

Works Superannuation Scheme
Financial Statements
For the Year Ended 30 June 2007

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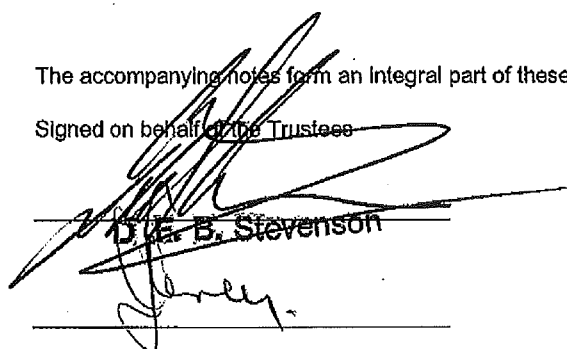
WORKS SUPERANNUATION SCHEME

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2007

	Note	2007	2006
		\$	\$
Investments			
Total Investments	6	66,012,955	61,163,195
Current Assets			
Cash at Bank		25,766	41,075
Contributions Receivable - Member		60,410	58,274
- Employer		87,007	86,144
Sundry Debtors		-	5,537
Investment Income Receivable		1,006,827	133,206
Income Tax Refundable		-	2,185
Tax Credits Receivable from Investment Manager		-	54,352
Deferred Taxation	9	202,517	50,103
		<u>1,382,527</u>	<u>430,876</u>
Total Assets		67,395,482	61,594,071
Liabilities			
Contributions Refundable - Member		1,025	224
- Employer		1,558	224
Benefits Payable		326,289	54,114
Sundry Creditors		140,621	45,012
Income Tax Payable		1,099,402	-
		<u>1,568,895</u>	<u>99,574</u>
Net assets available to pay benefits		65,826,587	61,494,497
 Represented by:			
Liability for Accrued Benefit	4 & 5		
Allocated to Members' Accounts		24,027,523	22,341,147
Allocated to Employer's account		41,784,686	39,140,788
Reserve Fund		14,378	12,562
		<u>65,826,587</u>	<u>61,494,497</u>

The accompanying notes form an integral part of these financial statements

Signed on behalf of the Trustees


D. A. B. Stevenson

Date 16 October 2007

This statement is to be read in conjunction with the notes on pages 4 to 10.

WORKS SUPERANNUATION SCHEME

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE PERIOD ENDED 30 JUNE 2007

	Note	2007	2006
		\$	\$
Investment Activities			
Investment Revenues			
Interest Received		5,169	10,782
Dividends Received		114,101	131,128
Changes in Net Market Values	7	<u>6,203,641</u>	<u>7,704,089</u>
		6,322,911	7,845,999
Less Investment Expenses			
Investment Management Fees		<u>(106,327)</u>	<u>(105,189)</u>
Net Investment Revenue		6,216,584	7,740,810
Other Expenses			
Administration and Consulting Fees		(115,497)	(145,757)
Auditors' Remuneration - Audit Fees		(11,175)	(11,222)
- Other Fees		(19,925)	(11,969)
IRD Use of Money Interest	10	(86,240)	-
Other Expenses		(26,877)	(33,927)
		<u>(259,714)</u>	<u>(202,875)</u>
Surplus before tax and membership activities		5,956,870	7,537,935
Income Tax Expense/(Credit)	9	<u>938,381</u>	<u>(151,910)</u>
Surplus after tax and before membership activities		5,018,489	7,689,845
Membership Activities			
Contributions	3		
Member Contributions		1,796,931	1,831,129
Employer Contributions		2,720,684	2,799,955
Transfer of Contributions		<u>3,888</u>	<u>-</u>
Total Contributions	4	<u>4,521,503</u>	<u>4,631,084</u>
less: Benefits paid - Retirement		<u>(2,689,243)</u>	<u>(1,575,478)</u>
- Withdrawals		(1,886,391)	(2,290,367)
- Redundancy		<u>(632,268)</u>	<u>(328,768)</u>
Total Benefits Paid	4	<u>(5,207,902)</u>	<u>(4,194,613)</u>
Net Contributions (Paid)/Received		(686,399)	436,471
Increase in Benefits Accrued		<u>4,332,090</u>	<u>8,126,316</u>
Increase in Benefits Accrued			
Allocated to:			
Members' Accounts		4,330,274	8,424,406
Reserve Fund		<u>1,816</u>	<u>(298,090)</u>
		<u>4,332,090</u>	<u>8,126,316</u>

This statement is to be read in conjunction with the notes on pages 4 to 10.

WORKS SUPERANNUATION SCHEME

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2007

	Note	2007	2006
		\$	\$
Cash Flows from Operating Activities			
Cash provided from:			
Employer Contributions		2,721,155	2,713,493
Member Contributions		1,799,484	1,773,174
Interest Received		-	8,598
Income Tax Refunded		1,677	3,167
		<u>4,522,316</u>	<u>4,498,432</u>
Cash applied to:			
Benefits Paid		(4,935,727)	(4,145,990)
Other Expenses Paid		(160,761)	(215,172)
Sundry Debtor		-	(5,537)
Resident Withholding Tax Paid		-	(1,677)
		<u>(5,096,488)</u>	<u>(4,368,376)</u>
Net Cash (Outflow)/Inflow from Operating Activities	11	<u>(574,172)</u>	<u>130,056</u>
Cash Flows from Investing Activities			
Cash provided from:			
Sale of Investment Assets		969,392	1,009,968
Cash applied to:			
Purchase of Investment Assets		(377,134)	(1,449,601)
Investment Management Fees		(33,395)	(34,408)
		<u>(410,529)</u>	<u>(1,484,009)</u>
Net Cash Inflow/(Outflow) from Investing Activities		<u>558,863</u>	<u>(474,041)</u>
Net Decrease in Cash Held		<u>(15,309)</u>	<u>(343,985)</u>
Add Cash at Start of Year (1 July)		<u>41,075</u>	<u>385,060</u>
Cash at End of Year (30 June)		<u>25,766</u>	<u>41,075</u>

This statement is to be read in conjunction with the notes on pages 4 to 10.

WORKS SUPERANNUATION SCHEME

Explanatory Notes to the Financial Statements for the period ended 30 June 2007

1. Statement of Accounting Policies

Reporting Entity and Statutory Base

The Works Superannuation Scheme (the "Scheme") is the reporting entity. The financial statements have been prepared in accordance with the Financial Reporting Act 1993, the Superannuation Schemes Act 1989, FRS-32 Financial Reporting by Superannuation Schemes, other relevant Financial Reporting Standards, and the provisions of the Trust Deed. The Scheme is registered in New Zealand under the Superannuation Schemes Act 1989 with the registration number AS/486.

Measurement Base

The measurement base adopted is that of historical cost modified by the revaluation of assets which are measured at net market values at balance date.

Accounting Policies

The following are the significant accounting policies which have been adopted in the preparation of the financial statements:

Assets

Assets of the Scheme are recorded at net market values as at balance date and changes in the net market values of assets are recognized in the statement of financial performance in the periods in which they occur.

Net market values have been determined as follows:

- in the case of unutilised investments held through investment managers, the value of the unutilised investments as advised by the investment manager based on the underlying market value after allowing for anticipated costs of disposal;
- in the case of debtors and receivables, net market value is determined after allowing for doubtful debts.

Income Recognition

Dividends are accounted for when declared. Interest income is accounted for on an accruals basis. Any unrealised gains or losses arising from the revaluation of investments and realised gains or losses from the sale of investments during the year are included in the statement of financial performance.

Financial Instruments

Financial instruments carried on the statement of financial position include cash at bank, investments, receivables and payables. There are no off-balance sheet financial instruments. The Scheme does not require collateral or other security to support financial instruments with credit risk.

Taxation

Income tax expense/(credit) is recognised in the surplus/(deficit) before taxation and membership activities adjusted for permanent differences between taxable and accounting income. Deferred tax is calculated using the comprehensive basis under the liability method. This method involves recognising the tax effect of all timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, in the statement of financial position as a future tax benefit or a provision for deferred tax. The future tax benefit or provision for deferred tax is stated at the income tax rates prevailing at balance date.

Future tax benefits are only recognised to the extent that the Trustees believe realisation of the asset is virtually certain.

The Trustees have elected to take advantage of section DV(2) of the Income Tax Act 2004 and have resolved to transfer deductible expenditure incurred to the Trustees of AMP Superannuation Investment Trust.

WORKS SUPERANNUATION SCHEME

Explanatory Notes to the Financial Statements for the period ended 30 June 2007

1. Statement of Accounting Policies (Cont'd)

Goods and Services Tax (GST)

The Scheme is not registered for GST and consequently all components of the financial statements are stated inclusive of GST where appropriate.

Statement of Cash Flows

The cash flows of the Scheme do not include those of the investment managers. The following are definitions of the terms used in the Statement of Cash Flows:

Cash - comprises cash balances held with banks in New Zealand.

Investing activities - comprise acquisition and disposal of investments. Investments include securities not falling within the definition of cash.

Operating activities - include all transactions and other events that are not investing activities.

Accrued Benefits

The liability for accrued benefits is the Scheme's present obligation to pay benefits to members and beneficiaries. It has been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the liabilities as at balance date. Accrued benefits include amounts allocated to members' accounts and reserves.

Contributions and Withdrawals

Contributions and Withdrawals are accounted for on an accruals basis.

Comparative Figures

Where necessary comparative figures have been restated to facilitate comparison and to comply with current year classifications.

Changes in Accounting Policies

There have been no changes in accounting policies. These have been applied on bases consistent with those used in previous years.

2. Description of the Scheme

The Scheme is a contributory defined contribution superannuation scheme covering certain employees of Works Infrastructure Limited, Century Drilling and Energy Services (NZ) Limited, Downer Construction (NZ) Limited and Opus International Consultants Limited. Under the Scheme, contributions are made by the above companies and may be made by the Scheme members.

During the year the Trustees of the Scheme were:

Dan Stevenson (Chairman)	Alison Swan
David Hutchison	John Vessey
Brent Waldron (Resigned June 2007)	Peter Reidy

3. Funding Arrangements

During the year ended 30 June 2007 Works Infrastructure Limited, Century Drilling and Energy Services (NZ) Limited, Downer Construction (NZ) Limited and Opus International Consultants Limited contributed to the Scheme between 3 and 7.5% (net of withholding tax) of the salary or wage of each member of the Scheme, (2006 the same). Members are not required to contribute to the Scheme but may do so if they wish. If Members contribute to the Scheme the minimum contribution is 1% and this may be increased in multiples of 0.5% of salary.

WORKS SUPERANNUATION SCHEME

Explanatory Notes to the Financial Statements for the period ended 30 June 2007

4. Liability for Accrued Benefits

Changes in accrued benefits as at 30 June 2007:

	Member Account	Employer Account	Reserve Fund	Total 2007
	\$	\$	\$	\$
Balance 1 July	22,341,147	39,140,788	12,562	61,494,497
Contributions	1,797,868	2,721,495	(1,748)	4,517,615
Transfers In	3,888	-	-	3,888
Withdrawals	(1,935,867)	(3,262,520)	(9,515)	(5,207,902)
Net Income	-	-	5,018,489	5,018,489
Interest Allocated	1,820,487	3,184,923	(5,005,410)	-
Balance 30 June	24,027,523	41,784,686	14,378	65,826,587

Changes in accrued benefits as at 30 June 2006:

	Member Account	Employer Account	Reserve Fund	Total 2006
	\$	\$	\$	\$
Balance 1 July	19,123,261	33,934,268	310,652	53,368,181
Contributions	1,831,468	2,799,202	414	4,631,084
Withdrawals	(1,435,591)	(2,473,378)	(285,644)	(4,194,613)
Net Income	-	-	7,689,845	7,689,845
Interest Allocated	2,822,009	4,880,696	(7,702,705)	-
Balance 30 June	22,341,147	39,140,788	12,562	61,494,497

Guaranteed Benefits

No guarantees have been made in respect of any part of the liability for accrued benefits. (2006:Nil)

5. Vested Benefits

Vested Benefits are benefits payable to members or beneficiaries under the conditions of the Trust Deed, on the basis of all members ceasing to be members of the Fund at balance date.

2007	2006
\$	\$
65,737,002	61,261,346

6. Investments

All investments are held as units in unfixed funds with the following Investment Managers:

AMP Capital Investors NZ Limited

AMP Superannuation Investment Trust - Short Term Deposits	5,916,065	5,721,191
- New Zealand Fixed Interest	8,273,308	8,011,207
- International Fixed Interest	12,188,359	11,456,410
	26,377,732	25,188,808

WORKS SUPERANNUATION SCHEME

Explanatory Notes to the Financial Statements for the period ended 30 June 2007

6. Investments (Cont'd)

Capital International		
National Corporate Investment Trust - International Equities	12,293,801	13,042,704
State Street Global Advisors Australia Limited		
BNZ International Equity Index Hedged Fund - International Equities	14,607,467	12,336,817
- Forward Foreign Exchange	1,014,228	-
	15,621,695	12,336,817
ING (NZ) Limited		
ANZ NZ Equity Funds	11,719,727	10,594,866
Total Investments	<u>66,012,955</u>	<u>61,163,195</u>

7. Total changes in net market value of investments

	2007	2006
	\$	\$
Short Term Deposits	279,972	254,926
New Zealand Fixed Interest	120,534	341,701
International Fixed Interest	525,053	282,905
New Zealand Equities	1,193,364	1,288,155
International Equities	4,084,718	5,536,402
Total Changes in Net Market Values	<u>6,203,641</u>	<u>7,704,089</u>

8. Total Operating Revenue

Total operating revenue is calculated as the sum of net investment revenue and other revenue.

<u>6,216,584</u>	<u>7,740,810</u>
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9. Income Tax

	2007	2006
	\$	\$
Surplus before Tax and membership activities	5,956,870	7,537,935
Adjustments for Permanent Differences		
Non Assessable Investment Gains and Losses	(2,446,157)	(4,190,770)
Non Deductible Investment Management Fees	2,237	1,450
Surplus/(Deficit) after Permanent Differences	<u>3,512,950</u>	<u>3,348,615</u>
Income Tax @ 33%	1,159,274	1,105,043
Adjusted for:		
Prior period adjustment	(220,893)	(59,854)
Withholding tax credit not allowed	-	106
Unrecognised deferred tax asset now recognised	-	(1,197,205)
Income Tax Expense/(Credit)	<u>938,381</u>	<u>(151,910)</u>

WORKS SUPERANNUATION SCHEME

Explanatory Notes to the Financial Statements for the period ended 30 June 2007

9. Income Tax (Cont'd)

The income tax expense is represented by

Credits receivable	(9,115)	-
Current Tax	1,104,472	(101,807)
Deferred Tax	(156,976)	(50,103)
	<u>938,381</u>	<u>(151,910)</u>

Deferred Tax Asset

Opening Balance	50,103	-
Prior Period Adjustment	211,778	931,906
Current Year Movement	(54,802)	(881,803)
Transfer from Deferred Tax	(4,562)	-
Closing Balance	<u>202,517</u>	<u>50,103</u>

Off Balance Sheet Deferred Tax Asset

Total portion of timing differences not recognised as a future income tax benefit

-

Tax effect of total portion timing differences not recognised as a future income tax benefit

-

10. IRD Use Of Money Interest (UOMI)

During the year the Scheme divested its interest in the BNZ International Equity Index Hedged Fund and reinvested in the BNZ International Equity Index Wholesale Super Fund (unhedged), which resulted in the scheme deriving a large amount of taxable income and incurring a tax liability of \$938,831.

Use of Money Interest (UOMI) amounting to \$86,420 (2006: nil) was incurred from the date of the investment change to the date additional 2007 provisional tax was paid. It is estimated that the Schemes investment earnings on the amount of tax paid, for the same period, would have amounted to approximately \$67,000.

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11. Reconciliation of Net Cash Flow from Operating Activities to Benefits Accrued

	2007	2006
	\$	\$
Benefits Accrued During Year	4,332,090	8,126,316
<i>Non-Cash Items</i>		
Changes in net market value of investments	(6,203,641)	(7,704,089)
Dividend and interest income received as units	(133,206)	(103,233)
Investment managers fees deducted as units	70,738	76,255
Tax credits received as units	(63,468)	(105,198)
NRWT deducted by investment manager	-	106
<i>Movements in other working capital items</i>		
Increase in sundry debtors	(868,084)	(35,616)
Increase in contributions receivable	(2,998)	(144,418)
Increase in contributions refundable	2,134	-
Decrease in income tax refundable	2,185	1,490
Increase in income tax payable	1,099,402	-
Decrease in tax credits receivable from Investment Manager	54,352	3,285
Increase in deferred tax	(152,414)	(50,103)
Increase in benefits payable	272,175	48,624
Increase/(Decrease) in sundry creditors	95,609	(17,771)
<i>Items classified as investing activities</i>		

Investment management fees	33,395	34,408
NCIT Capital Gain reinvestment into units	<u>887,558</u>	<u>-</u>
Net Cash inflow/(outflow) from operating activities	<u>(574,172)</u>	<u>130,056</u>

WORKS SUPERANNUATION SCHEME

Explanatory Notes to the Financial Statements for the period ended 30 June 2007

12. Reserve Account

Trust Deed Provisions

The Reserve Fund may with the consent of the contributing companies be applied either wholly or partly by the Trustee in its discretion in any of the following ways:

- payment of contributions
- providing benefits
- increasing members' accounts
- payment of expenses of the Scheme

13. Financial Instruments

The Scheme is involved with a number of financial instruments in the course of its normal investing activities.

Fair Value

The carrying amounts of all financial assets and liabilities are considered to be equivalent to their fair value.

Credit Risk

Financial instruments which potentially expose the Scheme to credit risk consist of cash, receivables and, indirectly, investments in unitised products which invest in cash and fixed interest investments. The maximum exposure to credit risk is the carrying value of these financial instruments. The significant counterparties of the Fund are its investment managers AMP Capital Investors (NZ) Limited, Capital National Alliance, ING (NZ) Limited and State Street Global Advisors Australia Limited and their nominee companies, which the Trustees consider to be financial institutions of high quality. The investments are held in trust by the investment managers for the benefit of the Scheme. The managers maintain diversified investment portfolios in accordance with the portfolio mix adopted by the Trustees.

Currency Risk

The Scheme is indirectly exposed to currency risk in that future currency movements will affect the valuation of investments in unitised products which invest in foreign currency denominated investments. Risk management activities are undertaken by the Scheme's investment managers to operate within the guidelines provided by the Trustees.

Interest Rate Risk

The Scheme is indirectly exposed to interest rate risk in that future interest rate movements will affect cash flows and net market values of investments in unitised products which invest in cash and fixed interest investments. Interest rate risk management activities are undertaken by the investment managers in accordance with the investment mandate set by the Trustees. The investment assets of the Scheme are held as units in unitised products. There is no maturity period for unitised investments.

14. Commitments and Contingent Liabilities

There were no commitments or contingent liabilities outstanding as at 30 June 2007. (2006: Nil)

15. Related Parties

The Scheme holds no investments in any of the employer companies or any of its related parties and during the period had no related party transactions except for the receipt of employer contributions. (2006: Nil)

WORKS SUPERANNUATION SCHEME

Explanatory Notes to the Financial Statements for the period ended 30 June 2007

16. Events After Balance Date

There were no material events after balance date.(2006: Nil)

17. Disclosing the impact of adopting NZ International Financial Reporting Standards (NZ IFRS)

At the date of this report the scheme administrator, on behalf of the Plan Trustees has established a project group which will assess the impact of NZ IFRS on the Plan. The project team has commenced a process of identifying those standards likely to impact on the Plan's financial position, financial performance and disclosure but have not yet quantified the effect. The standards identified as likely to have the most significant impact are as follows:

NZ IAS 12 - Income Taxes

NZ IAS 26 - Accounting and Reporting by Retirement Benefit Plans

NZ IAS 32 - Financial Instruments: Presentation and Disclosure

NZ IAS 39 - Financial Instruments: Measurement and Recognition

Until the project team has completed the quantification phase of this exercise it is unable to conclude if the impact of adoption of NZ IFRS will result in a material variation in the Plan's financial statements.

The project team is confident it will be able to achieve its plan for NZ IFRS implementation by 30 June 2008. The Scheme is required to adopt NZ IFRS no later than for the year ending 30 June 2008.

Auditors' Report

to the members of the Works Superannuation Scheme

We have audited the financial statements on pages 1 to 11. The financial statements provide information about the past financial performance and cash flows of the Scheme for the year ended 30 June 2007 and its financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 4 and 5.

Trustees' Responsibilities

The Scheme's Trustees are responsible for the preparation and presentation of the financial statements which give a true and fair view of the financial position of the Scheme as at 30 June 2007 and the financial performance and cash flows for the year ended on that date.

Auditors' Responsibilities

We are responsible for expressing an independent opinion on the financial statements presented by the Trustees and reporting our opinion to you.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- (a) the significant estimates and judgements made by the Trustees in the preparation of the financial statements; and
- (b) whether the accounting policies are appropriate to the circumstances of the Scheme, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

We have no relationship with or interests in the Scheme other than in our capacities as auditors and tax advisors.

Auditors' Report

Works Superannuation Scheme


Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion:

- (a) proper accounting records have been kept by the Scheme as far as appears from our examination of those records; and
- (b) the financial statements on pages 1 to 11.
 - (i) comply with generally accepted accounting practice in New Zealand; and
 - (ii) give a true and fair view of the financial position of the Scheme as at 30 June 2007 and its financial performance and cash flows for the year ended on that date.

Our audit was completed on 16 October 2007 and our unqualified opinion is expressed as at that date.



Chartered Accountants

Wellington