notes on pages **6** to **18** form part of these Financial Statements.

CentrePort Limited
Consolidated Statement of Cash Flows
For the six months ended 31 December 2004 (Unaudited)

Year ended 30 June 2004 $000		Note	6 Months to 31 December 2004 $000	6 Months to 31 December 2003 $000
	CASH FLOWS FROM OPERATING ACTIVITIES			
	Cash was Provided from:			
39,189	Receipts from Customers		22,813	19,011
249	Dividends Received		35	35
320	Interest Received		60	83
348	Income Taxation Received		143	
	Cash was Disbursed to:			
(24,449)	Payments to Suppliers and Employees		(17,731)	(14,146)
(1,386)	Restructuring Costs Paid		(413)	(887)
-	Income Taxation Paid		*(550)*	(825)
(2,749)	Subvention Paid		(326)	(264)
(1,473)	Interest Paid		(840)	(724)
10,049	**NET CASH FLOWS FROM OPERATING ACTIVITIES**	16	3,191	2,283
	CASH FLOWS FROM INVESTING ACTIVITIES			
	Cash was Provided from:			
454	Proceeds from Sale of Fixed Assets		384	409
200	Repayment of Advance from Associate Companies		75	125
	Cash was Applied to:			
(8,615)	Purchase of Fixed Assets - Other		(1,858)	(3,432)
-	Purchase of Fixed Assets – Stats Building		(6,230)	
-	Intellectual Property			*(50)*
(7,961)	**NET CASH FLOWS FROM INVESTING ACTIVITIES**		(7,629)	(2,948)
	CASH FLOWS FROM FINANCING ACTIVITIES			
	Cash was Provided from:			
546	Proceeds from Term Borrowing		6,189	1,800
	Cash was Applied to:			
-	Settlement of Loans and Advances			
(3,400)	Dividends Paid		(1,260)	(1,800)
(2,854)	**NET CASH FLOWS FROM FINANCING ACTIVITIES**		4,929	
(766)	Net Increase / (Decrease) in Cash Held		491	(665)
225	Add Opening Cash / (Overdraft) Brought Forward		(541)	225
(541)	**ENDING CASH / (OVERDRAFT) CARRIED FORWARD**		(50)	(440)

The Statement of Accounting Policies and Notes on pages 6 to 18 form part of these Financial Statements.

CentrePort Limited
Notes to the Financial Statements
For the six months ended 31 December 2004 (Unaudited)

NOTE 1

Statement of Accounting Policies

Reporting Entity

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

Consolidated financial statements for Centreport Limited (the "Group") are presented. The financial statements comprise statements of the following: financial performance; movements in equity; financial position; cash flows; as well as notes to these statements contained on pages 6 to 18 of this half year report. The financial statements and group financial statements of CentrePort Limited are presented in accordance with the Companies Act **1993** and the Port Companies Act **1988** and have been prepared to comply with the Financial Reporting Act 1993.

General Accounting Policies

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

Specific Accounting Policies

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

1.1 Revenue

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

1.2 Fixed Assets

The Group has seven classes of fixed assets:

Operational Port Freehold Land
Developed Investment Properties
Developed Investment Properties - WIP
Undeveloped Investment Properties
Buildings, Wharves and Paving
Cranes and Floating Plant
Plant, Vehicles and Equipment

Operational port freehold land is stated at valuation determined every three years by an independent registered valuer. The basis of valuation is highest and best use. Any increase in the value on revaluation is recognised directly against equity unless it offsets a previous decrease in value recognised in the Statement of Financial Performance, in which case it is recognised in the Statement of Financial Performance. A decrease in the value on revaluation is recognised in the Statement of Financial Performance where it exceeds the increase previously recognised in equity.

Developed investment property and undeveloped investment property are stated at valuation determined every year by an independent registered valuer. The basis of valuation is open market value based on each property's highest and best use. Any increase in value on revaluation is recognised directly in equity unless it offsets a previous decrease in value recognised in the Statement of Financial Performance, in which case it is recognised in the Statement of Financial Performance. A decrease in value is recognised in the Statement of Financial Performance where it exceeds the increase previously recognised in equity.

CentrePort Limited
Notes to the Financial Statements
For the six months ended 31 December 2004 (Unaudited)

Where an investment property is disposed of, the gain or **loss** recognised in the Statement of Financial Performance is the difference between the sale price and the carrying amount of the property. Investment properties are not depreciated.

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

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

1.3 Leased Assets

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

1.4 Depreciation

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

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

1.5 Investments

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

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

1.6 Receivables

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

1.7 Inventories

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

1.8 Income Taxation

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

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

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

CentrePort Limited
Notes to the Financial Statements
For the six months ended 31 December 2004 (Unaudited)

1.9 Basis of Consolidation

The consolidated financial statements include the Parent Company and its Subsidiaries. Subsidiaries are those entities controlled directly or indirectly by the Parent Company. The financial statements of subsidiaries are included in the consolidated financial statements using the purchase method. Associates are entities in which the Group has significant interest, but not control, over the operating and financial policies. The Associate Companies are accounted for **on** an equity accounting basis. The Group's share of the net surplus of Associate Companies is recognised as a component of revenue in the Statement of Financial Performance. Dividends received from Associate Companies are credited to the carrying amount of the investment in Associate Companies.

All significant inter-company transactions are eliminated **on** consolidation.

1.10 Provision for Employee Entitlements

A provision for employee entitlements is recognised as a liability in respect of benefits earned by employees but not yet received 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 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.

1.11 Provision for Dividends

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

1.12 Statement of Cash Flows

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

(a) Cash is considered to be cash on hand and current accounts in banks, net of bank overdrafts.

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

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

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

1.13 Financial Instruments

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

1.14 Changes in Accounting Policies

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

CentrePort Limited
Notes to the Financial Statements

For the six months ended 31 December 2004 (Unaudited)

NOTE 2

Financial Statements

The financial statements for the *six* month periods ended 31 December 2004 and 31 December 2003 are unaudited.

NOTE 3

Taxation

Year ended 30 June 2004 $000		6 Months to 31 December 2004 $000	6 Months to 31 December 2003 $000
	Taxation Expense		
	The Income Taxation Expense has been calculated as follows:		
7,493	Surplus before Taxation	**4,605**	3,908
2,473	Income Taxation on the Surplus for the Period at 33%	**1,520**	1,290
	Taxation Effect of		
72	- Permanent Differences	**11**	12
(127)	- Timing Differences not Recognised	**(40)**	**(49)**
(93)	Benefit of Imputation Credits Received	**(17)**	(17)
2,325	Current Period Taxation Expense	**1,474**	1,236
(31)	Prior Period Adjustments		
2,294	**Taxation Expense**	**1,474**	1,236
	The Taxation Expense is represented by:		
(526)	Current Period Taxation	**1,020**	716
71	Future Taxation Benefit	**128**	256
2,749	Subvention Payments	**326**	264
2,294	**Taxation Expense**	**1,474**	1,236

NOTE 4

Dividends

Year ended 30 June 2004 $000		6 Months to 31 December 2004 $000	6 Months to 31 December 2003 $000
1,600	Interim Distributions: Dividend Paid on Ordinary Shares		
1,260	Final Distributions: Dividend Payable on Ordinary Shares		
2,860	**Total Dividends Paid or Payable**		

CentrePort Limited
Notes to the Financial Statements
For the six months ended 31 December 2004 (Unaudited)

NOTE 5

Surplus before Taxation

Year ended 30 June 2004 $000		Note	6 Months to 31 December 2004 $000	6 Months to 31 December 2003 $000
7,493	**Surplus** before Taxation		**4,605**	3,908
	REVENUE			
334	Equity Accounting Earnings of Associate Companies	**6**	**191**	173
183	Gain on Sale of Fixed Assets			7
321	Interest Received		**80**	83
	After Charging:			
	EXPENSES			
12	Bad Debts Written Off		**12**	
45	Change in Provision for Doubtful Debts		**24**	52
	Depreciation:			
0	- Freehold Land			
2,589	- Buildings, Wharves and Paving		**1,291**	1,324
807	- Cranes and Floating Plant		**424**	417
979	- Plant, Vehicles and Equipment		**649**	642
210	Directors Fees		**125**	90
	Fees paid to Group Company Auditors for:			
49	- Audit Services		**40**	22
76	- Other Assurance Services			36
42	- Consultancy Services			43
634	Fixed Asset Written Off			
1,518	Interest Expense		**840**	748
629	Rental and Lease Expenses		**378**	276
823	Restructuring Costs		**55**	276

NOTE 6

Equity Accounted Earnings of Associate Companies

Year ended 30 June 2004 $000		Note	6 Months to 31 December 2004 $000	6 Months to 31 December 2003 $000
503	Share of Earnings of Associate Companies before Taxation		**285**	*255*
(169)	Taxation		**(94)**	(82)
334	Equity Accounted Earnings of Associate Companies after Taxation	5	**191**	173

CentrePort Limited
Notes to the Financial Statements
For the six months ended 31 December 2004 (Unaudited)

NOTE 7

Equity

30 June 2004 $000		31 December 2004 $000	31 December 2003 $000
	Equity includes:		
	Issued and Paid Up Capital		
30,000	23,424,657 ordinary shares	**30,000**	30,000
67,094	**Revaluation Reserve**	**67,094**	
36,760	**Retained Earnings**	**38,091**	37,093
133,854	**Total Equity**	**135,185**	67,093

NOTE 8

Fixed Assets

Net Book Value 30 June 2004 $000		Cost $000	Accumulated Depreciation $000	Net Book Value 31 December 2004 *$000*	Net Book Value 31 December 2003 $000
60,390	Operational Port Freehold Land	60,390		**60,390**	35,539
24,056	Developed Investment Properties	24,056		**24,056**	
0	Developed Investment Properties - WIP	6,401		**6,401**	
24,453	Undeveloped Investment Properties	24,453		**24,453**	
34,632	Buildings, Wharves and Paving	60,458	24,997	**35,461**	38,783
10,986	Cranes and Floating Plant	16,857	6,154	**10,703**	11,001
4,265	Plant, Vehicles and Equipment	13,080	9,078	**4,002**	3,585
158,782	**Total Fixed Assets**	205,695	40,229	**165,466**	88,908

On 30 June 2004 the Group and Parent reclassified fixed assets creating new classes of fixed assets for operational port freehold land, developed investment properties and undeveloped investment properties.

On 30 June 2004 operational port freehold land, developed investment properties and undeveloped investment properties were independently valued by Mr AG Stewart and Mr AP Washington, registered valuers with DTZ New Zealand Limited. The valuations were based on the assets highest and best use. All other fixed assets are valued at cost less accumulated depreciation.

CentrePort Limited
Notes to the Financial Statements
For the six months ended 31 December 2004 (Unaudited)

NOTE 9

Future Taxation Benefits

30 June 2004 $000		31 December 2004 $000	31 December 2003 $000
1,338	Opening Balance	1,117	1,338
(71)	Current Period Movement	(128)	(256)
(150)	Prior Period Adjustments		
1,117	**Closing Balance**	989	1,082
	Taxation Balances Not Recognised		
6,073	Taxation Effect of the Differences between the Accounting and Taxation Treatment of Depreciation	6,073	6,049

A deferred tax asset has not been recognised in the financial statements in relation to timing differences in the Group from the difference between accounting and tax depreciation on the basis that there is no virtual certainty of the realisation of that asset.

NOTE 10

Imputation Credit Account

30 June 2004 $000		31 December 2004 $000	31 December 2003 $000
4,062	Opening Balance	2,824	4,062
1,128	Imputation Credits Attached to Dividends Received	17	1,051
(1,675)	Imputation Credits Attached to Dividends Paid	(621)	(887)
(691)	Income Taxation Payment	733	825
2,824	**Closing Balance**	2,953	5,051
	Imputation credits available to the shareholders of the Parent Company as at **31** December **2004** are:		
2,824	Through direct shareholding in the Parent Company	2,953	5,051
615	Through indirect interests in Subsidiaries	641	341

CentrePort Limited
Notes to the Financial Statements
For the six months ended 31 December 2004 (Unaudited)

NOTE 11

Investments

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

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

30 June 2004 $000		Note	31 December 2004 $000	31 December 2003 $000
	Investment in Associate Companies			
1,049	Opening Balance of Carrying Amount		**1,135**	1,049
334	Equity Accounted Earnings of Associate Companies	**6**	**191**	173
-	Acquisition of Shares			
-	Disposal of Shares			
(248)	Dividends from Associate Companies		**(35)**	(35)
1,135	Closing Balance of Carrying Amount		**1,291**	1,187
	Advances			
1,000	Interest Bearing Advance		**1,000**	1,000
150	Advance to Associate Company		**75**	225
1,150			**1,075**	1,225
2,285	**Total Investments**		**2,366**	2,412
	Maturity of Investments			
-	Current Portion		**1,000**	
2,285	Term Portion		**1,366**	2,412
2,285	**Total Investments**		**2,366**	2,412

The interest bearing advance is secured by debenture, mortgage and guarantees. Other investments are unsecured.

NOTE 12

Receivables and Prepayments

30 June 2004 $000		31 December 2004 $000	31 December 2003 $000
4,062	Trade Receivables	**3,852**	4,381
1,416	Prepayments and Other Receivables	**807**	801
5,478	**Total Receivables and Prepayments**	**4,659**	5,182

CentrePort Limited

Notes to the Financial Statements
For the six months ended 31 December 2004 (Unaudited)

NOTE 13

Borrowings

30 June 2004 $000		31 December 2004 $000	31 December 2003 $000
24,100	Bank Borrowing	**30,450**	25,300
161	Other Borrowing	**65**	215
24,261	**Total Borrowings**	**30,515**	25,515

The bank loan facility is unsecured. The interest rate charged on the facility as at 31 December 2004 ranged from 6.78% to 7.14% p.a.

Other borrowing is unsecured with repayments due, 1 May 2005 of $53,750 and, 1 May 2006 of the remaining balance. There is no interest charged on this borrowing.

NOTE 14

Provision for Employee Entitlements

30 June 2004 $000		31 December 2004 $000	31 December 2003 $000
2,892	Opening Balance	**2,372**	2,892
1,476	Additional Provision Made	**626**	438
(1,996)	Amount Utilised	**(432)**	(1,022)
2,372	**Closing Balance**	**2,566**	2,308

The provision for employee entitlements relates to employee benefits such as redundancy provisions, accrued annual 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.

CentrePort Limited
Notes to the Financial Statements
For the six months ended 31 December 2004 (Unaudited)

NOTE 15

Financial Instruments

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

Fair Values

The estimated fair value of the forward interest rate swap agreements is $125,000, (Carrying Value $Nil) and the forward interest rate collar agreements is ($14,000), (Carrying Value $Nil). The estimated fair values of all other financial instruments of the Group are the carrying amounts of the financial instruments.

Interest Rate Risk

Interest rate risk is the risk that the value of the Group's assets and liabilities will fluctuate due to changes in market interest rates. The Group is exposed to interest rate risk primarily through its cash balances and advances, bank overdrafts and borrowings. To minimise this risk, management monitors the levels of market interest rates on an on going basis and uses forward rate, swap agreements and collar agreements to hedge interest rates when rates are anticipated to rise. At balance date the Group had entered into the following forward rate and swap agreements that had interest rates ranging from 6.66% to 6.75%p.a. and maturities of

30 June 2004 $000		31 December 2004 $000	31 December 2003 $000
7,500	Less than One Year	7,500	2,500
2,500	One to Two Years	3,000	7,500
8,000	Two to Three Years	5,000	3,000

At balance date the Group had entered into the following forward interest rate collar agreements will a floor rate of 6.25%p.a. and a cap rate of 7.10%p.a and maturities of:

30 June 2004 $000		31 December 2004 $000	31 December 2003 $000
-	Less than One Year	5,000	-
-	One to Two Years	5,000	-
-	Two to Three Years	5,000	-

Credit Risk

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

30 June 2004 $000		31 December 2004 $000	31 December 2003 $000
4,062	Receivables	3,852	4,381
1,150	Advances	1,075	1,225

No collateral is held on the above amounts except for those disclosed in Note 11.

CentrePort Limited
Notes to the Financial Statements

For the six months ended 31 December 2004 (Unaudited)

Concentrations of Credit Risk

The Group's major concentration of credit **risk** is in respect to its $1,075,000 term investments. The Group is not exposed to any other concentrations of credit **risk.**

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 facilities of $1,000,000 (December 2003: $1,000,000 and June 2004: $1,000,000) and New Zealand dollar Commercial Bill facilities of $55,000,000 (December 2003: $40,000,000 and June 2004: $40,000,000) and other borrowings of $65,000 (December 2003: $215,000 and June 2004: $161,000). Of these $30,565,000 (December 2003: $25,515,000 and June 2004: $24,261,000) had been drawn down by the Group at balance date.

NOTE 16

Reconciliation of Surplus after Taxation with Cash Flows from Operating Activities

Year ended 30 June 2004 $000		6 Months to 31 December 2004 $000	6 Months to 31 December 2003 $000
5,199	**Reported Surplus after Taxation**	**3,131**	2,672
	Add (Less) Non Cash Items:		
4,375	Depreciation	**29364**	2,383
(183)	Gain on Sale of Assets		(7)
634	Fixed Assets Written Off		
(85)	Equity Accounted Earnings from Associate Companies	**(156)**	(138)
221	Future Taxation Benefit	**128**	256
	Add (Less) Movements in Working Capital:		
(658)	Accounts Receivable	**819**	(362)
839	Accounts Payable	**(2,342)**	(2,568)
(85)	Inventory	**(87)**	(56)
(328)	Taxation	**613**	(110)
	Add (Less) Items Classified as Investing and Financing Activities:		
(264)	Accounts Payable related to Fixed Assets	**(895)**	214
384	Accounts Receivable related to Fixed Assets	**(384)**	
10,049	**Net Cash Inflow from Operating Activities**	**3,191**	2,283

CentrePort Limited
Notes to the Financial Statements
For the six months ended 31 December 2004 (Unaudited)

NOTE 17

Related Parties

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

Year ended 30 June 2004 $000		6 Months to 31 December 2004 $000	6 Months to 31 December 2003 $000
	Greater Wellington Regional Council and Subsidiaries		
25	Income Received from Rent and Services Performed	**3**	8
(677)	Payment for Use of Navigational Facilities and Other Services	**(292)**	(276)
	Medical Waste (Wellington) Limited		
47	Income Received from Interest, Rent and Services Performed	**14**	14
(167)	Waste Disposal Expenditure	**(63)**	(72)
	CentrePac Limited		
173	Income Received from Rent and Services Performed	**99**	88
-	Payment for use of equipment	**(4)**	
	Transport Systems 2000 Limited		
393	Income Received from Rent and Services Performed	**233**	196
	Payment for Services Performed	**(33)**	**(6)**

Subvention payments were made to Greater Wellington Regional Council and its subsidiaries totalling **$326,181** (December 2003: $264,000 and June 2004: $2,749,000).

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

NOTE 18

Operating Leases

30 June 2004 $000		31 December 2004 $000	31 December 2003 $000
	Lease commitments for non-cancellable operating leases as at balance date were:		
485	Less than One Year	**459**	462
278	One to Two Years	**256**	84
600	Two to Three Years	**497**	122
19363		**1,212**	668

CentrePortLimited
Notes to the Financial Statements
For the six months ended 31 December 2004 (Unaudited)

NOTE 19

Contingent Liabilities

At balance date there were two claims against the group.

1) A party has commenced litigation disputing the level of the Group's charges and is seeking some reimbursement of charges paid. The Group has lodged counter claims against this party for breach of contract in respect of charges that have been withheld. The charges determined by the Group as appropriate, are included within trade receivables (Note 12) at balance date. Professional advice indicates that the Group has no significant further exposure to this claim.
2) **A** party has commenced litigation claiming that the group has provided an unsafe work environment. Professional advice indicates that the Group has no significant exposure to this claim.

NOTE 20

Capital Commitments

At balance date there were commitments in respect of contracts for capital expenditure of $15,275,000 (December 2003: $532,000 and June 2004: $20,692,000).

NOTE 21

Segment Information - 6 months to 31 December 2004

	Port Operations $000	Property $000	Group $000
Revenue	**20,304**	**2,353**	**22,657**
Surplus after Taxation	**2,793**	**338**	**3,131**
Total Assets	**110,807**	**54,659**	**165,466**

CentrePort Limited operates in the property and port operations segments. All operations are carried out within New Zealand.