

REPORT ON TRUST PROPERTY ACTIVITIES

for the period of

1 JULY 2007 TO 31 DECEMBER 2007

Waitakere Properties Limited is a Council Controlled Trading Organisation wholly owned by the Waitakere City Council through Waitakere City Holdings Limited. The Company is solely focused on the acquisition, development and sale of properties that the council has vested with the company under Declaration of Trust ("Trust Projects") and additional property management activities associated with those properties.

This Report on Trust Projects details the company's activities for the financial half year ending 31 December 2007.

FINANCIAL AND OPERATIONAL

The primary activity of the company is to develop and manage the properties that the company holds under various declarations of trust (Trust Projects) on behalf of Waitakere City Council. The company provides property development, property management, construction management and feasibility/acquisition services to these Trust Projects. These projects meet strategic criteria developed by Council but are primarily focused on outcomes that promote town centre redevelopment or support key strategic industries in Waitakere City.

Waitakere Properties Financials

Waitakere Properties made a modest surplus of \$58,376 as shown below:

Revenue:		
Trust Accounts	352,660	
Interest	96,669	
Rental Income	157,500	
Other Income	<u>88,115</u>	
<i>Total Revenue</i>		\$694,942
Expenses		
Board	56,581	
Employee	245,452	
Occupancy	25,665	
Operational	259,747	
Property Expenses	<u>49,123</u>	
<i>Total Expenses</i>		<u>\$636,566</u>
<i>Net Operating Surplus before Tax</i>		<u>\$58,376</u>

The company is forecast to make a small surplus for the full financial year.

A17

PROPERTIES ADMINISTERED UNDER TRUST DECLARATIONS

As at 31 December 2007, the company administered 8 trust accounts being a total under management of \$32.955m as shown below.

Trust Account	Original Declaration	Loans/ (Distributions)	Total Invested
Waitakere Central	\$3,800,000	\$9,000,000	\$12,800,000
Hobsonville	\$7,650,000	\$0	\$7,650,000
Henderson Valley Studios	\$3,700,000	-\$8,500,000	N/A
Keeling Road	\$7,600,000		\$7,600,000
Totara Avenue	\$1,940,000		\$1,940,000
New Lynn Hotel	\$0	\$0	\$0
Harbourview	\$0		\$0
Greenbay	\$1,465,000		\$1,465,000
New Lynn Carpark	\$880,000		\$880,000
Ambrico Place	\$620,000		\$620,000
Total	\$27,655,000	\$2,500,000	\$32,955,000

One new trust was declared, being the New Lynn Hotel trust.

No new loan advances were provided from Council to the Trust Projects.

During this 6 month period, the Trust Projects provided distributions \$4,833,900 as shown below:

Trust Account	Distribution	Reason
Keeling Road	\$266,000	Interest Payment
Totara Ave	\$67,900	Interest Payment
Henderson Valley	\$4,500,000	Distribution

In addition to these trust accounts, the company assisted with development advice on Wilsher Village with a view to providing a redeveloped retirement village on site including the new pensioner units.

Waitakere Central

Central One

The major focus at Waitakere Central over this 6 month period was the leasing up of vacant space in Central one following its completion in February 2007. This building totals 2,700m² in size and is the first "A" grade office development in Henderson for some time.

The current occupancy of the building is as follows (by area):

Status	Retail	Office	Total	% leased
Leased	316.2	1766.2	2082.4	87.3%
Letter of Offer	0	0	0	0.0%
Projects Exploring	0	0	0	0.0%
No Interest	302.9	0	302.9	12.7%
Total Leaseable Area	619.1	1,766.2	2,385.3	100.00%
Leased % of space	51%	100%	87%	

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The rental income at the current occupancy is \$536,578 per annum. This is sufficient to fully service the loan for construction from Council and provide a surplus.

The feasibility for this building remains solid with a forecast profit of \$500,000 to \$1,000,000 depending on the capitalisation rate assumed.

The other area of focus is company continues to work on Central two, and has good interest from non-office tenants but requires a key office tenant prior to this building being feasible.

Hobsonville

The land at the Hobsonville peninsula for a marine precinct has been transferred to the company and we continue to develop the master plan for the site.

The concept plan has been developed in conjunction with the Marine Industry Association and offers an intensive land use to maximise the number of boat builders on site. In addition it will be comprehensively managed to ensure that the impact of any visual, noise and smell of the business operations are minimised.

We are currently advertising for a development/investment partner and will report back to Council on those decisions in April/May.

Keeling Road

Civil construction work commenced at the Keeling Road property in August and is due to be complete in March 2008. A total of \$575,000 has been spent on the development to date which is slightly behind budget due to construction being slower than expected.

Four sections have been sold to date principally to local businesses looking to expand including FRP Plastics and Rohits Plumbing. The final two lots and the investment properties will be marketed in early 2008 to maximise returns.

The property is fully leased with four tenants on site generating \$614,000 in rental income. This is now fully covering the interest cost of the property (\$532,000).

Distributions from this trust account will occur in June 2008 (title dependent) and conclude in December 2008.

Henderson Valley Studios

In the six month period to December 31 the new sound stage was completed and the property was sold to Prime West Limited. A \$4,000,000 distribution from the Studio Trust account was made in October 2007 from the sale proceeds and a further distribution of \$500,000 was made in December 2007 from surplus funds.

The studio trust account received \$518,922 of studio rental, \$888,889 in grant income from NZTE (for the Major Regional Initiative), and sale proceeds of \$3,875,341.

The new studio was opened by the Prime Minister.

A further distribution from this trust account will be made in June once all final bills are paid and the account closed.

A19

Totara Avenue Shops

The shops are being managed until such time as a redevelopment plan is approved.

Current income for the 6 month period was \$79,454 with expenses of \$26,695 resulting in an operating surplus of \$52,759. A distribution of \$67,900 being interest due was made to Council in January 2008.

Several tenants are under a rent review at this time which should increase the rental from this property.

New Lynn Hotel

The company received the New Lynn Hotel under a declaration of trust in the 6 month period. We were charged with finding a property solution that would allow this historic property to be retained and redeveloped.

We have come up with a concept plan on the site that allows the existing building to be re-used and is commercially based. Council will retain the heritage building but not obtain any value for the land. The alternative is to demolish the building and obtain the development profit.

We are proceeding with resource consent applications to retain the building and secure the tenant.

Harbourview

Nil to report.

Ambrico Place, New Lynn

This property has been sold to a developer to build an apartment complex. It was due to be submitted for resource consent but has run into planning issues with the New Lynn plan change.

Godley Road, Greenbay

One of the two neighbouring sites was acquired in the six month period. Both houses are leased and generating rental income. The company continues to try to acquire the middle site to allow a large redevelopment of this 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.

A20

BOARD AND MANAGEMENT

WPL added Nicole Humphries as Property Manager to the staff during the six month period. Harry O'Rourke joined the Board during the 6 month period.

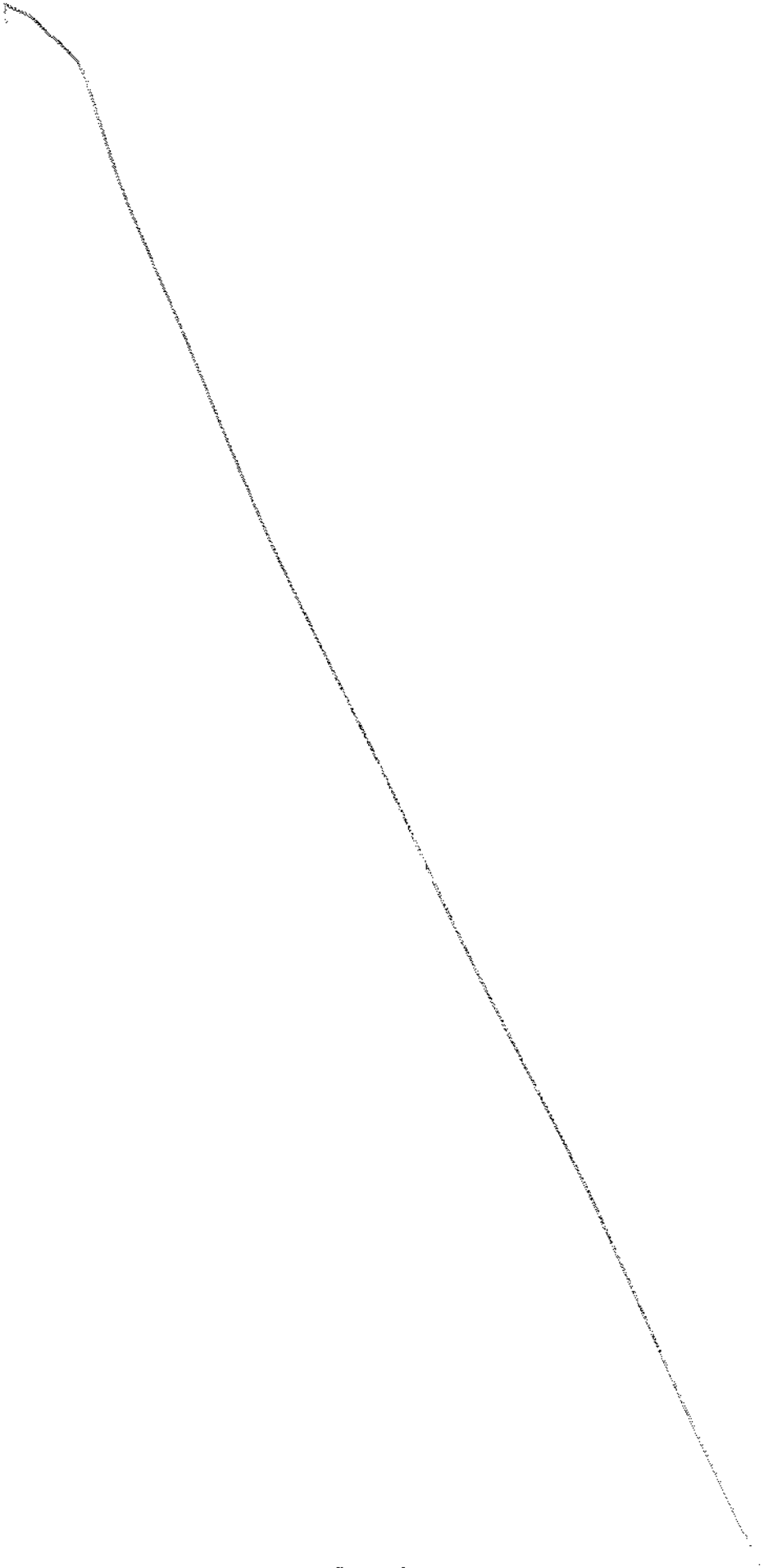
SUMMARY

Waitakere Properties Limited is building on its focus as a commercial developer within the City, delivering strategic outcomes and supporting economic growth. The company also identifies and assists with the acquisition of significant landholdings.

The Company continues to take on complex projects to advance Council's strategic outcomes. The success of securing private investment at Henderson Valley Studios and the development at Waitakere Central and Keeling Road, combined with the future projects of Hobsonville and Totara Avenue, provides considerable scope and opportunity for the Company going forward.

GK Parker
Chief Executive

A21



A22

WAITAKERE PROPERTIES LIMITED

2nd QUARTER REPORT

FOR THE SIX MONTHS ENDED

31 DECEMBER 2007

(MANAGEMENT -- INTERNAL USE ONLY)

WAITAKERE PROPERTIES LIMITED

CONTENTS

	<u>PAGE No</u>
STATEMENT OF RESPONSIBILITY	1
COMPANY DIRECTORY	2
YEAR IN REVIEW	3
STATUTORY INFORMATION	4-5
STATEMENT OF FINANCIAL PERFORMANCE	6
STATEMENT OF FINANCIAL POSITION	7
STATEMENT OF MOVEMENTS IN EQUITY	8
STATEMENT OF CASH FLOWS	9
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES	10-17
NOTES TO THE FINANCIAL STATEMENTS	18-28

WAITAKERE PROPERTIES LIMITED

STATEMENT OF RESPONSIBILITY

FOR THE PERIOD ENDED 31 DECEMBER 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 six month Financial Statements for the period ended 31 December 2007 fairly reflect the financial position and operations of Waitakere Properties Limited.

CHAIRPERSON

DIRECTOR

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 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 Reveil
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 SIX MONTHS IN REVIEW

FOR THE PERIOD ENDED 31 DECEMBER 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

	<u>2007</u>
Revenue for the period	694,942
Expenses for the period	636,566
Net Profit at 31 December 2007	<u>58,376</u>

The state of the Company's affairs as at 31 December 2007

Assets Totalled **2,627,866**

These were represented by:-

Paid up capital (2,300,000 fully paid ordinary shares of \$1.00 each)	2,300,000
Plus retained earnings	<u>241,349</u>
Company Equity at 31 December 2007	<u>2,541,349</u>

Liabilities of **86,517**
2,627,866

RESULTS AT A GLANCE

	<u>2006</u>
Revenue for the period	536,066
Expenses for the period	467,992
Net Profit at 31 December 2006	<u>68,074</u>

The state of the Company's affairs as at 31 December 2006

Assets Totalled **2,575,151**

These were represented by:-

Paid up capital (2,300,000 fully paid ordinary shares of \$1.00 each)	2,300,000
Plus retained earnings	<u>245,253</u>
Company Equity at 31 December 2006	<u>2,545,253</u>

Liabilities of **29,898**
2,575,151

WAITAKERE PROPERTIES LIMITED **STATUTORY INFORMATION**

FOR THE PERIOD ENDED 31 DECEMBER 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, Greenbay, Hugh Brown Carpark and New Lynn Hotel.

Directors

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

ENTRIES MADE IN THE INTERESTS REGISTER

Interests In Transactions

During the period 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 period 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 period.

Remuneration and other benefits to Directors

There have been no :-
Payments for services,
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 PERIOD ENDED 31 DECEMBER 2007

Directors Remuneration (Director Fees and Allowances)

			<u>ANNUAL</u>
Mr R.W.Jewell			25,000
Mr R.M.Noakes			25,000
Mr B.Taylor			35,000
Mr B.Taylor	(Travel Allowance)	Est.	3,000
Mr N.Ranford			25,000
			<u>113,000</u>

For services and other benefits refer to note 15 page 33

			<u>PAID</u>
Mr R.W.Jewell			12,500
Mr R.M.Noakes			12,500
Mr B.Taylor			17,500
Mr B.Taylor	(Travel Allowance)		1,581
Mr N.Ranford			12,500
			<u>56,581</u>

Recommended Dividend

The Directors recommend that no dividend be paid.

Donations

The Company has made no donations during the period.

Changes in Accounting Policies

There are no changes in Accounting Policies.

Auditors Remuneration

Auditing Fees	\$Nil
Other Services	\$Nil

For and on behalf of the Company.

Chairman _____

Director _____

Date:

A30

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE SIX MONTHS ENDED 31 DECEMBER 2007

<u>2006</u>	<u>INCOME</u>	<u>NOTE</u>	<u>2007</u>
106,500	DEVELOPMENT FEES		197,000
60,000	CONSTRUCTION FEES		15,000
65,502	PROPERTY MANAGEMENT		80,670
24,000	TRUST MANAGEMENT		59,988
81,731	INTEREST		96,669
17,500	OTHER INCOME		88,115
180,833	RENTAL		157,500
<u>536,066</u>	<u>TOTAL INCOME</u>	1	<u>694,942</u>
	 <u>EXPENSES</u>		
52,333	BOARD EXPENSES		56,581
174,080	EMPLOYEE BENEFIT COSTS	2	245,452
13,002	OCCUPANCY COSTS		25,663
228,577	OPERATIONAL COSTS		259,747
-	PROPERTY OPERATIONAL		49,123
<u>467,992</u>	<u>TOTAL EXPENDITURE</u>	3	<u>636,566</u>
<u>68,074</u>	<u>NET OPERATING SURPLUS BEFORE TAXATION</u>		<u>58,376</u>
 177,179	 <u>ACCUMULATED SURPLUS AT START OF YEAR</u>		 182,973
<u>245,253</u>	<u>ACCUMULATED SURPLUS AT END OF YEAR</u>		<u>241,349</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 31 DECEMBER 2007

<u>2006</u>	<u>CURRENT ASSETS</u>	NOTE	<u>2007</u>
2,434,761	CASH AND CASH EQUIVALENTS	4	2,404,898
25,921	CURRENT TAX	5	81,560
19,688	TRADE AND OTHER RECEIVABLES	5	40,635
<u>2,480,370</u>	TOTAL CURRENT ASSETS		<u>2,527,093</u>
	<u>NON CURRENT ASSETS</u>		
90,650	PROPERTY, PLANT AND EQUIPMENT	6	65,775
	INTANGIBLE ASSETS	7	30,520
4,131	FUTURE TAX BENEFIT	5	4,078
	SHARES IN ASSOCIATE	8	400
<u>94,781</u>	TOTAL NON CURRENT ASSETS		<u>100,773</u>
<u>2,575,151</u>	TOTAL ASSETS		<u>2,627,866</u>
	<u>CURRENT LIABILITIES</u>		
29,898	TRADE AND OTHER PAYABLES	9	73,053
	EMPLOYEE BENEFIT LIABILITIES	9	13,464
<u>29,898</u>	TOTAL CURRENT LIABILITIES		<u>86,517</u>
<u>2,545,253</u>	NET ASSETS		<u>2,541,349</u>
	<u>SHAREHOLDERS EQUITY</u>	10	
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.		
245,253	ACCUMULATED SURPLUS AT PERIOD END		241,349
<u>2,545,253</u>	TOTAL EQUITY ATTRIBUTABLE TO THE COMPANY		<u>2,541,349</u>

For and on behalf of the Company

Chairman _____

Director _____

Date:

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 SIX MONTHS ENDED 31 DECEMBER 2007

<u>2006</u>		NOTE	<u>2007</u>
<u>2,477,179</u>	BALANCE AT 1 JULY	10	<u>2,482,973</u>
<u>68,074</u>	Surplus / (deficit) for the period		<u>58,376</u>
<u>68,074</u>	Total recognised income/ (expense) for the three months ended attributable to the Company		<u>58,376</u>
<u>2,545,253</u>	BALANCE AT 31 DECEMBER		<u>2,541,349</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 SIX MONTHS ENDED 31 DECEMBER 2007

<u>2006</u>	<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	NOTE	<u>2007</u>
546,038	Receipts from customers		629,463
81,731	Interest received		96,669
17,803	Goods and Services Tax (net)		-
-	Tax Refund		-
<u>645,572</u>			<u>726,132</u>
567,052	Payments to suppliers		416,720
-	Payments to employees		232,222
-	Interest Paid		-
-	Goods and Services Tax (net)		15,495
<u>567,052</u>			<u>664,437</u>
<u>78,520</u>	<u>NET CASH FROM OPERATING ACTIVITIES</u>	11	<u>61,695</u>
	<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
1,712	Purchase of Property, Plant and Equipment		11,517
0	Intangible Assets		1,030
<u>1,712</u>	<u>NET CASH FROM INVESTING ACTIVITIES</u>		<u>12,547</u>
<u>76,808</u>	<u>Net (decrease) / increase in cash, cash equivalents and bank overdrafts</u>		<u>49,148</u>
2,357,953	Cash, cash equivalents and bank overdrafts at the beginning of the year		2,355,750
<u>2,434,761</u>	Cash, cash equivalents and bank overdrafts at the end of the year	4	<u>2,404,898</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 period ended 31 December 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.

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 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 the 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.

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 SIX MONTHS ENDED 31 DECEMBER 2007

<u>2006</u>		<u>2007</u>
	<u>NOTE 1</u>	
	<u>Revenue Summary</u>	
256,002	Trust Account Fees	352,658
180,833	Rent	157,500
81,731	Interest	96,669
17,500	Other Consulting fees	11,749
	Investigation & Other Recoveries / Income	58,086
	Associate Company (Director Fees)	18,280
<u>536,066</u>		<u>694,942</u>

Trust Account Fees

106,500	Development Fees	197,000
60,000	Construction Fees	15,000
65,502	Property Management fees	80,670
24,000	Trust management Fees	59,988
<u>256,002</u>		<u>352,658</u>

For the financial period ended 31 December 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.

Housing Corporation licence (Hobsonville)

<u>180,833</u>	Rental	<u>157,500</u>
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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 12.)

NOTE 2

Employee Benefit costs

173,846	Salary and wages	232,222
234	Increase/ (decrease) in employee benefit liabilities	13,230
<u>174,080</u>		<u>245,452</u>

WAITAKERE PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2007

NOTE 3

Other expenses

-	Audit fees for financial statement audit	-
359	Interest & Bank Servicing Fees	416
52,333	Director Fees & Allowances	56,581
415,300	All Other Expenses	579,569
<u>467,992</u>		<u>636,566</u>

NOTE 4

Cash and cash equivalents

174,375	Cheque Account	72,325
2,260,386	Call Account (2007/8 ASB rate - 8.00% to 7.75%)	257,048
	Term Account (30 Day term) (2007/8 ASB rate - 8.12% to 8.50%)	2,075,525
<u>2,434,761</u>	Net cash, cash equivalents and bank overdrafts for the purposes of the statement of cash flows.	<u>2,404,898</u>

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

NOTE 5

Trade and other receivables

19,688	Gross trade and other receivables	122,195
	Less provision for impairment	
<u>19,688</u>	Total trade and other receivables	<u>122,195</u>

As at 31 December there are no receivables that need to be assessed for impairment.

Trade and other receivables -Summary

-	Trade Receivables	469
-	GST	-
19,688	Related Party	32,666
-	Associate Company	7,500
25,921	Resident Withholding Tax	81,560
<u>45,609</u>		<u>122,195</u>

Future Tax Benefit

<u>4,131</u>	Deferred Tax Benefit	<u>4,078</u>
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As audited 30 June 2007.

WAITAKERE PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2007

NOTE 6

Property Plant and Equipment	Computer Equipment	Office Equipment	Motor Vehicles
Balance at 01 July 2007	20,254	41,257	54,806
Additions	4,222	7,295	
Disposals			
Balance at 31 December 2007	24,476	48,552	54,806

Accumulated depreciation and impairment losses

Balance at 01 July 2007	13,634	9,913	23,676
Depreciation expense	6,282	2,635	5,919
Impairment losses			
Disposals			
Balance at 31 December 2007	19,916	12,548	29,595

Carrying amounts

Balance at 31 December 2007	4,560	36,004	25,211
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WAITAKERE PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2007

NOTE 7

Intangible Assets **2007**

Balance at 01 July 2007	63,669
Additions	1,030
Disposals	

Balance at 31 December 2007 **64,699**

Accumulated amortisation and impairment losses

Balance at 01 July 2007	26,235
Amortisation expense	7,944
Impairment losses	
Disposals	

Balance at 31 December 2007 **34,179**

Carrying Amounts

Balance at 31 December 2007 **30,520**

<u>Depreciation Summary</u>	<u>2007</u>
Motor Vehicle	5,919
Office Equipment & Fittings	2,635
Computer Hardware	6,282
Total Depreciation Charged	14,836

Computer Software amortisation 7,944

Total Expense **22,780**

<u>Carrying Amount Summary</u>	<u>2007</u>
Motor Vehicle	25,211
Office Equipment & Fittings	36,004
Computer Hardware	4,560
Total property, plant and equipment	65,775

Computer Software 30,520

Total property, plant, equipment and software **96,295**

WAITAKERE PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

2006 FOR THE SIX MONTHS ENDED 31 DECEMBER 2007

2007

NOTE 8

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	47,015
Nil	1,170
Net Assets	1,170

Shareholders Equity

Share Capital	1,000
Retained Earnings	170
Nil	1,170
	1,170

Associates Contingencies

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

NOTE 9

Trade and Other payables

12,889	Trade Payables	25,150
6,845	Related Party Payables	9,881
234	Employee Benefits	13,464
-	Accrued expenses	9,574
9,930	G.S.T	7,376
	Prepayments (Rent in advance)	21,072
29,898	Total Trade and Other Payables	86,517

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

234	Annual Leave	13,464
234	Total Employee benefit liabilities	13,464

Comprising

234	Current	13,464
	Non Current	-
234	Total Employee benefit liabilities	13,464

WAITAKERE PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2007

NOTE 10

Reconciliation of Equity

Retained Surpluses

2,477,179	Balance at 1 July	2,482,973
68,074	Surplus / (Deficit) for the year	58,376
2,545,253	Balance at 31 December	2,541,349

NOTE 11

Reconciliation of Cash Flows from operating activities with reported operating surplus

68,074	Reported Surplus/(Deficit) after tax as per per Statement of Financial Performance	Note	58,376
	Add non cash items:		
17,421	Depreciation and amortisation expense	7	22,780
0	Movement in Deferred Taxation		-
-	Loss on disposal of assets		-
85,495			81,156
95,626	Trade and other receivables		40,171
(102,835)	Trade and other payables		(59,632)
234	Employee benefits		0
(6,975)			(19,461)
78,520			61,695

NOTE 12

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.

		Expense
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
888,000	Total Licence Expense	888,000

WAITAKERE PROPERTIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2007

NOTE 12

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 13

Contingencies

Contingent Liabilities

The Company has no contingent liabilities (2006 Nil)

Contingent Assets

The Company has no contingent assets (2006 nil)

NOTE 14

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.

Accounts for the quarter ending 31 December are not available.

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 SIX MONTHS ENDED 31 DECEMBER 2007

NOTE 14 (Continued)

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

Waitakere City Council

2006	Value of Transactions between Council and Council Trusts are:-	2007
	Income	
273,502	Trust Fees, Consulting and investigation	410,744
<u>273,502</u>		<u>-</u>
		<u>410,744</u>

	Expenses	
-	Purchase of Goods and Services	12,621
<u>Nil</u>		<u>12,621</u>

These services were supplied on normal commercial terms.

Waitakere Enterprise Trust Board

	Expenses	
34,155	Rent and staff/management services	52,600
<u>34,155</u>		<u>52,600</u>

These services were supplied on normal commercial terms.

2006	Waitakere Enterprise Trust Board	2007
	Income	
Nil	Purchase of Goods and Services	262
<u>Nil</u>		<u>262</u>

These services were supplied on normal commercial terms.

2006	Prime West Management Limited	2007
	Income	
Nil	Director Fees	18,280
<u>Nil</u>		<u>18,280</u>

These services were supplied on normal commercial terms.

NOTE 15

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 SIX MONTHS ENDED 31 DECEMBER 2007

NOTE 16

Categories of financial assets and liabilities

Loans and receivables

2,434,761	Cash and cash equivalents	2,404,898
45,609	Trade and other receivables	122,195
<u>2,480,370</u>	Total loans and receivables	<u>2,527,093</u>

Financial liabilities measured at amortised cost

29,898	Trade and other payables	86,517
<u>29,898</u>	Total financial liabilities measured at amortised cost	<u>86,517</u>

NOTE 17

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 19.

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 SIX MONTHS ENDED 31 DECEMBER 2007

NOTE 17 (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 time frames.

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 SIX MONTHS ENDED 31 DECEMBER 2007

NOTE 18

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 Limited is only acting as Trustee, and the beneficial owner of these properties is the Waitakere City Council.

Statement Of Financial Performance

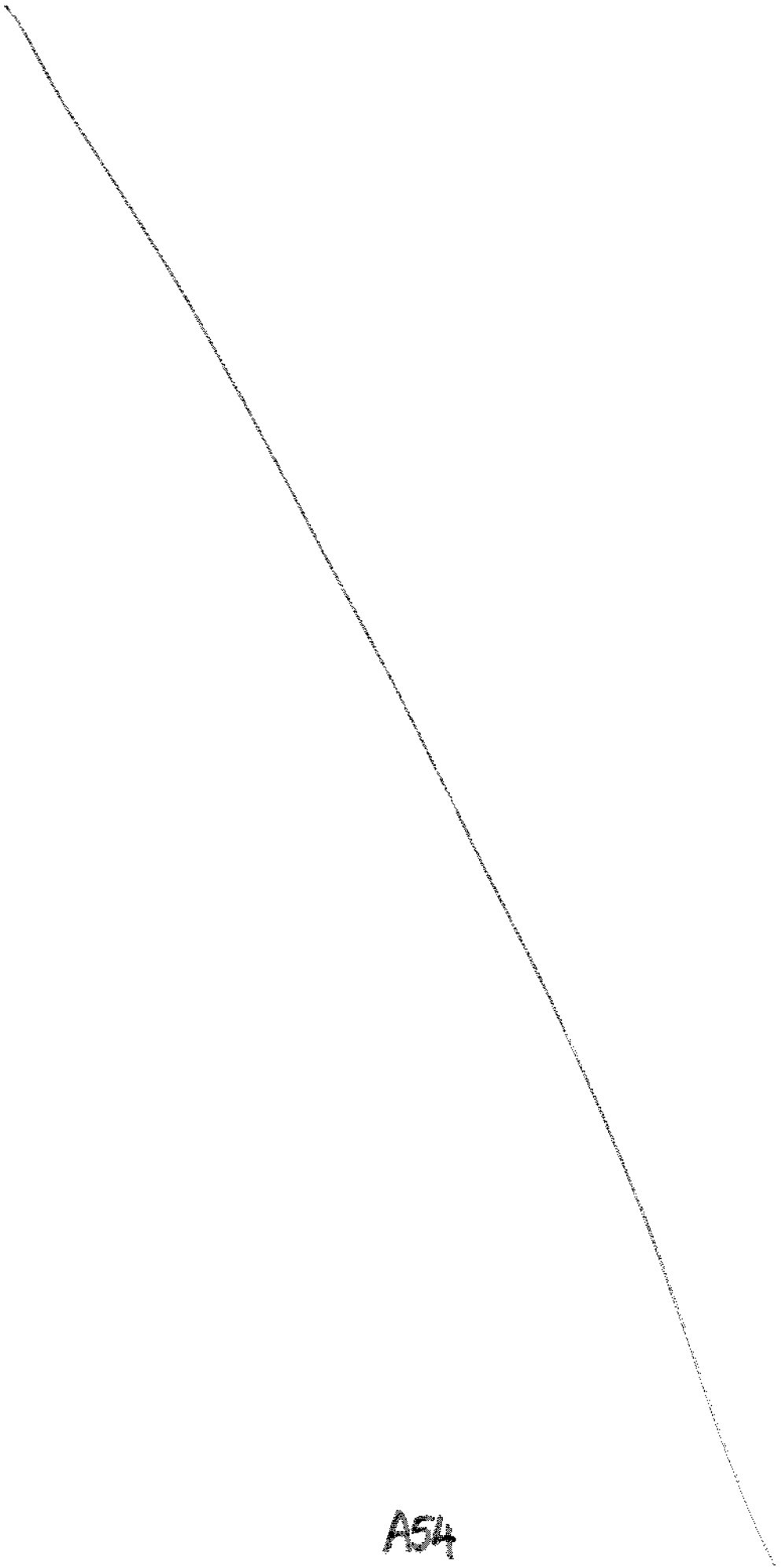
Revenue from the realisation of properties have not been reflected in the Statement of Financial Performance. Expenditure incurred in developing and marketing of properties have not been reflected in the Statement of Financial Performance.

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.



A54

Waitakere Enterprise

MEMORANDUM

To: Waitakere City Holdings Limited
From: Bryan Mogridge, Chairman – Waitakere Enterprise
Date: 8 February 2008
Re: WE Half Year Report and 2008 Priorities

1. FINANCIAL REPORT FOR THE HALF YEAR ENDING 31 DECEMBER 2007

Half Year Performance

Total operating surplus to the month ending December is \$53 201.

The financial performance for the half year ending 31 December 2007 is \$109 032 ahead of budget compared with \$147 974 to the month ending November 2007. This is due to expected cash flow related influences. The month of December performed to the expected forecast.

All areas of activities are meeting or slightly ahead of budget.

Year End Forecast

The year end retained earnings projection is revised down to \$34 511.

The projected retained earnings figure is \$27 000 ahead of budget and within the limit of the \$0-75 000 specified in the Statement of Intent.

There are no known items of financial risk outside normal trading risks.

2. HALF YEAR PROGRESS REPORT

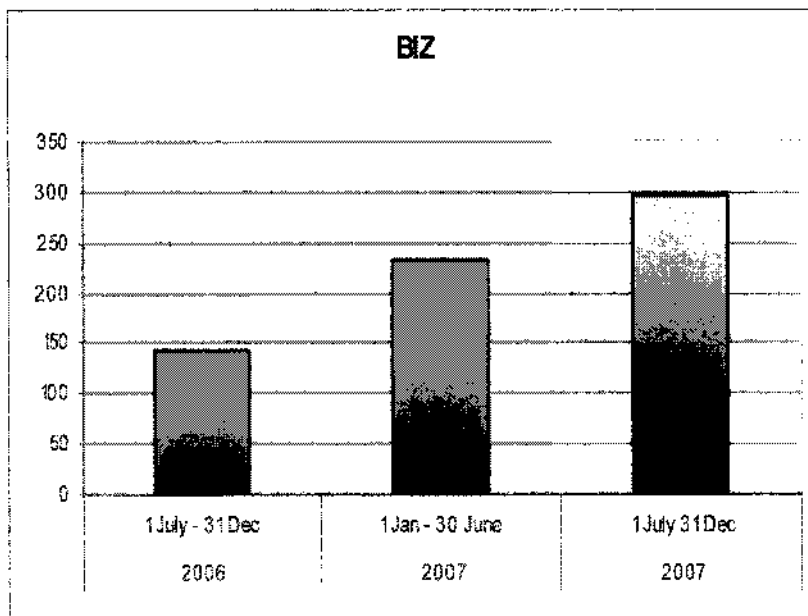
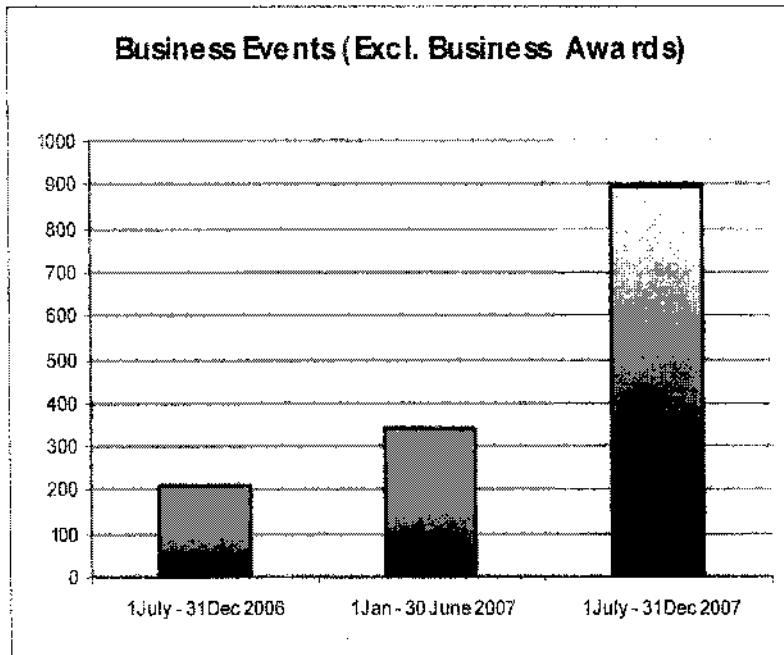
The half year progress performance report against the Statement of Intent objectives is attached.

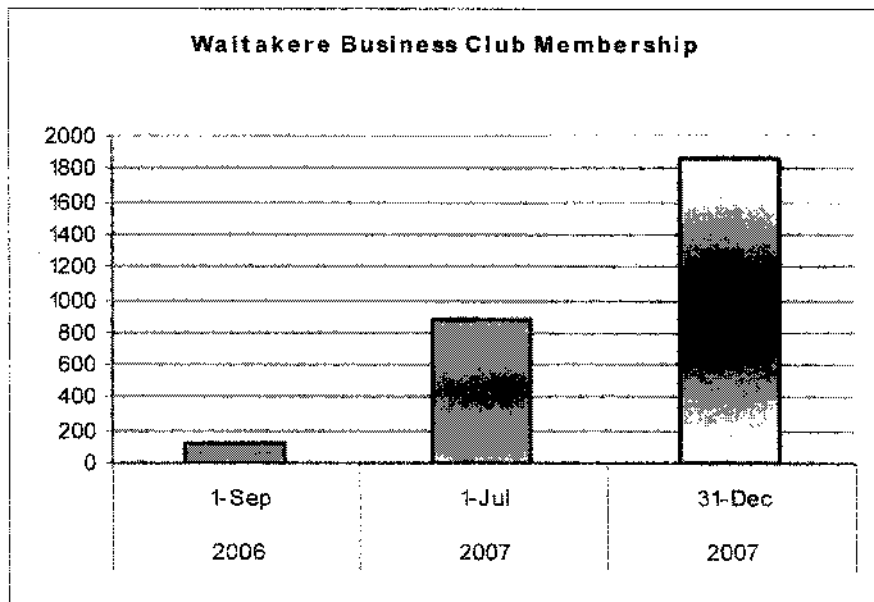
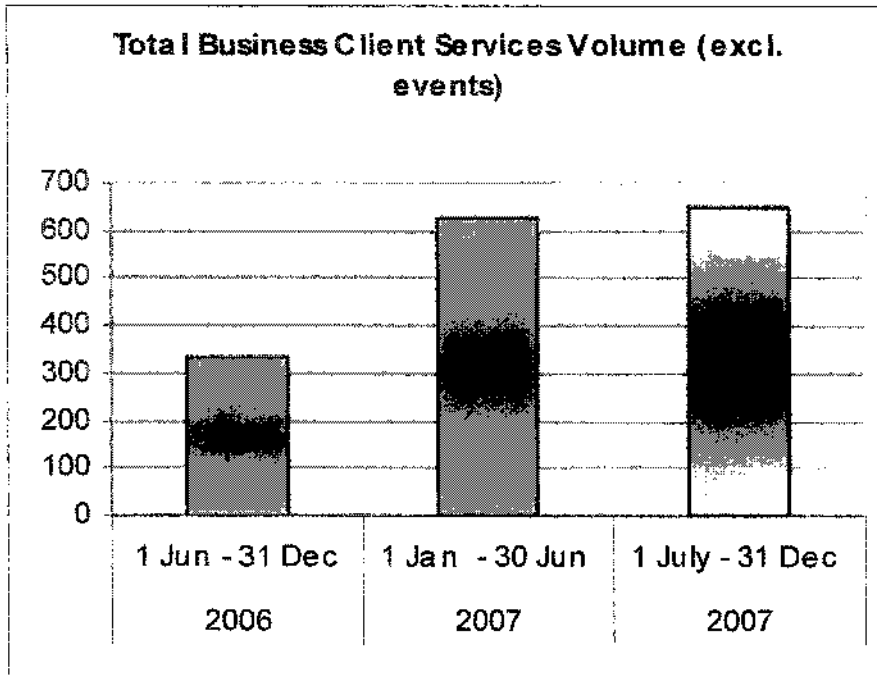
The reports show a positive first half year, with almost all areas on track or exceeding expectations. The only exception is the level of youth enrolments. This will be receiving significant attention in the next 3-6 months.

In order to put the first half year results in context, the following graphs demonstrate significant service level growth over the last 12 months. In particular;

A55

- Business networking events participation (excluding business awards) has increased 327% in 12 months from a cumulative attendance of 210 in the 6 months ending Dec 06 to 897 in the 6 months ending Dec 07
- Biz enquiries have increase 109% in 12 months, from 142 to 297
- Business client service activity has increased 114% in 12 months from 303 to 649
- Waitakere Business Club membership has increased 1457% in 12 months from 120 to 1868





The service volume growth of over 100% in the last 12 months has been achieved with a 9% comparable revenue growth (excluding the business awards which were not run in the second half of 2006). This reflects significant productivity increases that have resulted from;

- an integrated information and communications technology upgrade dramatically increased capacity, capability, connectedness and mobility,
- a new customer relations management database with an integrated events management capability,
- new accounting software that has significantly increased the quality of financial information available for decision making,
- Formal and informal innovation systems have delivered new and enhanced service development,

- an organisational culture of ideas, resilience and performance.
- strong delivery partnerships

Other results of interest include;

- Voluntary staff turnover in the last six months has been zero. This is reflective of high levels of staff satisfaction. In an internal anonymous staff satisfaction survey, staff reported an average satisfaction level of 88%. In addition, 100% of staff agreed (46%) or strongly agreed (54%) that they identified with the organisation's values. Significantly, 100% also agreed (17%) or strongly agreed (83%) that management behaves in a way that is consistent with those values.
- As a result of the 'anti-spam' legislation, WE invited business on the database to 'opt-in' to regular information and contact with WE. This process increased the number of active 'member' businesses from 698 to 1873.
- Customer evaluations demonstrate high levels of customer satisfaction. Independent research conducted in July/August 2007, demonstrates recalled satisfaction levels of between 90% and 95% for WE's key services. This is demonstrated below;

Business Training Workshops	92%
Business Networking Events	91%
Powerful Ideas for Business Series	94%
KiwiSaver Seminars	95%
Business Awards	90%
Business Mentoring	93%

- These research findings are consistent with exit satisfaction surveys from WE seminars. For example, of the 178 participants in 15 sessions, the average satisfaction rating on quality, content, presenter and administration was 97%. The Biz Info 'mystery shopper' rating is 98%.
- Customers also strongly identify with WE as a leader in business support, an essential service provider, and important to their business. Independent research demonstrates dramatic increases in customer attitude towards WE.

The table below present the percentage of respondents that agreed or strongly agreed with the respective statements about Waitakere Enterprise;

	2005	2007	% Increase
A leader in business support	45%	65%	44%
Essential service provider	48%	68%	42%
Professional	66%	86%	30%
Important to my business	48%	59%	23%
Community-orientated	74%	77%	4%
Helpful	83%	83%	0%
Effective	66%	79%	20%

Finally, WE leads New Zealand with;

- The most comprehensive new business start-up programme in New Zealand
- New Zealand's first Young Enterprise Scheme Dragon's Den
- The national adoption of WE's Young Enterprise E-Day format
- New Zealand's richest Business Awards prize pool
- WE led New Zealand's largest and most senior single sector delegation ever to visit China and Korea

- In 2007, WE established the first integrated key client management service for its largest local businesses that provides a 100% service level guarantee that all consent related matters will be completed within statutory timeframes

3. STRATEGIC PRIORITIES FOR 2008

The setting of strategic priorities is an annual process that guides the development of the organisation's Statement of Intent, Work Programme and budget.

In January, the TrainSmart and Central One teams each held planning days. Forward strategic priorities were identified and discussed. In summary, these are;

3.1 Business and Economic Development

1. Measurement of Impact

To date, service performance measures have been largely volume and customer satisfaction related. Current service volume growth and customer satisfaction measures indicate significant progress and quality.

The next step in measurement is the impact of the respective programmes to inform decision making. While more complex and still subject to difficulties in attributing WE's intervention on client company performance, there is enough benefit to this type of measurement to encourage an attempt.

2. New Service Provision

In the first half of the 2008 calendar year, WE will market test already identified new services including;

- R&D Tax Credit Advice
- Advice and assistance in accessing central government business growth funding
- SME strategic and planning advice
- Market analysis using client, Statistics New Zealand, Council and Mosaic data sets

Pending satisfactory market testing, these services will be fully implemented in the second half of 2008.

3. Venture Capital

The constraint of capital is a widely documented barrier to realising growth in New Zealand. A number of local examples indicate the potential of a local solution. In 2008, WE will research the potential supply and demand for capital locally and, if encouraging, develop a full business plan to establish a local initiative.

4. Online 24/7

The web has made a dramatic shift in the last 18 months from an information and online business source to a highly interactive medium. WE needs to move from the current information based platform to one that the business community can be fully engaged in 24/7.

5. Harnessing our Professional Business Services Network

WE is now an established, credible member of the professional business services sector in Waitakere. A key priority is to leverage this positioning through the development of mutually beneficial relationships. Examples include banks, accountants, lawyers, real estate professionals and specialist consultants.

In broad terms, the extensive WE reach is a source of new clients through sponsorship, networking and corporate hosting opportunities in addition to being a service provider to other organisations' clients. For WE, professional service providers are sources of intelligence, third party endorsers and referrers of new, growing and relocating businesses.

6. Education and Skills

Waitakere's education and skills challenges have been widely documented. As a result, WE has advocated for a Taskforce on Education and Skills which is currently being championed by Mayor Bob Harvey. Through this mechanism, WE will contribute to the establishment and implementation of a clear forward strategy. In addition, WE will contribute to addressing foundation skill needs through the operation and leadership of TrainSmart.

3.2 **TrainSmart**

The primary focus of TrainSmart is to profitably double revenue by 30 June 2011. This will give the business unit a critical mass to invest in new course and resource development, marketing, IT and academic support; the flexibility of strategic choice; and reduce vulnerability to adverse market shifts.

Over the next 12 months, TrainSmart will grow by;

- Proactively taking advantage of the new brand expression
- Maintaining a pro-active, open and constructive relationship with Work and Income for ESOL
- Focussing youth recruitment resource on one-to-one relationships through key networks, localities and communities
- Establishing key industry partnerships to increase work experience opportunities for students that will enhance their employment outcomes
- Formalising pathway relationships with other PTE's and Unitec
- Featuring employment ready students on the TrainSmart website and promoting this through the WE weekly e-newsletter to local businesses

- Investigating the establishment of a new foundation level programmes in community care and Pacific trades
- Growing TrainSmart Kids in Henderson and Mt Roskill

in the 1 – 3 year period, TrainSmart will grow by:

- Establishing a workplace based literacy/numeracy service
- Expanding the adult literacy/numeracy programme
- Expanding youth provision in the foundation arts and trades courses
- Identifying and engaging with communities that have specific foundation skills need
- Establishing a clear sustainability positioning
- Expanding ESOL levels and subject offering in Mt Roskill
- Researching the feasibility of Business Admin and Computing short courses for parents returning to the workforce and fee paying ESOL classes


Chairman