

WAITAKERE PROPERTIES LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED

30 JUNE 2007

WAITAKERE PROPERTIES LIMITED

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WAITAKERE PROPERTIES LIMITED

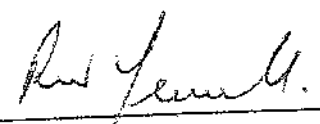
STATEMENT OF RESPONSIBILITY FOR THE YEAR ENDED 30 JUNE 2007

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 2007 fairly reflect the financial position and operations of Waitakere Properties Limited.



CHAIRPERSON
28 September 2007



DIRECTOR
28 September 2007

AUDIT REPORT

TO THE READERS OF
WAITAKERE PROPERTIES LIMITED'S
FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION
FOR THE YEAR ENDED 30 JUNE 2007

The Auditor-General is the auditor of Waitakere Properties Limited (the company). The Auditor-General has appointed me, B H Halford, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the company on his behalf, for the year ended 30 June 2007.

Unqualified Opinion

In our opinion:

- The financial statements of the company on pages 8 to 36:
 - comply with generally accepted accounting practice in New Zealand; and
 - give a true and fair view of:
 - the company's financial position as at 30 June 2007; and
 - the results of operations and cash flows for the year ended on that date;
 - the performance information of the company on pages 37 to 38 gives a true and fair view of the achievements measured against the performance targets adopted for the year ended 30 June 2007.
- Based on our examination the company kept proper accounting records.

The audit was completed on 30 September 2007, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and performance information did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and performance information. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Board of Directors;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all required disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and performance information.

We evaluated the overall adequacy of the presentation of information in the financial statements and performance information. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Board of Directors and the Auditor

The Board of Directors is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must give a true and fair view of the financial position of the company as at 30 June 2007. They must also give a true and fair view of the results of operations and cash flows for the year ended on that date. The Board of Directors is also responsible for preparing performance information that gives a true and fair view of service performance achievements for the year ended 30 June 2007. The Board of Director's responsibilities arise from the Financial Reporting Act 1993 and the Local Government Act 2002.

We are responsible for expressing an independent opinion on the financial statements and performance information and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 69 of the Local Government Act 2002.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit, we have no relationship with or interests in the company.



B H Halford
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand

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 (Chairman)
Mr R.M.Noakes
Mr N.Ranford
Mr B.Taylor

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 2007

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
Expenses for the period

2007
1,177,320
1,171,526

5,794

Surplus at 30 June 2007

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

2,629,121

Assets Totalled

These were represented by:-
Company Equity at 1 July 2006
Plus current surplus (After Tax)
Company Equity at 30 June 2007

2,477,179
5,794
2,482,973

Liabilities of

146,148
2,629,121

RESULTS AT A GLANCE

Revenue for the period
Expenses for the period

2006
611,249
607,791

3,458

Surplus at 30 June 2006

The state of the Company's affairs as at 30 June 2006

2,609,678

Assets Totalled

These were represented by:-
Company Equity at 1 July 2005
Plus current surplus (After Tax)
Company Equity at 30 June 2006

2,473,721
3,458
2,477,179

Liabilities of

132,499
2,609,678

Donations

The Company has made no donations during the year.

B. S.

WAITAKERE PROPERTIES LIMITED
STATUTORY INFORMATION

FOR THE YEAR ENDED 30 JUNE 2007

Likely Developments

The Company will continue to provide services to the Waitakere City Council in respect of the Harbour View Estate, New Lynn, Henderson Valley Studios, Totara Ave Shops, Waitakere Central, 51 to 65 Keeling Road, Hobsonville and New Lynn Hotel.

Directors

Mr R.W. Jewell (Chairman)
Mr R.M. Noakes
Mr N. Ranford
Mr B. Taylor

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 33.
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.

WAITAKERE PROPERTIES LIMITED
STATUTORY INFORMATION

FOR THE YEAR ENDED 30 JUNE 2007

Directors Remuneration (Director Fees and Allowances)

Mr R.W.Jewell
Mr R.W.Jewell (Travel Allowance - reimbursement)
Mr R.M.Noakes
Mr B.Taylor
Mr N.Ranford

<u>ANNUAL</u>
35,000
3,000
25,000
25,000
25,000
<u>113,000</u>

For services and other benefits refer to note 15 page 33

Mr R.W.Jewell
Mr R.W.Jewell (Travel Allowance - reimbursement)
Mr R.M.Noakes
Mr B.Taylor
Mr N.Ranford

<u>PAID</u>
35,000
3,000
25,000
22,917
22,916
<u>108,833</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 \$14,874 (Net of GST)
Other Services \$Nil

For and on behalf of the Company.

Chairman B. Taylor

Director _____

Date: 28 September 2007

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2007

<u>2006</u>	<u>INCOME</u>	<u>NOTE</u>		<u>2007</u>
439,500	DEVELOPMENT FEES	1	213,000	
	CONSTRUCTION FEES		100,000	
-	PROPERTY MANAGEMENT		138,504	
	TRUST MANAGEMENT		51,000	
159,745	INTEREST		168,481	
12,004	OTHER INCOME		190,740	
	RENTAL	1	315,595	
<u>611,249</u>	<u>TOTAL INCOME</u>	1		<u>1,177,320</u>
	 <u>EXPENSES</u>			
82,166	BOARD EXPENSES		108,833	
369,401	EMPLOYEE BENEFIT COSTS		451,795	
23,823	OCCUPANCY COSTS		34,156	
130,094	OPERATIONAL COSTS		571,096	
<u>605,484</u>	<u>TOTAL EXPENDITURE</u>	2		<u>1,165,880</u>
<u>5,765</u>	<u>NET OPERATING SURPLUS BEFORE TAXATION</u>			<u>11,440</u>
2,307	TAX EXPENSE	5		5,646
-				-
3,458	<u>NET SURPLUS AFTER TAXATION</u>			5,794
173,721	<u>ACCUMULATED SURPLUS AT START OF YEAR</u>			177,179
<u>177,179</u>	<u>ACCUMULATED SURPLUS AT END OF YEAR</u>			<u>182,973</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 2007

<u>2006</u>	<u>CURRENT ASSETS</u>	NOTE	<u>2007</u>
2,357,953	CASH AND CASH EQUIVALENTS	4	2,355,750
86,235	CURRENT TAX	6	49,660
55,000	TRADE AND OTHER RECEIVABLES	6	112,703
<u>2,499,188</u>	TOTAL CURRENT ASSETS		<u>2,518,113</u>
	<u>NON CURRENT ASSETS</u>		
50,219	PROPERTY, PLANT AND EQUIPMENT	7	69,096
56,140	INTANGIBLE ASSETS	8	37,434
4,131	FUTURE TAX BENEFIT	5	4,078
	SHARES IN ASSOCIATE	9	400
<u>110,490</u>	TOTAL NON CURRENT ASSETS		<u>111,008</u>
<u>2,609,678</u>	TOTAL ASSETS		<u>2,629,121</u>
	<u>CURRENT LIABILITIES</u>		
56,982	TRADE AND OTHER PAYABLES	10	73,790
75,517	EMPLOYEE BENEFIT LIABILITIES	10	72,358
<u>132,499</u>	TOTAL CURRENT LIABILITIES		<u>146,148</u>
<u>2,477,179</u>	NET ASSETS		<u>2,482,973</u>
	<u>SHAREHOLDERS EQUITY</u>	11	
2,300,000	AUTHORISED, ISSUED AND PAID UP CAPITAL		2,300,000
	<i>2,300,000 ORDINARY SHARES OF \$1.00 EACH</i>		
	<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.</i>		
177,179	ACCUMULATED SURPLUS AT YEAR END		<u>182,973</u>
<u>2,477,179</u>	TOTAL EQUITY ATTRIBUTABLE TO THE COMPANY		<u>2,482,973</u>

For and on behalf of the Company

Chairman B. J. Joyce

Director R. J. Smith

Date: 28 September 2007

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 2007

<u>2006</u>		NOTE	<u>2007</u>
2,473,721	BALANCE AT 1 JULY	11	<u>2,477,179</u>
3,458	Surplus / (deficit) for the year		<u>5,794</u>
<u>3,458</u>	Total recognised income/ (expense) for the year ended attributable to the Company		<u>5,794</u>
<u><u>2,477,179</u></u>	BALANCE AT 30 JUNE		<u><u>2,482,973</u></u>

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2007

<u>2006</u>	<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		<u>2007</u>
		NOTE	
402,615	Receipts from customers		988,208
159,744	Interest received		169,341
3,680	Goods and Services Tax (net)		-
<u>566,039</u>			<u>1,156,549</u>
508,567	Payments to suppliers and employees		1,065,983
52,716	Tax Paid		-
508	Interest Paid		-
-	Goods and Services Tax (net)		53,703
<u>561,791</u>			<u>1,119,686</u>
<u>4,248</u>	<u>NET CASH FROM OPERATING ACTIVITIES</u>	12	<u>36,863</u>
	<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
	Purchase of Shares		(400)
(59,115)	Purchase of Property, Plant and Equipment		(35,066)
(60,069)	Intangible Assets		(3,600)
<u>(119,184)</u>	<u>NET CASH FROM INVESTING ACTIVITIES</u>		<u>(39,066)</u>
	<u>Net (decrease) / increase in cash, cash equivalents and bank overdrafts</u>		<u>(2,203)</u>
<u>(114,936)</u>			
2,472,889	Cash, cash equivalents and bank overdrafts at the beginning of the year		2,357,953
<u>2,357,953</u>	Cash, cash equivalents and bank overdrafts at the end of the year	4	<u>2,355,750</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 2007.
The financial statements were authorised for issue by the Board of Directors on the 28 September 2007.

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.

This is the first set of financial statements prepared using NZ IFRS and comparatives for the year ended 30 June 2006 have been restated to NZ IFRS where applicable.
Reconciliations of equity and surplus / (deficit) for the year ended 30 June 2006 under NZ IFRS to the balances reported in the 30 June 2006 financial statements are detailed on pages 19 to 23.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing an opening NZ IFRS statement of financial position as at 1 July 2005 for the purposes of the transition to NZ IFRS.

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. In particular the Company has early adopted NZ IFRS and its consequential amendments to NZ IAS 1.

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 Deeds 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.

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 2007) base lending rates plus the Reserve Bank of New Zealand consumer price index at year end (June 2007).

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:

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 27.

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.

EXPLANATION OF TRANSITION TO NZ IFRS

The Company's financial statements for the year ended 30 June 2007 are the first financial statements that comply with NZ IFRS. The Company has applied NZ IFRS 1 in preparing these financial statements. The Company's transition date is 1 July 2005 and the opening NZ IFRS statement of financial position has been prepared at that date. The Company's NZ IFRS adoption date is 1 July 2006.

In preparing these financial statements in accordance with NZ IFRS 1, the Company has applied the mandatory exceptions and certain optional exemptions from full retrospective application of NZ IFRS.

Exemptions from full retrospective application elected by the Company

The Company has not applied any optional exemptions to full retrospective application of NZ IFRS.

The only mandatory exception from retrospective application that applies to the Company is the requirement for estimates under NZ IFRS at 1 July 2005 and 30 June 2006 being consistent with estimates made for the same date under previous NZ GAAP.

WAITAKERE PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

EXPLANATION OF TRANSITION TO NZ IFRS
RECONCILIATION OF EQUITY

Transition Balance Sheet
1 JULY 2005

Comparative Balance Sheet
30 JUNE 2006

	Notes	Previous GAAP	Effect of Transition to NZ IFRS	Previous GAAP	Effect of Transition to NZ IFRS
CURRENT ASSETS					
Cash and cash equivalents		2,472,889	2,472,889	2,357,953	2,357,953
Trade and other receivables		38,744	38,744	141,235	141,235
TOTAL CURRENT ASSETS		2,511,633	2,511,633	2,499,188	2,499,188
NON CURRENT ASSETS					
Property, plant and equipment		7,730	7,730	106,389	(56,140)
Intangible assets		1,790	1,790	4,131	56,140
Future Tax Benefit		9,520	9,520	110,490	4,131
TOTAL NON CURRENT ASSETS		2,521,153	2,521,153	2,609,678	110,490
TOTAL ASSETS		5,032,786	5,032,786	5,108,866	2,609,678
CURRENT LIABILITIES					
Trade and other payables		47,432	(5,423)	132,489	(75,517)
Employee benefit liabilities	A	47,432	5,423	132,499	75,517
TOTAL CURRENT LIABILITIES		94,864	0	264,988	0
NET ASSETS		4,937,922	5,032,786	4,843,878	2,609,678
SHAREHOLDERS EQUITY					
Authorised, issued and paid up Capital		2,300,000	2,300,000	2,300,000	2,300,000
Accumulated Surplus		173,721	173,721	177,179	177,179
TOTAL COMPANY EQUITY		2,473,721	2,473,721	2,477,179	2,477,179

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30 JUNE 2006

1 JULY 2005

EXPLANATION OF TRANSITION TO NZ IFRS
RECONCILIATION OF SURPLUS

Notes
There are no changes to opening balances

Previous GAAP
Effect of Transition to NZ IFRS
NZ IFRS

REVENUES			
Consulting	439,500		439,500
Interest	159,745		159,745
Other Income	12,004		12,004
TOTAL REVENUE	611,249	-	611,249

EXPENSES			
Employee Benefit Costs	348,353		348,353
Operating Costs	36,801		36,801
Administration Costs	212,790		212,790
Professional Fees	7,540		7,540
TOTAL EXPENSES	605,484	-	605,484

TOTAL EXPENSES	5,765	-	5,765
OPERATING SURPLUS	2,307		2,307
TAX EXPENSE	3,458		3,458
NET SURPLUS AFTER TAXATION	173,721		173,721

ACCUMULATED SURPLUS AT START OF YEAR			
ACCUMULATED SURPLUS AT END OF YEAR	177,179	-	177,179

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30 JUNE 2006

1 JULY 2005

EXPLANATION OF TRANSITION TO NZ IFRS
RECONCILIATION OF CHANGES IN EQUITY

There are no changes to opening balances

Previous GAAP Effect of Transition to NZ IFRS NZ IFRS

2,473,721 2,473,721

Balance as at 1 July

3,458 3,458

Net Surplus after taxation

3,458 3,458

TOTAL RECOGNISED INCOME / (EXPENSE)
FOR THE YEAR ENDED ATTRIBUTABLE TO
THE COMPANY

2,477,179 - 2,477,179

Balance as at 30 June

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30 JUNE 2006

1 JULY 2005

EXPLANATION OF TRANSITION TO NZ IFRS

RECONCILIATION OF CASH FLOWS

Notes
There are no changes to opening balances

Previous GAAP
Effect of Transition to NZ IFRS
NZ IFRS

	Previous GAAP	Effect of Transition to NZ IFRS	NZ IFRS
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Receipts From customers	402,615		402,615
Interest received	159,744		159,744
Goods and services tax (net)	3,680		3,680
TOTAL	566,039		566,039

Payments to suppliers	508,567		508,567
Employee Benefits	52,716		52,716
Tax Paid	508		508
Interest and Bank Charges			
Goods and services tax (net)			
TOTAL	561,791		561,791
	4,248		4,248

Net cash from operating activities

<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Purchase of Fixed Assets	119,184	(60,069)	59,115
Purchase of Intangible Assets	60,069		60,069
	119,184		119,184
	(114,936)		(114,936)

Net cash from investing activities

<u>Net (decrease)/ increase in cash, cash equivalents and bank overdrafts</u>	2,472,889		2,472,889
Cash, cash equivalents and bank overdrafts at the beginning of the year			
Cash, cash equivalents and bank overdrafts at the end of the year	2,357,953		2,357,953

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NOTES TO THE RECONCILIATION OF PREVIOUS GAAP

A Employee Benefits
Sick leave was not recognised as a liability under previous NZ GAAP. NZ IAS 19 requires the Company to recognise employee's 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 future absences.

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WAITAKERE PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

<u>2006</u>	<u>2007</u>
<u>NOTE 1</u>	
<u>Revenue Summary</u>	
439,500 Trust Account Fees	502,504
- Rent	315,595
159,745 Interest	168,481
- Other Consulting fees	5,437
12,004 Investigation & Other Recoveries / Income	174,553
- Associate Company (Director Fees)	10,750
<u>611,249</u>	<u>1,177,320</u>

<u>Trust Account Fees</u>	
439,500 Development Fees	213,000
Construction Fees	100,000
Property Management fees	138,504
Trust management Fees	51,000
<u>439,500</u>	<u>502,504</u>

For the financial year ended 30 June 2007 the Company resolved to separate its fee charges to the Property Trusts in to the components as shown. This has been done for the benefit of the Trust's beneficiary, Waitakere City Council.

<u>Housing Corporation licence (Hobsonville)</u>	
<u>NII</u>	<u>315,595</u>
Rental	

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.)

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WAITAKERE PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 2

		<u>Employee Benefit costs</u>
299,307	Salary and wages	454,954
70,094	Increase/ (decrease) in employee benefit liabilities	(3,159)
<u>369,401</u>		<u>451,795</u>

NOTE 3

		<u>Other expenses</u>
6,571	Audit fees for financial statement audit	14,874
865	Interest & Bank Servicing Fees	841
82,167	Director Fees & Allowances	108,833
515,881	All Other Expenses	1,041,332
<u>605,484</u>		<u>1,165,880</u>

NOTE 4

		<u>Cash and cash equivalents</u>
402,326	Cheque Account	87,946
1,955,627	Call Account (2006/7 ASB rate - 6.75% to 8.00%)	250,188
	Term Account (30 Day term)	2,017,616
	(2007 ASB rate - 7.93% to 8.03%)	
<u>2,357,953</u>	Net cash, cash equivalents and bank overdrafts	<u>2,355,750</u>
	for the purposes of the statement of cash flows.	

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

2006

2007

NOTE 5

Relationship between tax expense and accounting profit

<u>5,765</u>	Surplus / (Deficit) Before Tax	<u>11,440</u>
1,902	Prima facie taxation @ 33%	3,775
405	Taxation effect of non deductible expenditure	1,871
<u>2,307</u>	Tax expense	<u>5,646</u>
	<u>Components of tax expense</u>	
6,438	Current Tax	5,646
(4,131)	Deferred Tax	(53)
<u>2,307</u>	Income Tax expense	<u>5,593</u>

WAITAKERE PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 5 (Continued)

<u>2006</u>	<u>Deferred tax assets / (liabilities)</u>	<u>2007</u>
1,790	Balance at 1 July	4,131
2,341	Charged to profit and loss	(53)
		<u>4,078</u>
<u>4,131</u>	<u>Balance at 1 July 2007</u>	

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

<u>Imputation Credit Account as at 30 June 2007</u>		
145,608	Balance at 1 July	198,324
52,716	Resident Withholding Tax (RWT)	55,252
-	Refunds Received	<u>(86,235)</u>
<u>198,324</u>	<u>Balance 30 June</u>	<u>167,341</u>

NOTE 6

Trade and other receivables

141,236	Gross trade and other receivables	162,363
	Less provision for impairment	
<u>141,236</u>	<u>Total trade and other receivables</u>	<u>162,363</u>

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

Trade and other receivables -Summary

-	Trade Receivables	937
-	Prepayments	3,682
55,000	Related Party	101,615
-	Associate Company	6,469
86,236	Resident Withholding Tax	49,660
<u>141,236</u>		<u>162,363</u>

WAITAKERE PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 7

Property Plant and Equipment	Computer Equipment	Office Equipment	Motor Vehicles
Balance at 1 July 2005	17,617	8,890	-
Additions	-	845	54,807
Disposals	(705)		
Balance at 30 June 2006	16,912	9,535	54,807
Balance at 1 July 2006	16,912	9,535	54,807
Additions	3,342	31,723	-
Disposals	0	0	
Balance at 30 June 2007	20,254	41,258	54,807
Accumulated depreciation and impairment losses			
Balance at 1 July 2005	10,723	7,854	-
Depreciation expense	2,511	236	11,838
Impairment losses			
Disposals	(2,127)		
Balance at 30 June 2006	11,107	8,090	11,838
Balance at 1 July 2006	11,107	8,090	11,838
Depreciation expense	2,527	1,823	11,838
Impairment losses			
Disposals	0	0	-
Balance at 30 June 2007	13,634	9,913	23,676
Carrying amounts			
At July 2005	6,894	836	-
At 30 June and 1 July 2006	5,805	1,445	42,969
At 30 June 2007	6,620	31,345	31,131

WAITAKERE PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

<u>NOTE 8</u>	<u>2006</u>	<u>2007</u>
<u>Intangible Assets</u>		
Balance at beginning of year	60,069	60,069
Additions		3,600
Disposals		
Balance at year end	60,069	63,669
<u>Accumulate amortisation and impairment losses</u>		
Balance at beginning of year	-	3,929
Amortisation expense	3,929	22,306
Impairment losses		
Disposals		
Balance at year end	3,929	26,235
<u>Carrying Amounts</u>		
As at beginning of year	60,069	56,140
At year end	56,140	37,434

	<u>2006</u>	<u>2007</u>
<u>Depreciation Summary</u>		
Motor Vehicle	11,838	11,838
Office Equipment & Fittings	236	1,823
Computer Hardware	2,511	2,527
Total Depreciation Charged	14,585	16,188
Computer Software amortisation	3,929	22,306
Total Expense	18,514	38,494

	<u>2006</u>	<u>2007</u>
<u>Carrying Amount Summary</u>		
Motor Vehicle	42,969	31,131
Office Equipment & Fittings	1,445	31,345
Computer Hardware	5,805	6,620
Total property, plant and equipment	50,219	69,096
Computer Software	56,140	37,434
Total property, plant, equipment and software	106,359	106,530

WAITAKERE PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
2006 FOR THE YEAR ENDED 30 JUNE 2007

2007

NOTE 9

Investments in Associates

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

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 31 March 2007)

<u>2006</u>	<u>2007</u>
Current Assets	48,185
Current Liabilities	<u>47,015</u>
Net Assets	<u>1,170</u>
<u>Shareholders Equity</u>	1,000
Share Capital	170
Retained Earnings	<u>1,170</u>

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

29,451	Trade Payables	18,839
10,345	Related Party Payables	10,627
75,517	Employee Benefits	72,358
17,186	Accrued expenses	23,252
	Prepayments (Rent in advance)	<u>21,072</u>
<u>132,499</u>	Total Trade and Other Payables	<u>146,148</u>

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

63,000	Accrued Salary and Wages	60,000
12,517	Annual Leave	12,358
<u>75,517</u>	Total Employee benefit liabilities	<u>72,358</u>

Comprising

75,517	Current	72,358
	Non Current	<u>72,358</u>
<u>75,517</u>	Total Employee benefit liabilities	<u>72,358</u>

WAITAKERE PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 11

Reconciliation of Equity

<u>Retained Surpluses</u>		
2,473,721	Balance at 1 July	2,477,179
3,458	Surplus / (Deficit) for the year	5,794
<u>2,477,179</u>	Balance at 30 June	<u>2,482,973</u>

NOTE 12

Reconciliation of Cash Flows from operating activities with reported operating surplus

3,458	Reported Surplus/(Deficit) after tax as per per Statement of Financial Performance	Note	5,794
	Add non cash items:		
18,514	Depreciation and amortisation expense	7	38,494
(2,341)	Movement in Deferred Taxation		53
2,043	Loss on disposal of assets		-
			<u>44,341</u>
<u>21,674</u>			
(102,492)	Trade and other receivables		(21,127)
14,977	Trade and other payables		16,808
70,089	Employee benefits		(3,159)
<u>(17,426)</u>			<u>(7,478)</u>
<u>4,248</u>			<u>36,863</u>

NOTE 13

Capital Commitments and operating leases

Capital Commitments

The Company has no capital expenditure commitments. (2006 Nil)

Operating Leases as lessee

The Company has no operating leases other than the Housing Corporation License. (2006 Nil)

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

WAITAKERE PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

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

NOTE 14

Contingencies

Contingent Liabilities

The Company has no contingent liabilities (2006 Nil)

Contingent Assets

The Company has no contingent assets (2006 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.

WAITAKERE PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 15 (Continued)

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

Waitakere City Council

<u>2006</u>	<u>2007</u>
Value of Transactions between Council and Council Trusts are:-	
<u>Income</u>	
439,500	676,919
-	-
	<u>676,919</u>
<u>439,500</u>	
<u>Expenses</u>	
3,304	-
<u>3,304</u>	<u>Nil</u>

These services were supplied on normal commercial terms.

Waitakere Enterprise Trust Board

<u>Expenses</u>	
<u>58,956</u>	<u>112,191</u>

Rent and staff/management services

<u>2006</u>	<u>2007</u>
<u>Waitakere Enterprise Trust Board</u>	
<u>Income</u>	
-	<u>150</u>
<u>-</u>	

These services were supplied on normal commercial terms.

<u>2006</u>	<u>2007</u>
<u>Prime West Management Limited</u>	
<u>Income</u>	
-	<u>10,750</u>
<u>-</u>	

These services were supplied on normal commercial terms.

Key Management and Directors

During the year the company purchased no legal services from Kensington Swan a legal firm in which Mr R.M.Noakes, a Director is a partner.

Services in 2006 cost \$10,192 and were supplied on normal commercial terms.

NOTE 16

Significant Events After the Balance Date

No significant events occurred after balance date. (2006 Nil)

WAITAKERE PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 17

Categories of financial assets and liabilities

<u>Loans and receivables</u>		
2,357,953	Cash and cash equivalents	2,355,750
141,236	Trade and other receivables	162,223
<hr/>		<hr/>
<u>2,499,189</u>	Total loans and receivables	<u>2,517,973</u>
<u>Financial liabilities measured at amortised cost</u>		
132,499	Trade and other payables	146,148
<hr/>		<hr/>
<u>132,499</u>	Total financial liabilities measured at amortised cost	<u>146,148</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 26.

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.

WAITAKERE PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

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 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 2007

NOTE 19

Property Vested In Waitakere Properties Limited Through Deed Of Trust

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

Under the Deeds 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 Deeds 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 Deed of Trust have not been included.

WAITAKERE PROPERTIES LIMITED

STATEMENT OF SERVICE PERFORMANCE

for

1 JULY 2006 TO 30 JUNE 2007

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 2006/07 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 F2007 provided in September 2007. • Draft Statement of Intent provided to Council on 28 February and approved in June 2007. • 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. • Trust projects are subject to general industry risk/return requirements unless specifically determined by Council.

ITEM	PERFORMANCE MEASURE	PERFORMANCE
<p>Governance as Trustee</p> <p>cont'd...</p>	<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 two further projects under Declaration of Trust on agreed terms with Council, namely Hobsonville Marine Precinct and 83B Godley Road. • The Company has adhered to the terms and conditions of any Letter of Direction given by Council. • The Company provided a 'Report on Operations' for the year ended 30 June 2006 in September 2006, and for the half year ended 31 December 2006, in February 2007, updating progress in relation to each landholding held pursuant to a Declaration of Trust
<p>Commercial Return</p>	<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 \$1,177,320 (\$1,106,345). Expenditure of \$1,165,880 (\$1,071,381). Trading surplus of \$11,440 (\$34,963). • Net Profit after Tax is \$5,794

A86

B87

**PROPERTIES HELD PURSUANT TO THE TERMS OF A DECLARATION OF TRUST AS AT
30 JUNE 2007 AND BENEFICIALLY OWNED BY WAITAKERE CITY COUNCIL**

HARBOUR VIEW ESTATE - EDGELEA (PARK MEWS)

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

New Lynn - 10 Ambrico Place

Lot	Area (m ²)	CT	Status	Book Value
Lot 1 DP 124443	3856	72C/724	Subdivision in progress	
TOTAL	3856			\$620,000

Henderson Valley Studios

Lot	Area (m ²)	CT	Status	Book Value
Lot 4 DP 9102	1214	363/45	Tenanted	
Lot 5 DP 9102	1214	360/233	Tenanted	
Lots 1 & 16 DP 9102	2630	261/10	Tenanted	
Lots 12 to 15 DP 9102	4899	819/28	Tenanted	
Lots 17 to 19 DP 9102	5992	820/275	Tenanted	
Lot 2 DP 41990	9882	1128/265	Tenanted	
Lot 2 DP 19021 & Part. Allotment 7	8094	1126/181	Tenanted	
Lot 2 DP 197194 & Allotment 564	6100	126A/59	Tenanted	
Total	40025			\$3,700,000

"Hugh Brown Carpark", New Lynn

Lot	Area (m ²)	CT	Status	Book Value
Lot 5 DP 41964	1249	1127/82	Under Assessment	
Part Lots 39 and 40 DP 20556	3311	1109/39	Under Assessment	
Total	4560			\$880,000

Godley Road, Green Bay

Lot	Area (m ²)	CT	Status	Book Value
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

51- 65 Keeling Road

Lot	Area (m ²)	CT	Status	Book Value
Lot 2 DP 73165	10858	29B/109	Tenanted. Under Assessment	2,100,000
Lot 1 DP 191025	28417	120D/702	Tenanted. Under Development	5,100,000
Lot 1 DP 43473	1012	1307/10	Under Development	400,000
Total	28417			\$7,600,000

Waitakere Central

Lot	Area (m ²)	CT	Status	Book Value
Lot 1 DP 60584	28328	15C/270	Re-subdivision in progress	
Section 1 SO Plan 340653	5143	184001	Re-subdivision in progress	
Total	33471			\$3,800,000

12-24 Totara Avenue

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

RESOURCES**Capital**

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