

## INTERIM REPORT

PORT OF  
TAURANGA LIMITED**Financial Performance  
and Dividends**

Your Directors are pleased to report a group net profit after tax for the six months to 31 December 2002 of \$14.527 million, an increase of 18.1 percent on the \$12.300 million earned in the first half of the 2001/02 financial year.

This result was earned on revenue which lifted from \$43.353 million to \$70.625 million, and includes a full six months' contribution from Owens Services BOP. Taxation for the latest period rose \$971,000 to \$7,296,000.

Bearing in mind the increased number of shares on issue following last year's two for one share split, an interim dividend of 6c per share has been declared, payable on 21 March 2003. This dividend rate compares with the 11c per share interim paid last year. The payment represents a 55 percent payout of tax paid profit.

The Company's surplus before interest, taxation, depreciation and amortisations for the latest period was \$33.446 million, against \$25.079 million previously. Interest and financing costs for the half totalled \$6.246 million compared with \$2.984 million, a change that reflects the financing of last year's \$67 million capital return to shareholders and the funding of the Port's investments in Owens Services BOP and Northport.

The Company's balance sheet remains strong with the equity to debt plus equity ratio at 31 December 2002 standing at 51:49.

**Port Operations**

During the half year the total import and export trade through the port rose 4.5 percent to 6,094,729 tonnes, with a 5.9 percent lift in exports and import tonnage up by 0.8 percent. Container trade was up by 4.7 percent to 169,741 TEUs (twenty foot equivalent units), in line with forecasts.

Trade throughput saw higher export volumes for logs, sawn timber and paper product, milk powder, steel and general

goods exports. Partly offsetting these were lower volumes of butter, cheese and kiwifruit. On the import side, a decline in oil products, fertiliser and salt was offset by higher volumes of general goods and grain.

Both Owens Services BOP and Northport had pleasing results.

**Other Operations***Owens Services BOP*

Owens Services BOP had a positive financial half. In this context, the group capital gain on the sales proceeds of the Freight Bureau International business should be noted as an exceptional item. Owens management's focus on previously under-performing divisions has produced improved results. It is anticipated that log volumes will be lighter in the current half due to the strength of the New Zealand dollar and an easing in the international demand.

*Northport*

Northport was officially opened by New Zealand's Prime Minister, the Rt Hon Helen Clark on 12 October 2002.

Trade at Northport for the six months was 1,070,096 tonnes, which was 15 percent higher than budget. The operations net profit after tax for the period (including Northport Services) was \$1,454,000 of which the Port of Tauranga's share was \$638,000.

The PortTec log inventory system developed by Jade was installed and is now operating with all customers at Northport.

*NorthTugz*

In December the formation of a 50/50 joint venture between Ports of Auckland and Northport was agreed. This venture merges Northport's marine services operations with NorthTugz, which was Ports of Auckland's operation at Marsden Point.

The new venture commencing 1 April 2003 will provide piloting, towage and lines services for commercial shipping on Whangarei Harbour, servicing all three operations, Northport, Marsden Point refinery and Port Whangarei, and will avoid duplication of investment whilst improving the efficiency of services delivered to our mutual customers.

*New Container Service*

In December Mediterranean Shipping Company (MSC) committed to make Tauranga the sole North Island call for its new service to Europe and the Mediterranean. MSC has the world's second-largest container fleet and has been running a feeder service from New Zealand to Australia for the past six years.

This new direct service, which will also make a South Island call, will employ 14 vessels to offer fixed-day weekly services. MSC's choice of Tauranga as its North Island hub reflects the Port's facilities and location as well as the effectiveness of its connection with METROPORT, our inland port in South Auckland. MSC will now provide a direct service between Tauranga and the ports of Adelaide and Fremantle for the first time.

*Port Marlborough*

A management services agreement has been entered into with Port Marlborough. This agreement is in support of the Manager of our Container Terminal Sean Bolt taking up the role of Chief Executive for Port Marlborough. Sean will continue to be involved with our terminal operation

at a senior level as a condition of his contract, and will be able to call upon the management team at Tauranga to develop mutually beneficial opportunities for both Port Marlborough and Port of Tauranga.

**Future Outlook**

Container volumes remain relatively flat but we would expect these to lift from the new service being introduced by MSC. Action is also being taken to lock-in the Company's borrowings at current interest rates, which are at a historic five-year low.

Your management and the Board will be focused on maintaining the strong momentum that was a feature of the first six months of the current year, but shareholders would be aware that there are signs of an economic slowdown which may begin to show in the coming months.

We remain committed to striving for further efficiency gains and on delivering further benefits from our multi port diversification. Our investment in METROPORT, Owens Services BOP and Northport, and our openness to assess other opportunities will enable us to build on the Company's previous success.

## DIRECTORY

**Directors**

F G McKenzie MNZM - Chairman  
A W Capamagian  
J M Cronin  
H R L Morrison  
J S Parker  
M J Smith  
H M Titter CMG

**Executive**

J I Mayson - Chief Executive  
S Bolt - Manager Container Terminal  
C J Boocock - Chief Financial Officer  
T H James - Corporate Services Manager  
G J Marshall - Commercial Manager  
A P Reynish - Property Manager

Copies of the annual and interim report are available from our website.

**Share Registry**

For enquiries about share transactions, changes of address or dividend payments contact:  
Computershare Investor Services Limited  
Private Bag 92119  
Auckland 1020  
New Zealand

Telephone: 09 488 8700

Facsimile: 09 488 8787

Email: enquiry@computershare.co.nz

**Registered Office**

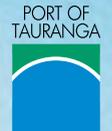
Salisbury Avenue  
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Telephone: 07 572 8899

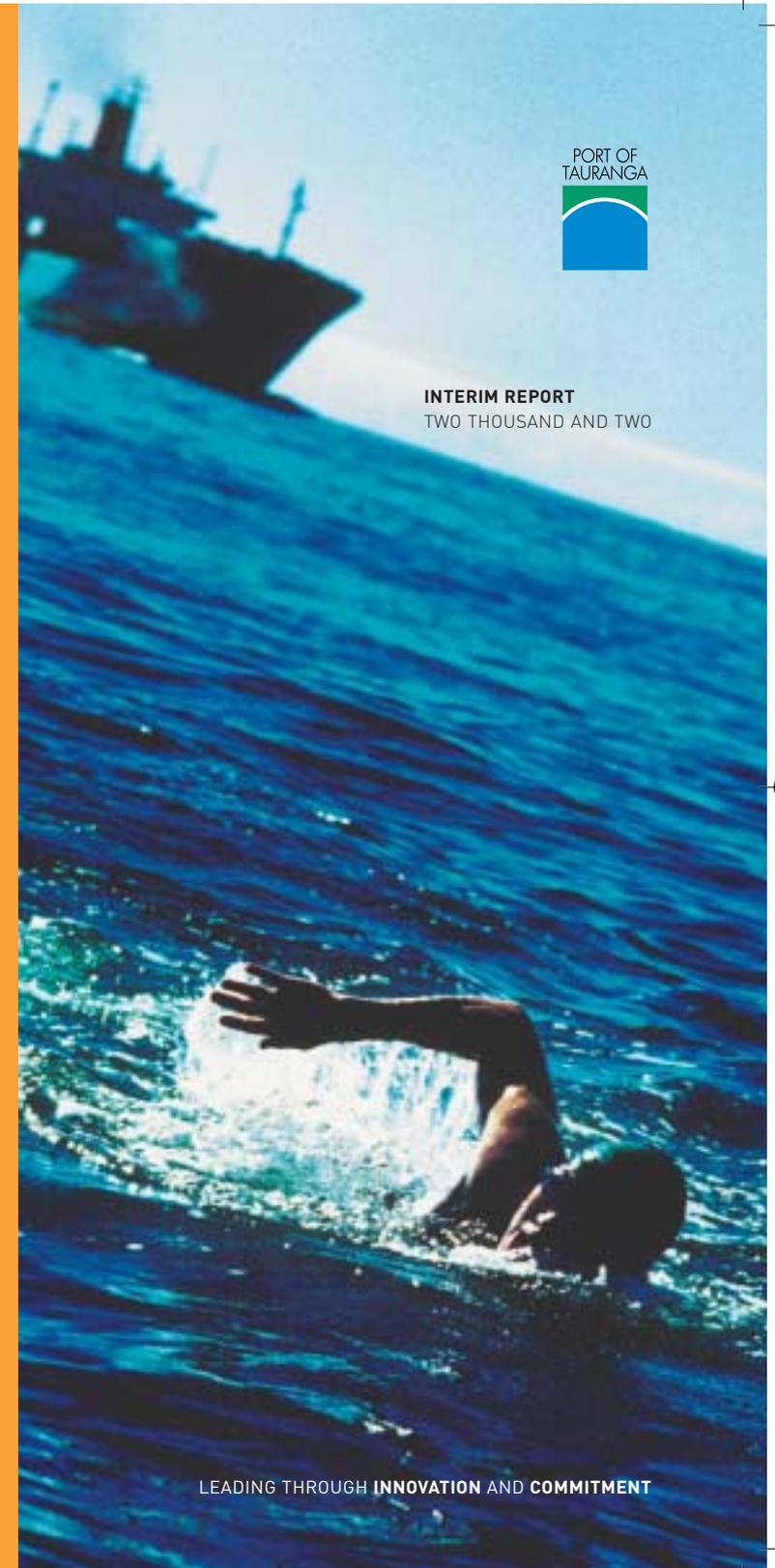
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INTERIM REPORT  
TWO THOUSAND AND TWO



LEADING THROUGH INNOVATION AND COMMITMENT

Port of Tauranga Limited and Subsidiaries

## CONSOLIDATED STATEMENTS OF FINANCIAL PERFORMANCE

FOR THE SIX MONTHS ENDED 31 DECEMBER 2002

Year		6 Months	6 Months
30.06.02		31.12.02	31.12.01
\$000		\$000	\$000
110,282	<b>Revenue</b>	<b>70,625</b>	43,353
514	Share of surpluses of associate companies after tax	<b>819</b>	196
38,997	<b>Surplus before taxation</b>	<b>21,841</b>	18,625
13,086	Taxation expense	<b>7,296</b>	6,325
25,911	<b>Surplus after taxation</b>	<b>14,545</b>	12,300
(11)	Minority interest	<b>(18)</b>	0
\$25,900	<b>Surplus attributable to the shareholders of the parent company</b>	<b>\$14,527</b>	\$12,300
	<b>Surplus before taxation</b>		
8,099	After charging interest expense	<b>6,246</b>	2,984
8,675	After charging depreciation	<b>5,359</b>	3,470
177	After crediting interest income	<b>23</b>	63
500	After crediting gain on sale of fixed assets	<b>0</b>	0
0	After crediting gain on sale of business unit	<b>433</b>	0

## CONSOLIDATED STATEMENTS OF MOVEMENTS IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2002

Year		6 Months	6 Months
30.06.02		31.12.02	31.12.01
\$000		\$000	\$000
273,808	<b>Equity as at 1 July 2002</b>	<b>214,113</b>	273,808
	Net surplus		
25,900	Parent	<b>14,527</b>	12,300
11	Minority interest	<b>18</b>	0
25,911		<b>14,545</b>	12,300
134	Increase in paid up capital	<b>203</b>	134
16	Decrease in treasury stock	<b>0</b>	16
(66,926)	Cancellation of shares	<b>0</b>	0
(18,830)	Ordinary dividends	<b>(14,728)</b>	(11,466)
(592)	Asset revaluation	<b>0</b>	0
592	Transfer to retained earnings	<b>0</b>	0
(85,606)		<b>(14,525)</b>	(11,316)
\$214,113	<b>Equity as at 31 December 2002</b>	<b>\$214,133</b>	\$274,792

These unaudited accounts have been prepared in accordance with FRS-24 and the accounting policies as stated in the published accounts of 30 June 2002. No changes have been made to any of these accounting policies. These accounts should be read in conjunction with the annual accounts of 30 June 2002. Comparative figures have been adjusted to comply with the current year presentation of the financial statements.

Port of Tauranga Limited and Subsidiaries

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2002

Year		6 Months	6 Months
30.06.02		31.12.02	31.12.01
\$000		\$000	\$000
	<b>Equity</b>		
67,074	Paid in capital	<b>67,276</b>	76,669
164,357	Reserves	<b>164,357</b>	164,949
(17,329)	Retained earnings	<b>(17,518)</b>	33,174
214,102	<b>Parent shareholders equity</b>	<b>214,115</b>	274,792
11	Minority interests	<b>18</b>	0
214,113	<b>Total equity</b>	<b>214,133</b>	274,792
	<b>Non current liabilities</b>		
178,689	Term liabilities	<b>188,108</b>	77,052
4,730	Deferred taxation	<b>5,258</b>	3,728
183,419		<b>193,366</b>	80,780
	<b>Current liabilities</b>		
13,723	Accounts payable and accruals	<b>12,315</b>	7,311
75	Provision for taxation	<b>1,587</b>	2,593
13,798		<b>13,902</b>	9,904
\$411,330		<b>\$421,401</b>	\$365,476
	<b>Non current assets</b>		
364,101	Fixed assets	<b>363,946</b>	343,496
4,005	Advances and prepayments	<b>3,862</b>	4,725
9,332	Investments in associates	<b>15,226</b>	1,059
10,698	Intangible assets	<b>10,183</b>	0
388,136		<b>393,217</b>	349,280
	<b>Current assets</b>		
2,623	Cash	<b>3,882</b>	704
15,037	Receivables	<b>18,771</b>	9,676
2,772	Advances and prepayments	<b>3,796</b>	5,809
2,762	Inventories	<b>1,735</b>	7
23,194		<b>28,184</b>	16,196
\$411,330		<b>\$421,401</b>	\$365,476

Port of Tauranga Limited and Subsidiaries

## CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2002

Year		6 Months	6 Months
30.06.02		31.12.02	31.12.01
\$000		\$000	\$000
	<b>Cash flows from operating activities</b>		
108,991	Cash inflows	<b>68,394</b>	43,298
(71,555)	Cash outflows	<b>(50,645)</b>	(24,836)
\$37,436	<b>Net cash inflow from operating activities</b>	<b>\$17,749</b>	\$18,462
	<b>Cash flows from investing activities</b>		
3,606	Cash inflows	<b>1,315</b>	0
(52,427)	Cash outflows	<b>(12,525)</b>	(7,781)
\$(48,821)	<b>Net cash outflow from investing activities</b>	<b>\$(11,210)</b>	\$(7,781)
	<b>Cash flows from financing activities</b>		
101,649	Cash inflows	<b>9,500</b>	150
(88,983)	Cash outflows	<b>(14,780)</b>	(11,469)
\$12,666	<b>Net cash outflow from financing activities</b>	<b>\$(5,280)</b>	\$(11,319)
1,281	<b>Net increase (decrease) in cash</b>	<b>1,259</b>	(638)
1,342	Add opening cash brought forward	<b>2,623</b>	1,342
\$2,623	<b>Ending cash carried forward</b>	<b>\$3,882</b>	\$704
	<b>Reconciliation of surplus after taxation to cash flows from operating activities:</b>		
25,900	<b>Reported surplus after tax</b>	<b>14,527</b>	12,300
10,456	Add (less) non-cash items	<b>6,472</b>	3,848
1,080	Add (less) movements in working capital	<b>(3,250)</b>	2,314
\$37,436	<b>Net cash flow from operating activities</b>	<b>\$17,749</b>	\$18,462