

WAITAKERE PROPERTIES LIMITED

YEAR END REVIEW 30 June 2008

Financial and Operational

Waitakere Properties is vehicle that allows Council to secure a commercial focus on strategic property outcomes in the City. Thus, the activities of the Company are primarily focused on its role as Trustee for Council in the management and development of the properties held in the Trust Accounts.

The principal activities for the year were as follows:

- o Leasing of Central one taking occupancy to 93.3%
- o Construction and completion of the Keeling Road subdivision
- o Developing the Comprehensive Development Plan for Hobsonville
- o Taking Wilsher Village redevelopment plans to resource consent stage
- o Marketing Central 2 to prospective tenants
- o Reviewing plans and feasibilities for apartments and a hotel at Waitakere Central
- o Working on the New Lynn town centre redevelopment plan

Development work is cyclical and following a major period of construction at several sites the last year has primarily been focused on planning and consenting in preparation for new projects.

Fee income for WPL is derived from four sources: trust accounts management, rental income, interest and consulting/director fees. The income from Development Management, Property Management and Construction Management in the Trusts was \$673,679. Rental income from Hobsonville was \$315,572 with a head lease rental expense of \$296,000. Consulting income totalled \$71,363 and interest income was \$192,542. The company also was reimbursed costs relating to external consultants for Wilsher Village of \$202,486. Total income was \$1,469,893.

Operating expenses totalled \$1,457,819 yielding a surplus of \$12,074 for the year.

Properties Administered under Trust Declarations

As at 30 June 2008, the company administers 10 trust accounts totalling \$31.2m in book value, as shown below.

<u>Trust Account</u>	<u>Reason</u>	<u>Book Value (\$M)</u>
Waitakere Central	Town Centre Redevelopment, Mixed Use	\$12.1
Hobsonville	Economic Development – Support marine industry	\$7.6
Keeling Road	Economic Development – provide industrial lots	\$7.6
Totara Avenue	Town Centre Redevelopment	\$1.9
Old New Lynn Hotel	Historic redevelopment	\$0.0
Greenbay	Residential Development	\$0.6
New Lynn Carpark	Residential Development	\$0.8
Ambrico Place	Residential Development	\$0.6
Henderson Valley Studios	Economic Development – Support film industry	\$0.0
Harbourview	Residential Development	\$0.0
Total		<u>\$31.2</u>

During the 2007/2008 financial year, the company made distributions as shown below:

<u>Trust Account</u>	<u>Distribution</u>	<u>Reason</u>
Keeling Road	\$ 532,000	Interest Payment
Henderson Studios	\$4,900,000	Sale of Studios and final surplus from operations
Totara Ave	\$ 135,800	Interest Payment

In addition the company assisted with development advice on Wilsher Village and New Lynn Town Centre. The company will close the Henderson Valley Studio trust account in July 2008.

A brief report on each trust account follows

Waitakere Central

The first office building, Central one, totalling 2,385m² of leaseable office and retail space was completed in February 2007. As at 30 June 2008 we are pleased to report that 100% of the office space and 74% of the retail space is leased for a total occupancy of 93.3%.

Central 1 will now deliver an increasing rental stream back to the trust account which will in the first instance fully service the loan for construction, and following built in rental increases, provide a surplus cash flow to Council. One of the two remaining retail shops was leased in July 2008 and our goal is to have the building fully occupied by year end.

The cash construction cost for Central 1 was \$6.3 million. The overall value is estimated at \$8.2 million and the total cost (including an allocation of land and startup costs) is \$7.1 million giving a notional profit of \$1.1 million or 15%.

Consideration is now being given to whether Central one should be held or sold. WPL is actively pursuing an anchor tenant to allow the commencement of Central two. The company has also been pursuing apartment and hotel developments for the site.

Hobsonville

Twelve hectares of land is being managed under declaration of trust by WPL for the development of an international quality marine precinct. This land is part of the 20 hectares zoned for marine use.

Over the past year WPL has investigated a number of technical items including the launching methodology, transport systems, building systems, as well as advancing the master plan. All this information is being fed into the Comprehensive Development Plan (CDP) for the marine precinct which is due for lodgement in the third quarter of 2008. In addition to this we have held a request for proposals for joint venture partners and are in continuing discussions with three parties.

Our goal is to lodge the CDP in the third quarter of 2008 and, consent dependent, commence earthworks in 2009.

Totara Avenue Shops

The Totara Avenue Shops are being managed for eventual redevelopment once the rail undergrounding is complete. The shops are fully tenanted and meeting the interest cost of acquisition.

Keeling Road

WPL commenced and completed the civil works for this brownfields industrial subdivision in the last year creating new industrial land for business expansion in Henderson. Four of the seven sections were pre-sold with one of the investment properties sold by tender for total receipts of

AF7

\$5.5 million. These properties will settle upon issue of title allowing us to repay the trust account deficit (\$2.2 million), pay remaining expenses of \$800,000 (including levies and reserve contributions to WCC of \$650,000) and make a distribution of \$2.5 million.

WPL will then hold the three remaining sections and the Salthouse investment property until such time as WCC directs that they be sold. The net investment in the trust account will be approximately \$4 million which can be serviced from the rental income being received.

Henderson Valley Studios

The sale of the land and buildings at Henderson Valley Studios was completed in late 2007 when the new stage was finished and opened by the Prime Minister.

WPL has distributed \$900,000 in surplus funds this financial year (over and above the \$6 million distributed from the sale which was invested in the studio JV company) and is in the process of closing the trust account.

Henderson Valley Studios represents a successful intervention in the marketplace by Council, WE and WPL to retain an asset vital to the strategically important film industry in Waitakere. The trust account met all goals attracting private sector capital to build a new studio and we also made a financial surplus from the trust account.

Ambrico Place, New Lynn

The residual landholding at Ambrico place has been conditionally sold to an apartment developer. Settlement is due upon suitable presales and all necessary consents issuing from WCC. The developer has had numerous discussions with WCC urban design and consent staff and has not yet lodged the resource consent documentation.

Godley Road, Greenbay

The two properties acquired are in a holding patten pending the acquisition of the property in the middle of these properties. This site adjoins an under-utilised reserve and Council's pensioner housing development at Godley and is a prime redevelopment site.

Hugh Brown Carpark, New Lynn

Development plans were put on hold pending the under grounding of the rail line and the acquisition of the Totara Avenue development opportunity.

Old New Lynn Hotel, New Lynn

WPL received this property during the year with a request to develop the site and retain the historic property. Plans have been developed for the site but due to the deteriorating condition of the building WCC issued an emergency demolition order and demolished the building. The property will now be offered back to the prior owners under the PWA. The trust account has a negative cash balance of \$143,000 which will need to be cleared should the property not be developed by WPL.

Other Activities

WPL continues to put a significant amount of time into the redevelopment of Wilsher Village. This development meets a number of Council goals and will be a major redevelopment

opportunity in 2009/2010 following the LTCCP consultation. WPL intends to apply for resource consent for the retirement village in late 2008.

Board and Management

Nicole Humphries joined WPL as our property manager and John Worley was assigned to work directly for Prime West, the studio JV company. Harry O'Rourke joined the Board during the year and Bryan Taylor took on the role of Chair from 1 July 2007.

Summary

Waitakere Properties Limited continues to focus on its twin goals of town centre redevelopment and being a facilitator of economic growth. The company also identifies and assists with the acquisition of significant landholdings and working with Council on strategic projects. The trust account remains the most effective vehicle for delivering focused property outcomes in an effective manner for Waitakere City.

G Parker
CEO

WAITAKERE PROPERTIES LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED

30 JUNE 2008

WAITAKERE PROPERTIES LIMITED

CONTENTS

	<u>PAGE No</u>
AUDITORS REPORT	1-3
STATEMENT OF RESPONSIBILITY	4
COMPANY DIRECTORY	5
YEAR IN REVIEW	6
STATUTORY INFORMATION	7-8
STATEMENT OF FINANCIAL PERFORMANCE	9
STATEMENT OF FINANCIAL POSITION	10
STATEMENT OF MOVEMENTS IN EQUITY	11
STATEMENT OF CASH FLOWS	12
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES	13-20
NOTES TO THE FINANCIAL STATEMENTS	21-32
STATEMENT OF SERVICE PERFORMANCE	33-34
PROPERTIES HELD PURSUANT TO THE TERMS OF A DECLARATION OF TRUST AS AT 30 JUNE 2008 AND BENEFICIALLY OWNED BY WAITAKERE CITY COUNCIL	35-36

WAITAKERE PROPERTIES LIMITED

STATEMENT OF RESPONSIBILITY

FOR THE YEAR ENDED 30 JUNE 2008

The Board and management of Waitakere Properties Limited accept responsibility for the preparation of the annual Financial Statements and the judgements used in them.
The Board and management of Waitakere Properties Limited accepts responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and non financial reporting.

In the opinion of the Board and management of Waitakere Properties Limited the annual Financial Statements for the year ended 30 June 2008 fairly reflect the financial position and operations of Waitakere Properties Limited.

CHAIRPERSON
30 September 2008

DIRECTOR
30 September 2008

WAITAKERE PROPERTIES LIMITED **COMPANY DIRECTORY**

NATURE OF BUSINESS

Property development and project consultancy

REGISTERED OFFICE

2nd Floor Central One Building,
4 Henderson Valley Road
Henderson,
WAITAKERE CITY

DIRECTORS

Mr R.W. Jewell
Mr R.M. Noakes
Mr H.O'Rourke
Mr N. Ranford
Mr B. Taylor (Chairman)

CHIEF EXECUTIVE

Mr G. Parker

BANKERS

A.S.B Bank Limited
350 Great North Road
HENDERSON

AUDITORS

Audit New Zealand on behalf of the Auditor-General

SOLICITORS

Corban Revell
19 Alderman Drive
HENDERSON

CAPITAL

2,300,000 Ordinary Shares of \$1.00 each fully paid.

SHAREHOLDER

Waitakere City Holdings Limited 2,300,000

WAITAKERE PROPERTIES LIMITED
THE YEAR IN REVIEW

FOR THE YEAR ENDED 30 JUNE 2008

Company Activities

The business of the Company is property development and project consultancy.
The nature of the Company's business has not changed during the year under review.

RESULTS AT A GLANCE

Revenue for the period	2008 1,469,893
Expenses for the period	1,463,703

Net Surplus (after tax) at 30 June 2008	<u>6,190</u>
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The state of the Company's affairs as at 30 June 2008

Assets Totalled	<u>2,737,388</u>
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These were represented by:-

Company Equity at 1 July 2007	2,482,973
Plus current surplus (After Tax)	6,190
Company Equity at 30 June 2008	<u>2,489,163</u>

Liabilities of	<u>248,225</u>
	<u>2,737,388</u>

RESULTS AT A GLANCE

Revenue for the period	2007 1,177,320
Expenses for the period	1,171,526

Net Surplus (after tax) at 30 June 2007	<u>5,794</u>
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The state of the Company's affairs as at 30 June 2007

Assets Totalled	<u>2,629,121</u>
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These were represented by:-

Company Equity at 1 July 2006	2,477,179
Plus current surplus (After Tax)	5,794
Company Equity at 30 June 2007	<u>2,482,973</u>

Liabilities of	<u>146,148</u>
	<u>2,629,121</u>

Donations

The Company has made no donations during the year.

WAITAKERE PROPERTIES LIMITED
STATUTORY INFORMATION

FOR THE YEAR ENDED 30 JUNE 2008

Likely Developments

The Company will continue to provide services to the Waitakere City Council in respect of the Harbour View Estate, New Lynn, Totara Ave Shops, Waitakere Central, Hobsonville and New Lynn Hotel.

Directors

Mr R.W.Jewell
Mr R.M.Noakes
Mr H.O'Rouke
Mr N.Ranford
Mr B.Taylor (Chairman)

ENTRIES MADE IN THE INTERESTS REGISTER

Interests In Transactions

During the year there have been no transactions entered into by the Directors of the Company which would require disclosure.

Use of Company Information by Directors

The Board received no notices during the year from Directors requesting to use Company information received in their capacity as Directors which would not otherwise be available to them.

Shareholding by Directors

No Director acquired or disposed of any interest in shares in the Company during the year.

Remuneration and other benefits to Directors

There have been no :-
Payments for services except those stated in note 15, page 29.
Compensation for loss of office,
Loans by the Company to a Director,
Guarantees given by the Company for debts incurred by a Director,
Entering of contracts to do any of the above.

Indemnity and Insurance:Directors and Employees

The Company has taken insurance for any Director and Employee in respect of any liability for any act or omission in his or her capacity as a Director or Employee.

A25

WAITAKERE PROPERTIES LIMITED
STATUTORY INFORMATION
FOR THE YEAR ENDED 30 JUNE 2008

Approved Directors Remuneration (Director Fees and Allowances)

	<u>ANNUAL</u>
Mr R.W.Jewell	25,000
Mr R.M.Noakes	25,000
Mr H.M.O'Rouke (Appointment April 2008)	25,000
Mr B.Taylor (Chairman)	40,000
Mr B.Taylor (Travel Allowance - reimbursement)	3,000
Mr N.Ranford	25,000
	<u>143,000</u>

For services and other benefits refer to note 15 page 29

	<u>PAID</u>
Mr R.W.Jewell	25,000
Mr R.M.Noakes	25,000
Mr H.M.O'Rouke (Appointment April 2008)	6,250
Mr B.Taylor (Chairman)	40,000
Mr B.Taylor (Travel Allowance - reimbursement)	2,982
Mr N.Ranford	25,000
	<u>124,232</u>

Recommended Dividend

The Directors recommend that no dividend be paid.

Donations

The Company has made no donations during the year.

Changes in Accounting Policies

There are no changes in Accounting Policies.

Auditors Remuneration

Auditing Fees	\$22,513 (Net of GST)
Other Services	\$Nil

For and on behalf of the Company.

Chairman _____

Director _____

A26

Date: 30 September 2008

Page 8

A27

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2008

<u>2007</u>	<u>INCOME</u>	<u>NOTE</u>	<u>2008</u>
213,000	DEVELOPMENT FEES		376,000
100,000	CONSTRUCTION FEES		15,000
138,504	PROPERTY MANAGEMENT		131,678
51,000	TRUST MANAGEMENT		151,001
168,481	INTEREST		192,542
190,740	OTHER INCOME		288,100
315,595	RENTAL		315,572
<u>1,177,320</u>	<u>TOTAL INCOME</u>	<u>1</u>	<u>1,469,893</u>
	<u>EXPENSES</u>		
108,833	BOARD EXPENSES		124,232
451,795	EMPLOYEE BENEFIT COSTS	<u>2</u>	600,483
34,156	OCCUPANCY COSTS		51,673
571,096	OPERATIONAL COSTS		681,431
<u>1,165,880</u>	<u>TOTAL EXPENDITURE</u>	<u>3</u>	<u>1,457,819</u>
<u>11,440</u>	<u>NET OPERATING SURPLUS BEFORE TAXATION</u>		<u>12,074</u>
5,646	TAX EXPENSE	<u>5</u>	5,884
-			-
<u>5,794</u>	<u>NET SURPLUS AFTER TAXATION</u>		<u>6,190</u>
<u>177,179</u>	<u>ACCUMULATED SURPLUS AT START OF YEAR</u>		<u>182,973</u>
<u>182,973</u>	<u>ACCUMULATED SURPLUS AT END OF YEAR</u>		<u>189,163</u>

This Statement should be read in conjunction with the Statement of Accounting Policies and the Notes to the Financial Statements

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2008

<u>2007</u>		NOTE	<u>2008</u>
2,355,750	CURRENT ASSETS		
49,660	CASH AND CASH EQUIVALENTS	4	2,453,911
112,703	CURRENT TAX	6	40,398
	TRADE AND OTHER RECEIVABLES	6	161,615
<u>2,518,113</u>	TOTAL CURRENT ASSETS		<u>2,655,924</u>
	NON CURRENT ASSETS		
69,096	PROPERTY, PLANT AND EQUIPMENT	7	60,957
37,434	INTANGIBLE ASSETS	8	14,681
4,078	FUTURE TAX BENEFIT	5	5,426
400	SHARES IN ASSOCIATE	9	400
<u>111,008</u>	TOTAL NON CURRENT ASSETS		<u>81,464</u>
<u>2,629,121</u>	TOTAL ASSETS		<u>2,737,388</u>
	CURRENT LIABILITIES		
73,790	TRADE AND OTHER PAYABLES	10	224,640
72,358	EMPLOYEE BENEFIT LIABILITIES	10	23,585
<u>146,148</u>	TOTAL CURRENT LIABILITIES		<u>248,225</u>
<u>2,482,973</u>	NET ASSETS		<u>2,489,163</u>
	SHAREHOLDERS EQUITY	11	
2,300,000	AUTHORISED,ISSUED AND PAID UP CAPITAL		2,300,000
	<i>2,300,000 ORDINARY SHARES OF \$1.00 EACH</i>		
	All shares carry equal voting rights and the right to share in any surplus on winding up of the Company.No shares carry fixed dividend rights.		
182,973	ACCUMULATED SURPLUS AT YEAR END		<u>189,163</u>
<u>2,482,973</u>	TOTAL EQUITY ATTRIBUTABLE TO THE COMPANY		<u>2,489,163</u>

For and on behalf of the Company

Chairman _____

Director _____

Date: 30 September 2008

This Statement should be read in conjunction with the Statement of Accounting Policies and the Notes to the Financial Statements

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

<u>2007</u>		NOTE	<u>2008</u>
2,477,179	BALANCE AT 1 JULY	11	<u>2,482,973</u>
5,794	Surplus / (deficit) for the year		<u>6,190</u>
<u>3,458</u>	Total recognised income/ (expense) for the year ended attributable to the Company		<u>6,190</u>
<u>2,482,973</u>	BALANCE AT 30 JUNE		<u>2,489,163</u>

This Statement should be read in conjunction with the Statement of Accounting Policies and the Notes to the Financial Statements

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STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2008

<u>2007</u>	<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		<u>2008</u>
		NOTE	
988,208	Receipts from customers		1,278,744
168,341	Interest received		144,332
-	Goods and Services Tax (net)		-
<u>1,156,549</u>			<u>1,423,076</u>
451,795	Payments to employees		600,483
614,188	Payments to suppliers		692,801
53,703	Goods and Services Tax (net)		13,739
<u>1,119,686</u>			<u>1,307,023</u>
<u>36,863</u>	<u>NET CASH FROM OPERATING ACTIVITIES</u>	12	<u>116,053</u>
	<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
(400)	Purchase of Shares		0
(35,066)	Purchase of Property, Plant and Equipment		(16,892)
(3,600)	Intangible Assets		(1,000)
<u>(39,066)</u>	<u>NET CASH FROM INVESTING ACTIVITIES</u>		<u>(17,892)</u>
<u>(2,203)</u>	<u>Net (decrease) / increase in cash, cash equivalents and bank overdrafts</u>		<u>98,161</u>
<u>2,357,953</u>	Cash, cash equivalents and bank overdrafts at the beginning of the year		2,355,750
<u>2,355,750</u>	Cash, cash equivalents and bank overdrafts at the end of the year	4	<u>2,453,911</u>

The GST (Net) component of operating activities reflect the net GST paid and received with the Inland Revenue Department. The GST (Net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

This Statement should be read in conjunction with the Statement of Accounting Policies and the Notes to the Financial Statements

WAITAKERE PROPERTIES LIMITED
Notes to the Financial Statements
SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Company is registered under the Companies Act 1993.
The Company is wholly owned by the Waitakere City Holdings Ltd, a subsidiary of Waitakere City Council.
The Company is a Council Controlled Trading Organisation as defined in Sec.6 of the Local Government Act 2002.

The Financial Statements have been prepared in accordance with the Financial Reporting Act 1993, Companies Act 1993 and the Local Government Act 2002.

The business of the Company is property development and project consultancy.
The Waitakere City Council is the ultimate controlling party of the Company.

The financial statements of the Company are for the year ended 30 June 2008.
The financial statements were authorised for issue by the Board of Directors on the 28 September 2008.

BASIS OF PREPARATION

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ,GAAP), applying the Framework for Differential Reporting for entities adopting the New Zealand equivalents to International Financial Reporting standards (NZ IFRS), and it's interpretations as appropriate to profit-orientated entities that qualify for and apply differential reporting concessions.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements have been prepared on a historical cost basis.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional currency of the Company is New Zealand dollars.

Any standards, interpretations, and amendments applicable to the Company that have been issued, but are not yet effective, have been adopted in preparing the financial statements.

BASIS OF PREPARATION (Continued)

Associates

Waitakere Properties Limited accounts for an investment in an associate using the equity method. An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. The investment in an associate is initially recognised at cost and the carrying amount is increased or decreased to recognise the Company's share of the surplus or deficit of the associate after the date of acquisition. The company's share of the surplus or deficit of the associate is recognised in the Company's statement of financial performance. Distributions received from an associate reduce the carrying amount of the investment.

If the Company's share of an associate equals or exceeds its interest in the associate, the Company discontinues recognising its share of further deficits. After the Company's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate reports surpluses, The Company will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

The Company's share in the associate's surplus or deficits resulting from unrealised gains on transactions between the Company and its associates is eliminated.

The Company's investment in Prime West Management Limited is carried at cost in the Company's own "parent entity" financial statements.

DIFFERENTIAL REPORTING CONCESSIONS

The size of the organisation qualifies the Company under the New Zealand Institute of Chartered Accountants reporting framework. The criteria for qualification is any two of the following:-

- Total revenue not exceeding \$20.0 million,
- Total assets not exceeding \$10 million
- Exceeding more than 50 full time employees.

The Company presently meets all the criteria.

The Company qualifies for Differential Reporting exemptions as it has no public accountability as defined in the Financial Reporting Act 1993.

All concessions have been taken advantage of except for:-
NZ IAS 7 Cash Flow Statements,
NZ IAS 12 Income Taxes.

WAITAKERE CITY COUNCIL - PROPERTY TRUSTS

Commercial property and property for development owned by the Waitakere City Council is legally vested in Property Trusts and Waitakere Properties Limited is appointed as Council's sole Trustee. Under the Declaration of Trust, Waitakere Properties Limited acting as Trustee is obliged to develop and market properties to the best commercial advantage and to return to Waitakere City Council any surplus or deficit on the Property Trust operations.

REVENUE

Revenue is measured at the fair value of consideration received.

Revenue from the sale of goods and services is recognised in the statement of financial performance when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs, or where there is continuing management involvement with the goods and services.

Interest income is recognised using the effective interest method.

Management fees received from Waitakere City Council Property Trusts constitute a significant source of funding to the Company.

Rental Income is recognised in the period in which it relates.

Interest income is recognised using the effective interest method.

EXPENSES

ADVERTISING COSTS

Advertising costs are expensed when the related service has been rendered.

BORROWING COSTS

Borrowing costs are recognised as an expense in the period in which they are incurred.

TAXATION

Income Tax

The income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantially enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is recognised on taxable temporary differences arising on employee holiday pay.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the assets is realised, using tax rates that have been enacted or substantially enacted by balance date.

Current tax and deferred tax is charged or credited to the statement of financial performance, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

Goods and Services Tax

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax than it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Fringe Benefit Tax

The Company is liable for Fringe Benefit Tax.

LEASES

Finance Leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an assets, whether or not title is eventually transferred.

At the commencement of the lease term, the Company recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The amount recognised as an asset is depreciated over its useful life.If there is no certainty as to whether the Company will obtain ownership at the end of the lease term, the assets is fully depreciated over the shorter of the lease term and its useful life.

Operating Leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Lease incentives received are recognised in the statement of financial performance over the lease term as an integral part of the total lease expense.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand,deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings as a current liability in the statement of financial position.

TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original term of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows using the effective interest method.

INVESTMENTS

Trading Bank Deposits

Investments in bank deposits are initially measured at fair value plus transaction costs.

After initial recognition investments in bank deposits are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the statement of financial performance.

At each balance sheet date the Company assesses whether there is any objective evidence that an investment is impaired. Any impairment losses are recognised in the statement of financial performance.

Investments in shares

Shares held for trading are classified as current assets and are stated at fair value, with any resulting gain or loss recognised in the statement of financial performance.

Other share investments held by the Company are classified as available for sale and are stated at fair value, with any resulting gain or loss recognised directly in equity, except for impairment losses. When these investments are derecognised, the accumulative gain or loss previously recognised directly in equity is recognised in profit or loss.

The fair value of shares is their cost price or quoted bid price at statement of financial position date.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are shown at cost, less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Company and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

Disposals

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposal are included in the statement of financial performance.

PROPERTY, PLANT AND EQUIPMENT (Continued)

Subsequent Costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation

Depreciation is provided on a straight line basis on all property, plant and equipment at rates that will write off the cost of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Motor Vehicles	4 to 5 years (21.6%)
Office Equipment	2 to 10 years (10.2% - 48%)

These rates are in accordance with the Income Tax Act.

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

INTANGIBLE ASSETS

Software Acquisition

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with the development and maintenance of the Company's website are recognised as an expense when incurred.

Amortisation

Computer software licenses are amortised on a straight-line basis over their useful life of 2 to 3 years. Amortisation begins when the asset is available for use and ceases at the date that the asset is disposed of.

The amortisation charge for each period is recognised in the statement of financial performance.

Amortisation rates are in accordance with the Income Tax Act.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets with a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the would, if deprived of the asset, replace its remaining future economic benefits or service potential.

A37

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the statement of financial performance.

EMPLOYEE BENEFITS

Short Term Benefits

Employee benefits that the Company expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

The Company recognises a liability for sick leave to the extent that compensated absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent the Company anticipates it will be used by staff to cover those future absences.

Longterm Benefits

Entitlements that are payable beyond 12 months, such as long service leave and retiring leave are calculated on an actuarial basis.

The calculations are based on:

Likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and the present value of the estimated future cash flows.

A discount interest rate together with a rate for an inflation factor is used to establish the discount factor.

The discount rate is based on the Reserve Bank of New Zealand end of year (June 2008) base lending rates plus the Reserve Bank of New Zealand consumer price index at year end (June 2008).

These two values make up the discount factor for net present value (NPV) calculations.

PROVISIONS

The Company recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, if it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

BORROWINGS

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these financial statements the Company has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including

expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Page 19

Property, Plant and Equipment useful lives and residual values

At each balance date the Company reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires the Company to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the Company, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset, therefore impacting on the depreciation expense recognised in the statement of financial performance, and carrying amount of the asset in the statement of financial position. The Company minimises the risk of this estimation uncertainty by:

- Physical inspection of assets;
- Asset replacement programs;
- Review of second hand market prices for similar assets; and
- Analysis of prior asset sales.

The Company has not made significant changes to past assumptions concerning useful lives and residual values.

The carrying amounts of property, plant and equipment are disclosed in note 7, page 24.

CRITICAL JUDGEMENTS IN APPLYING THE COMPANY'S ACCOUNTING POLICIES

The Directors must exercise their judgement when recognising contract income to determine if conditions of the contract have been satisfied. This judgement will be based on the facts and circumstances that are evident for each revenue contract.

WAITAKERE PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

2007

2008

NOTE 1

Revenue Summary

502,504	Trust Account Fees	673,679
315,595	Rent	315,572
168,481	Interest	192,542
5,437	Other Consulting fees	71,363
174,553	Investigation & Other Recoveries / Income	202,486
10,750	Other Income	14,251
1,177,320		1,469,893

Trust Account Fees

213,000	Development Fees	376,000
100,000	Construction Fees	15,000
138,504	Property Management fees	131,678
51,000	Trust management Fees	151,001
502,504		673,679

Housing Corporation licence (Hobsonville)

315,595	Rental	315,572
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Waitakere Properties limited ("Licensee")has an agreement with the Hobsonville Land Company Ltd as representative of Housing New Zealand Corporation as agent for the Crown for the use of land and facilities for a specified purpose on a limited term basis.

Property is located at Hobsonville, Auckland.
 (Refer note 13.)

WAITAKERE PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 2

Employee Benefit costs

454,954	Salary and wages	576,898
(3,159)	Increase/ (decrease) in employee benefit liabilities	23,585
<u>451,795</u>		<u>600,483</u>

NOTE 3

Other expenses

14,874	Audit fees for financial statement audit	22,513
841	Interest & Bank Servicing Fees	1,012
108,833	Director Fees & Allowances	124,232
1,041,332	All Other Expenses	1,310,062
<u>1,165,880</u>		<u>1,457,819</u>

NOTE 4

Cash and cash equivalents

87,946	Cheque Account	129,403
250,188	Call Account (2007/08 ASB rate - 6.75% to 8.00%)	223,395
2,017,616	Term Account (30 Day term)	1,101,113
	Term Account (1 Year term)	1,000,000
	(2007/08 ASB rate - 7.93% to 8.03%)	
<u>2,355,750</u>	Net cash, cash equivalents and bank overdrafts for the purposes of the statement of cash flows.	<u>2,453,911</u>

The carrying value of short-term deposits with maturity dates of three months or less approximates their fair value.

NOTE 5

Relationship between tax expense and accounting profit

<u>11,440</u>	Surplus / (Deficit) Before Tax	<u>12,074</u>
3,775	Prima facie taxation @ 33%	3,984
1,871	Taxation effect of non deductible expenditure	1,900
<u>5,646</u>	Tax expense	<u>5,884</u>
	<u>Components of tax expense</u>	
5,646	Current Tax	5,884
(53)	Deferred Tax	1,348
<u>5,593</u>	Income Tax expense	<u>7,232</u>

WAITAKERE PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 5 (Continued)

Deferred tax assets / (liabilities)

4,131	Balance at 1 July	4,078
(53)	Charged to profit and loss	1,348
4,078	Balance at 1 July 2007	5,426

Deferred tax is only recognised in relation to employee holiday pay.

Imputation Credit Account as at 30 June 2008

198,324	Balance at 1 July	167,341
55,252	Resident Withholding Tax (RWT)	47,488
(86,235)	Refunds Received	(49,659)
167,341	Balance 30 June	165,170

NOTE 6

Trade and other receivables

162,363	Gross trade and other receivables	161,615
	Less provision for impairment	
162,363	Total trade and other receivables	161,615

As at 30 June there are no receivables that need to be assessed for impairment.

Trade and other receivables -Summary

937	Trade Receivables	48,210
3,682	Prepayments	3,803
101,615	Related Party	102,852
6,469	Associate Company (PWML)	6,750
49,660	Resident Withholding Tax	40,398
162,363		202,013

WAITAKERE PROPERTIES LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

Note 7
Property Plant, Equipment and Intangible assets

	<u>30 JUNE 2008</u>																		
	Cost	Accumulated Book Depreciation Value	1-Jul-07	1-Jul-07	Current Additions	30-Jun-08	Current Disposals	30-Jun-08	Current Impairment	30-Jun-08	Gains/(loss) Disposals	30-Jun-08	Current Depreciation	30-Jun-08	Cost	Accumulated Depreciation	30-Jun-08	Book Value	30-Jun-08
Computer equipment	18,127	11,507	6,620	9,598	5,826	-	(5,828)	7,942	21,899	13,621	8,278								
Office Equipment	41,258	9,913	31,345	7,295	-	-	-	5,254	48,553	15,167	33,386								
Motor Vehicles	54,807	23,676	31,131	-	-	-	-	11,838	54,807	35,514	19,293								
TOTALS	114,192	45,096	69,096	16,893	5,826	-	(5,828)	25,034	125,259	64,302	60,957								

Note 8
Intangible Assets

	Cost	Accumulated Book Amortisation Value	1-Jul-07	1-Jul-07	Current Additions	30-Jun-08	Current Disposals	30-Jun-08	Current Impairment	30-Jun-08	Current Amortisation	30-Jun-08	Cost	Accumulated Amortisation	30-Jun-08	Book Value	30-Jun-08
Computer Software	63,669	26,235	37,434	1,000	-	-	-	23,753	64,669	49,988	14,681						

WAITAKERE PROPERTIES LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

Note 7 (Continued)
Property Plant, Equipment and Intangible assets

	<u>30 JUNE 2007</u>										
	Cost 1-Jul-06	Accumulated Book Depreciation Value 1-Jul-06	Current Additions 30-Jun-07	Current Disposals 30-Jun-07	Current Impairment 30-Jun-07	Gains/(loss) Disposals 30-Jun-07	Current Depreciation 30-Jun-07	Cost 30-Jun-07	Accumulated Depreciation 30-Jun-07	Book Value 30-Jun-07	
Computer equipment	16,912	11,107	5,805	3,342	2,127	-	(2,127)	2,527	18,127	11,507	6,620
Office Equipment	9,535	8,090	-	31,723	-	-	0	1,823	41,258	9,913	31,345
Motor Vehicles	54,807	11,838	42,969	-	-	-	-	11,838	54,807	23,676	31,131
TOTALS	81,254	31,035	48,774	35,065	2,127	-	(2,127)	16,188	114,192	45,096	69,096

Note 8 (Continued)
Intangible Assets

	Cost 1-Jul-06	Accumulated Book Amortisation Value 1-Jul-06	Current Additions 30-Jun-07	Current Disposals 30-Jun-07	Current Impairment 30-Jun-07	Current Amortisation 30-Jun-07	Cost 30-Jun-07	Accumulated Amortisation 30-Jun-07	Book Value 30-Jun-07
	Computer Software	60,069	22,306	37,763	3,600	-	3,929	63,669	26,235

A54

WAITAKERE PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 9

Investments in Associates

Waitakere Properties Ltd has a 40% interest in Prime West Management Limited and its reporting date is at 30 June.

The investment in the associated company is carried at cost in Waitakere Properties Ltd statement of financial position.

Prime West Management Ltd is an unlisted company and, accordingly there are no published price quotations to determine the fair value of this investment.

The business of the Company is property management.

Summarised Financial Information of associated company

(Unaudited Financial Statements as at 30 June 2008)

48,185	Current Assets	3,280
47,015	Current Liabilities	57,962
1,170	Net Assets	(54,682)

Shareholders Equity

1,000	Share Capital	1,000
170	Retained Earnings	(55,682)
1,170		(54,682)

Associates Contingencies

Details of any contingent liabilities arising from the Company's involvement in Prime West Management Ltd is disclosed in note 14.

NOTE 10

Trade and Other payables

18,839	Trade Payables	88,725
10,627	Related Party Payables	16,119
72,358	Employee Benefits	95,493
23,252	Accrued expenses	26,555
21,072	Prepayments (Rent in advance)	21,333
125,076	Total Trade and Other Payables	248,225

Trade and other payables are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value of trade and other payables approximates their fair value.

Employee Benefit Liabilities

60,000	Accrued Salary and Wages	79,051
12,358	Annual Leave	16,442
72,358	Total Employee benefit liabilities	95,493

Comprising

72,358	Current	95,493
	Non Current	
72,358	Total Employee benefit liabilities	95,493

WAITAKERE PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 11

Reconciliation of Equity

Retained Surpluses

2,477,179	Balance at 1 July	2,482,973
5,794	Surplus / (Deficit) for the year	6,190
<u>2,482,973</u>	Balance at 30 June	<u>2,489,163</u>

NOTE 12

Reconciliation of Cash Flows from operating activities with reported operating surplus

5,794	Reported Surplus/(Deficit) after tax as per per Statement of Financial Performance	Note	6,190
	Add non cash items:		
38,494	Depreciation and amortisation expense	7	48,785
53	Movement in Deferred Taxation		(1,348)
			-
<u>44,341</u>			<u>53,627</u>
(21,127)	Trade and other receivables		(39,651)
16,808	Trade and other payables		78,492
(3,159)	Employee benefits		23,585
<u>(7,478)</u>			<u>62,426</u>
<u>36,863</u>			<u>116,053</u>

NOTE 13

Capital Commitments and operating leases

Capital Commitments

The Company has no capital expenditure commitments. (2007 Nil)

Operating Leases as Lessee

The Company has no operating leases other than the Housing Corporation License.

Waitakere Properties limited ("Licensee")has an agreement with the Hobsonville Land Company Ltd as representative of Housing New Zealand Corporation as agent for the Crown for the use of land and facilities for a specified purpose on a limited term basis.

Specified use is for marine industry or film production.

Term of the licence is 3 years from 15 May 2006, with an option to renew for a period of a further two years.

		<u>Expense</u>
296,000	Licence fee (15 May 06 to 14 May 07)	296,000
296,000	Licence fee (15 May 07 to 14 May 08)	296,000
296,000	Licence fee (15 May 08 to 14 May 09)	296,000
<u>888,000</u>	Total Licence Expense	<u>888,000</u>

WAITAKERE PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 13

Capital Commitments and operating leases (Continued)

Waitakere Properties Limited ("Sub-Licensor) has an agreement with a Limited Liability Company in the Marine Industry ("Sub-Licensee") for the use of land and facilities for a specified purpose on a limited term basis.

The company meets the requirements for "specified use".

Term of the licence is 3 years from 15 May 2006, with an option to renew for a period of a further two years subject to head license.

	<u>Income</u>
310,000 Licence fee (15 May 06 to 14 May 07)	310,000
315,000 Licence fee (15 May 07 to 14 May 08)	315,000
320,000 Licence fee (15 May 08 to 14 May 09)	320,000
<u>945,000</u> Total Licence Income	<u>945,000</u>

NOTE 14

Contingencies

Contingent Liabilities

The Company has no contingent liabilities (2007 Nil)

Contingent Assets

The Company has no contingent assets (2007 nil)

NOTE 15

Related Party transaction

Waitakere City Council

The Company is wholly owned by the Waitakere City Holdings Ltd, a subsidiary of Waitakere City Council.

The business of the Company is property development and project consultancy.

The Waitakere City Council is the ultimate controlling party of the Company.

Waitakere Enterprise Trust Board

This organisation was settled as a charitable Trust by Waitakere City.

The Waitakere City Council is the ultimate controlling party of the Trust.

Prime West Management Limited

Waitakere Properties Ltd has a 40% interest in Prime West Management Limited and its reporting date is at 31 March.

Prime West Management Ltd is an unlisted company and, is primarily involved in commercial property management.

A47

WAITAKERE PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 15 (Continued)

The following transactions were carried out with related parties during the year.

Waitakere City Council

Value of Transactions between Council and Council Trusts are:-

Income

676,919	Trust Fees, Consulting and investigation	906,947
		-
<u>676,919</u>		<u>906,947</u>

Expenses

-	Purchase of Goods and Services	-
<u>Nil</u>		<u>Nil</u>

These services were supplied on normal commercial terms.

Waitakere Enterprise Trust Board

Expenses

<u>112,191</u>	Rent and staff/management services	<u>118,224</u>
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Waitakere Enterprise Trust Board

Income

<u>150</u>	Purchase of Goods and Services	<u>113</u>
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These services were supplied on normal commercial terms.

Prime West Management Limited

Income

<u>10,750</u>	Director Fees	<u>52,754</u>
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These services were supplied on normal commercial terms.

Key Management and Directors

<u>Nil</u>	During the year the Company purchased legal services	<u>4,283</u>
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from Kensington Swan a legal firm in which Mr R.Noakes, a director is a partner.

NOTE 16

Significant Events After the Balance Date

No significant events occurred after balance date. (2007 Nil)

A48

WAITAKERE PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 17**Categories of financial assets and liabilities****Loans and receivables**

2,355,750	Cash and cash equivalents	2,453,911
162,223	Trade and other receivables	209,245
<u>2,517,973</u>	Total loans and receivables	<u>2,663,156</u>

Financial liabilities measured at amortised cost

146,148	Trade and other payables	248,225
<u>146,148</u>	Total financial liabilities measured at amortised cost	<u>248,225</u>

NOTE 18**Financial Instrument risk**

The Company has policies to manage risks associated with financial instruments. The Company is risk adverse and seeks to minimise exposure from its treasury activities. The Company has established borrowing and investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Market risk

The interest rates on the Company's investments are disclosed in note 4 page 22.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Trust's exposure to fair value interest rate risk is limited to its short-term bank deposits.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose the Company to cash flow interest rate risk.

The Company's investment policy requires a spread of investment maturity dates to limit exposure to short-term interest rate movements.

Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Trust is not exposed to currency risk, as it does not enter into foreign currency transactions.

A49

WAITAKERE PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 18 (Continued)

Credit Risk

Credit risk is the risk that a third party will default on its obligation to the Company, causing the Company to incur a loss.

Due to the timing of its cash inflows and outflows, the Company invests surplus cash with registered banks. The Company's investment policy limits the amount of credit exposure to any one institution.

The Company has processes in place to review the credit quality of customers prior to the granting of credit.

The Company's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash equivalents (note 4) and trade receivables (note 6). There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired.

The Company has no significant concentrations of credit risk, as it has a large number of credit customers and only invests funds with registered banks with specific credit ratings.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The Company aims to maintain flexibility in funding by keeping committed credit line available.

In meeting its liquidity requirements, the Company maintains a target level of investments that must mature within specified timeframes.

The maturity profiles of the Company's interest bearing investments are disclosed in note 4 .

Capital Management

The Company's capital is its share capital, and retained surpluses. Equity is represented by net assets.

The Waitakere City Council (controlling body) requires the Board of Directors to manage its its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently. The Company's equity is largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

The objective of managing the Company's equity is to ensure the Company effectively achieves its objectives and purpose, whilst remaining a going concern.

WAITAKERE PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 19

Property Vested in Waitakere Properties Limited Through Declaration Of Trust

Property formally owned by the Waitakere City Council is legally vested in a Declaration of Trust. Waitakere Properties Limited is Waitakere City Council's appointed sole Trustee.

Under the Declaration of Trust, Waitakere Properties Limited acting as Trustee is obliged to develop and market properties to the best commercial advantage and to return to Waitakere City Council funds realised through sales as agreed between the parties from time to time.

Statement Of Financial Position

Properties vested in the Declaration of Trust have not been reflected in the statement of financial Position on the basis that Waitakere Properties is only acting as Trustee, and the beneficial owner of these properties is the Waitakere City Council.

Statement Of Financial Performance

Revenue from the realisation of properties have not been reflected in the Statement of Financial Performance. Expenditure incurred in developing and marketing of properties have not been reflected in the Statement of Financial Performance.

Revenue and expenditure have been excluded on the basis that it has been received and incurred on behalf of Waitakere City Council, and that to reflect it in Waitakere Properties Limited financial statements would misrepresent the true substance of the transactions.

Consulting and project management fees paid to Waitakere Properties Limited by the Waitakere City Council in relation to these properties have been recognised in full in the Statement of Financial Performance of Waitakere Properties Limited.

Statement of Cash Flows

Cash flows relating to the development, marketing and sale of properties held under the Declaration of Trust have not been included.

WAITAKERE PROPERTIES LIMITED

STATEMENT OF SERVICE PERFORMANCE

for

1 JULY 2007 TO 30 JUNE 2008

OVERVIEW

Waitakere Properties Limited is a Council Controlled Trading Organisation owned by Waitakere City Holdings Limited, a wholly owned company of the Waitakere City Council.

The company is a business enterprise engaged in property development and property management of commercial properties.

This Statement of Service Performance details performance against measures set in the 2007 Statement of Intent.

PERFORMANCE MEASURES AND PERFORMANCE REPORT

ITEM	PERFORMANCE MEASURE	PERFORMANCE
Governance	<ul style="list-style-type: none">• Hold regular meetings of the Board of Directors.• Provide audited financial statements and an operations report to the Shareholder by 30 September 2007.• Provide a draft Statement of Corporate Intent to the Shareholder for approval.• Provide quarterly reports to the Shareholder.	<ul style="list-style-type: none">• Twelve ordinary meetings of the Board were held• Report on Operations and Financial Statements for F2008 provided in September 2008.• Draft Statement of Intent provided to Council in February 2008 and approved in June 2008.• Quarterly reports provided as required.

Governance as Trustee	<ul style="list-style-type: none"> • Agree appropriate requirements for Trust project outcomes with Council. • Financial returns for Trust projects shall be consistent with market expected returns unless Council agrees to another rationale for the project. 	<ul style="list-style-type: none"> • Properties acquired under Declaration of Trust are the subject of agreement with Council and/or subject to further Council approval as to specific development requirements. • Current trust projects are being developed over several years and they are managed under market normal parameters no formal measurement is available to confirm this performance measure until the completion of the trust project.
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ITEM	PERFORMANCE MEASURE	PERFORMANCE
Governance as Trustee cont'd...	<ul style="list-style-type: none"> • The terms of the Declaration of Trust for each project will be agreed with the Council concurrently with the Company accepting responsibility for control and development activities for such landholding • Adherence to the terms and conditions of any Letter of Direction which may be given by Council from time to time in relation to any landholding, including in relation to commercial or environmental concerns, strategic outcomes and project financial distributions. • Report to the Council progress in relation to each landholding held under Declaration of Trust simultaneously with the statutory requirements to report on operations. 	<ul style="list-style-type: none"> • The Company accepted one further project under Declaration of Trust on agreed terms with Council, namely Old New Lynn Hotel. • The received one Letter of Direction in relation to Keeling Road instructing no further sales with which it is complying. • The Company provided a 'Report on Operations' for the year ended 30 June 2007 in September 2007, and for the half year ended 31 December 2007, in February 2008, updating progress in relation to each landholding held pursuant to a Declaration of Trust

Commercial Return	<ul style="list-style-type: none"> • To achieve (budgeted) revenue and costs. • Target Net Profit After Tax of breakeven 	<ul style="list-style-type: none"> • Revenue of \$1,469,893 (budget Expenditure of \$1,457,819 Net Profit after Tax of \$6,190.
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PROPERTIES HELD PURSUANT TO THE TERMS OF A DECLARATION OF TRUST AS AT 30 JUNE 2008 AND BENEFICIALLY OWNED BY WAITAKERE CITY COUNCIL

51- 65 Keeling Road

Lot	Area (m ²)	CT	Status	Trust Declaration
Lot 2 DP 73165	10858	29B/109	Redevelopment complete, Waiting on title to issue	2,100,000
Lot 1 DP 191025	28417	120D/702		5,100,000
Lot 1 DP 43473	1012	1307/10		400,000
Total	28417			\$7,600,000

Waitakere Central

Lot	Area (m ²)	CT	Status	Trust Declaration
Lot 1 DP 60584	28328	15C/270	Development continuing	
Section 1 SO Plan 340653	5143	184001		
Total	33471			

12-24 Totara Avenue

Lot	Area (m ²)	CT	Status	Trust Declaration
Lot 3 DP 8593	33	678/300	Tenanted	
Pt Allot 257, Parish of Waikomiti	28	599/156	Tenanted	
Pt Allot 257, Parish of Waikomiti	883	599/287	Tenanted	
Total				\$1,940,000

Hobsonville

Lot	Area (m ²)	CT	Status	Trust Declaration
Lot 1 DP 317419	12.1572ha		Vacant Land	
Total				\$7,650,000

Harbour View Estate

Lot	Area (m ²)	CT	Status	Trust Declaration
Lot 15	915	90676	Joint Access Lot	
Total	2335			\$0

New Lynn – 10 Ambrico Place

Lot	Area (m ²)	CT	Status	Trust Declaration
Lot 1 DP 124443	3856	72C/724	Sold pending resource consent	
TOTAL	3856			\$620,000

"Hugh Brown Carpark", New Lynn

Lot	Area (m ²)	CT	Status	Trust Declaration
Lot 5 DP 41964	1249	1127/82	On hold pending WCC town centre redevelopment plan	
Part Lots 39 and 40 DP 20556	3311	1109/39		
Total	4560			\$880,000

Godley Road, Green Bay

Lot	Area (m ²)	CT	Status	Trust Declaration
Lot 14 DP 39391	5893	24D/137	Rented	625,000
Lot 1 DP 53146	3642	3C/7266	Rented	880,000
Total	5893			\$1,505,000

Old New Lynn Hotel, Great North Road, New Lynn

Lot	Area (m ²)	CT	Status	Trust Declaration
Total	xx			NIL

RESOURCES

Capital

Paid up capital of \$2,300,000 with Waitakere City Holdings Limited holding 2,300,000 \$1 ordinary shares.

WAITAKERE PROPERTIES LIMITED
TRUST ACCOUNT SUMMARY TRANSACTIONS FOR THE 12 MONTHS ENDED 30 JUNE 2008

	Waitakere Central		Henderson Valley Studios		Hobsonville Development		Keeling Road		New Lynn Hotel	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
Revenue										
Miscellaneous	(15,104)	-	888,962	888,889	-	-	373	-	1,401	-
Recoverable income	154,425	76,532	102,819	-	1,334	-	104,321	17,250	107	-
Rental	323,039	379,470	518,922	93,110	-	-	628,082	364,667	7,517	-
Rental - Fitout	31,275	30,100	-	-	-	-	-	-	-	-
Sale of property	-	-	3,875,341	4,000,000	-	-	-	10,574,180	-	-
Total Revenue	493,635	486,102	5,386,044	4,981,999	1,334	-	732,776	10,956,097	9,025	-
Expenses										
Selling Expenses	45,767	88,000	-	-	900	-	9,798	327,225	-	-
Statutory Expenses	22,480	-	10,598	-	3,835	-	11,816	405,000	-	-
Land Development Expenses	15,315	36,000	-	-	16,505	-	1,144,049	795,000	-	-
Construction Expenses	640,106	531,000	4,036	-	-	-	4,756	131,000	-	-
Professional Fees	354,976	700,500	322,531	222,783	245,697	-	172,793	95,000	113,698	-
Property Operational Expenses	221,972	219,554	272,943	76,533	5,127	-	129,711	70,500	28,783	-
Trust Operational Expenses	10,020	9,996	52,340	20,600	19,570	-	10,010	9,996	10,015	-
Total Expenses	1,310,636	1,585,050	662,448	319,916	291,634	-	1,482,933	1,833,721	152,496	-
Profit / (Loss)	(817,001)	(1,098,948)	4,723,596	4,662,083	(280,300)	-	(750,157)	9,122,376	(143,471)	-
Distribution to Council	-	-	4,900,000	-	-	-	532,000	-	-	-
Total Retained earnings	(\$817,001)	(\$1,098,948)	(\$176,404)	\$4,662,083	(\$290,300)	-	(\$1,282,157)	\$9,122,376	(\$143,471)	-

A58

TRUST ACCOUNT SUMMARY TRANSACTIONS FOR THE 12 MONTHS ENDED 30 JUNE 2008 - CONTINUED

	New Lynn Town Centre		Green Bay		Harbour View Estate		Hugh Brown Carpark		Totara Avenue Shops	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
Revenue										
Miscellaneous	-	-	-	-	-	-	-	-	604	-
Recoverable Income	-	-	242	-	-	-	-	-	39,050	24,750
Rental	-	-	36,439	31,200	-	-	-	-	132,527	129,153
Rental - Fitout	-	-	-	-	-	-	-	-	-	-
Sale of property	-	-	-	-	-	-	-	-	-	-
Total Revenue	-	-	36,681	31,200	-	-	-	-	172,181	153,903
Expenses										
Selling Expenses	-	-	-	-	-	-	-	-	100	-
Statutory Expenses	8,459	-	-	-	-	-	-	-	-	-
Land Development Expenses	-	-	-	-	-	-	-	-	-	-
Construction Expenses	-	-	-	-	-	-	-	-	-	-
Professional Fees	8,660	31,000	1,050	-	-	20,000	-	-	3,516	22,000
Property Operational Expenses	5,652	4,000	23,044	13,700	-	-	31,305	24,773	41,423	39,750
Trust Operational Expenses	10,015	10,000	9,978	9,996	20,010	20,000	10,010	9,996	10,010	9,996
Total Expenses	32,786	45,000	34,072	23,696	20,010	40,000	41,315	34,769	55,049	71,746
Profit / (Loss)	(32,786)	(45,000)	2,609	7,504	(20,010)	(40,000)	(41,315)	(34,769)	117,132	82,157
Distribution to Council	-	-	-	-	-	-	-	-	135,800	-
Total Retained earnings	(\$32,786)	(\$45,000)	\$2,609	\$7,504	(\$20,010)	(\$40,000)	(\$41,315)	(\$34,769)	(\$18,917)	\$82,157

WAITAKERE ENTERPRISE TRUST

FULL YEAR PERFORMANCE SUMMARY

"All activities undertaken have met or exceeded SOI targets. In particular, compared to the year ended 30 June 2007;

- Total business service interactions grew by 26%
- Total attendance at business events grew by 211%
- Participation in the Young Enterprise Scheme grew by 58%
- TrainSmart's youth occupancy ended the first half year of 2008 at 95% (up from an average of 60% for the 2007 calendar year) and ESOL occupancy ended the year at 100% with an average of 96%
- New activities such as Gateway, a venture capital project, the Target Your Market service, the strategy coaching service, ICT Compass, Herald supplement and workplace literacy were all initiated
- Internally, the organisation has developed a strong brand, culture, technology and HR platform.

The pre-audit balance sheet and operating performance summary for the year ending 30 June 2008 is also attached. Items of note include;

- A 15.8% increase in revenue driven primarily by TrainSmart and business advisory services growth and new projects such as ICT Compass and Gateway
- Direct external revenue for Council funded programmes of \$729 003, an increase of 13.1% on 2007
- A retained earnings of \$21 234 which is within the SOI target range of \$0 – 75 000, is \$13 930 ahead of budget and represents 0.7% of revenue.
- No material change in the level of net current assets when compared to 30 June 2007
- A modest increase in net non-current assets reflecting the capital expenditure investment primarily in TrainSmart building upgrades being greater than the level of depreciation"

John Wadsworth
Chief Executive

WAITAKERE ENTERPRISE TRUST BOARD

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2008

WAITAKERE ENTERPRISE TRUST BOARD

CONTENTS

	<u>PAGE</u>
AUDIT REPORT	1-3
STATEMENT OF RESPONSIBILITY	4
TRUST DIRECTORY and YEAR IN REVIEW	5-9
STATEMENT OF FINANCIAL PERFORMANCE	10
STATEMENT OF FINANCIAL POSITION	11
STATEMENT OF MOVEMENTS IN EQUITY	12
STATEMENT OF CASH FLOWS	13
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES	14-20
NOTES TO THE ACCOUNTS	21-30
STATEMENT OF SERVICE PERFORMANCE	31-35

WAITAKERE ENTERPRISE TRUST BOARD

STATEMENT OF RESPONSIBILITY

FOR THE YEAR ENDED 30 JUNE 2008

The Board of Trustees and management of Waitakere Enterprise Trust Board accept responsibility for the preparation of the annual Financial Statements and the judgements used them.

The Board of Trustees and management of Waitakere Enterprise Trust Board accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and non financial reporting.

In the opinion of the Board of Trustees and management of Waitakere Enterprise Trust Board the annual Financial Statements for the year ended 30 June 2008, fairly reflect the financial position and operations of Waitakere Enterprise Trust Board.

CHAIRPERSON

28 September 2008.

TRUSTEE

28 September 2008.

WAITAKERE ENTERPRISE TRUST BOARD

TRUST DIRECTORY

NATURE OF UNDERTAKING

A Charitable Trust established to undertake initiatives that accelerate the sustainable economic growth of Waitakere.

LOCATION

2nd Floor Central One Building,
Waitakere Central Office Park,
4 Henderson Valley Road,
Henderson,
WAITAKERE CITY

TRUSTEES

Mr B.Mogridge O.N.Z.M (Chairman)

Mr B.Corban
Ms Y. Hawke
Mr P.Spoonley
Mr M.Williams

BANKERS

Bank of New Zealand
373 Great North Road
HENDERSON

SOLICITORS

Corban Revell
133a Central Park Drive
WAITAKERE

AUDITORS

Audit New Zealand on behalf of the Auditor-General

CHAIRMAN - WAITAKERE ENTERPRISE TRUST BOARD

Mr B.Mogridge O.N.Z.M

CHIEF EXECUTIVE OFFICER - WAITAKERE ENTERPRISE TRUST BOARD

Mr J.Wadsworth

WAITAKERE ENTERPRISE TRUST BOARD

TRUST DIRECTORY

ENTRIES MADE IN THE INTERESTS REGISTER

Interests In Transactions

During the year there have been no transactions entered into by the Trustees of the Trust which would require disclosure.

Use Of Trust Information By Trustees

The Board of Trustees received no notices during the year from Trustees requesting to use Trust information in their capacity as Trustees which would not otherwise be available to them.

Remuneration

There have been no:-

Payments for services other than those stated in note 15 page 24,

Compensation for loss of office,

Loans by the Trust to a Trustee,

Guarantees given by the Trust for debts incurred by a Trustee,

Entering of contracts to do any of the above.

Indemnity and Insurance : Trustees and Employees

The Trust has taken insurance for any Trustee and Employee in respect of any liability for any act or omission in his or her capacity as a Trustee or Employee.

Authorised Trustee Remuneration (Board Member Fees)

Amount

Mr B.Mogridge O.N.Z.M (Chairman)	30,000
Mr M.Williams	10,000
Mr B.Corban	10,000
Ms Y. Hawke	10,000
Mr P.Spoonley	10,000
	<u>70,000</u>

Trustee Reimbursements

1,010

WAITAKERE ENTERPRISE TRUST BOARD

THE YEAR IN REVIEW

TWELVE MONTHS ENDED 30 JUNE 2008

Trust Activities

The business of the Trust is to undertake initiatives that accelerate the sustainable economic growth of Waitakere. Activities include investment and export facilitation, skills and education development, business information, mentoring and training, annual business events, community economic development and foundation employment skills training.

RESULTS AT A GLANCE

Revenue for the period	<u>2008</u> 3,065,500
Expenses for the period	3,045,105
Surplus at 30 June 2008	<u>20,395</u>

The state of the Trust's affairs as at 30 June 2008

Assets Totalled	<u>851,254</u>
These were represented by:-	
Trust Equity at 1 July 2007	473,372
Plus current surplus	<u>20,395</u>
Trust Equity at 30 June 2008	493,767
Liabilities of	<u>357,487</u>
	<u>851,254</u>

RESULTS AT A GLANCE

Revenue for the period	<u>2007</u> 2,647,243
Expenses for the period	2,611,104
Surplus at 30 June 2007	<u>36,139</u>

The state of the Trust's affairs as at 30 June 2007

Assets Totalled	<u>816,167</u>
These were represented by:-	
Trust Equity at 1 July 2006	437,233
Plus current surplus	<u>36,139</u>
Trust Equity at 30 June 2007	473,372
Liabilities of	<u>342,795</u>
	<u>816,167</u>

Donations

The Trust has made no donations during the year.

WAITAKERE ENTERPRISE TRUST BOARD

THE YEAR IN REVIEW

TWELVE MONTHS ENDED 30 JUNE 2008

Likely Developments

The Trust will continue to provide investment and export facilitation, skills and education development, business information, mentoring and training, business events and foundation employment skills training.

All under contract to Waitakere City Council, Tertiary Education Commission, Business Mentors N.Z, Work and Income N.Z, Auckland Regional Chamber of Commerce and other public and private sector agreements.

AUDIT GOVERNANCE AND INDEPENDENCE

Approach to audit governance

The Board is committed to three core principles:-

- That the Board's financial reports present a true and fair view,
- That the Board's accounting methods are comprehensive and relevant and comply with applicable accounting rules and policies and,
- That the external auditor is independent and serves stakeholder interests.

Engagement of the external auditor

The Auditor - General is the auditor of the Trust.

The Auditor - General has appointed Audit New Zealand to be the Trust's auditor.

Restrictions on non - audit services by the external auditor

To avoid possible independence or conflict of issues, the external auditor is not permitted to carry out certain types of non - audit services for the Trust, including:

Preparation of accounting records and financial statements;
Financial information systems design and implementation; and
Internal audit services.

Attendance at General Board Meetings

Any Trustee can request that the external auditor be available to answer questions on:

- The conduct of the audit;
- The preparation and content of the audit report;
- The accounting policies adopted by the Board in relation to the preparation of the financial statements; and
- The independence of the auditor in relation to the conduct of the audit.

Auditors' Remuneration

Audit Fees (2008)	\$12,000 Annual Report.
Audit Fees (2008)	\$5,000 Financial Viability Report for Tertiary Education Commission.
Audit Fees (2007)	\$15,785 Annual Report.
Audit Fees (2007)	\$2,215 IFRS Opening Balances.

WAITAKERE ENTERPRISE TRUST BOARD

THE YEAR IN REVIEW

TWELVE MONTHS ENDED 30 JUNE 2008

CONTROLLING AND MANAGING RISK

The Board approaches risk management by identifying, assessing and managing the risks that effect its operations in accordance with a set core risk management values. This approach enables the risks to be balanced against appropriate rewards and reflects the Trust's vision, values, objectives, strategy procedures.

The Trust identifies four main types of risk:

- **Credit risk**. The risk of financial loss where a customer fails to meet their financial obligations;
- **Market risk**. the risk to earnings from changes in market factors, such as Government or Council policy initiatives;
- **Operational risk**. The risk that arises from inadequate or failed internal processes, people and systems or from external events; and
- **Compliance risk**. The risk of failing to comply with the Trust's obligations under the law, based on the letter and spirit of a range of regulatory standards expected of the Trust.

Risk management responsibilities

The Board of Trustees is responsible for reviewing and approving the Trust's risk management strategy, frameworks and key parameters, including determining the Trust's appetite for risk.

REMUNERATION

The Trust's reward strategy provides a framework aimed at attracting and retaining talented employees and embedding a culture of achievement.

This anchored by a philosophy of paying for performance, internal equity and external benchmarking to achieve market competitiveness.

Changes in Accounting Policy

There are no changes in Accounting Policies. The Policies are consistent with those adopted in the previous period.

