



LEADING THROUGH INNOVATION & COMMITMENT

 PORT OF TAURANGA INTERIM REPORT 2004



Port of Tauranga Limited

FINANCIAL PERFORMANCE AND DIVIDENDS

Your Directors are pleased to announce a 7.1% higher group net profit of \$15.8 million for the six months to December 31. This compares with the group net profit of \$14.7 million earned in the first half of the previous year.

This improvement was achieved despite a continued slowdown in forestry exports which affected not just the Port's own operations but also those of its associated companies, including The Owens Cargo Company (now Toll Owens) and Northport.

Total revenue for the six months was \$78.4 million compared with \$72.0 million in the corresponding preceding period. The interim dividend has been held unchanged at a fully imputed 7c a share.

In the last full year the Company's total dividend was 20c a share, which compared with a distribution of 18c in the previous full year.

EBITDa (earnings before interest, tax, depreciation and amortisation) for the latest period was 5.5% higher at \$36.3 million. Depreciation for the period was \$300,000 higher at \$6.4 million, and interest payments increased \$423,000 to \$6.283 million for the period.

TRADING CONDITIONS

The 31 December 2004 half-year result reflects the higher volumes of bulk imports (including coal), further gains in container traffic and an increase in non-forestry exports, which together with further efficiency improvements, were sufficient to offset the continued low level of forestry-related exports.

Container volumes for the half-year rose 19.4%, with December 2004 the second-highest month on record and 29% ahead of December 2003. Increasing volumes of containers are now passing through the MetroPort operation in Auckland, a growth of 72% to 75,000 TEU for the half-year.

Total trade through the Port was a record 6.6 million tonnes. Container volume, at 222,000 TEUs (20ft equivalent units), was also a record.



The result was a solid achievement given that log exports for the half-year were 30% lower and wood chip exports 61% lower, pushing total exports through the Port down by 7% to 3.8 million tonnes.

Imports on the other hand were up 29% in total with oil products and fertilisers up by 21% and 28% respectively and cement up by 26%.

Coal imports were 54% higher at 455,000 tonnes. With our new coal-handling facility on stream we expect this higher level of imports to continue under the 15-year contract we have with Genesis Energy to handle up to 1 million tonnes of coal a year.

The increase in imports and the lower level of exports during the current half-year resulted in imports accounting for 42% of the Port's total bulk volume, bringing imports and exports nearer to a balance. In terms of containers, imports made up 48% of the total volume.

BUSINESS HIGHLIGHTS

Business highlights for the half-year included:

- The sale of the Port's shareholdings in The Owens Cargo Company Limited, and the formation of the 50:50 joint venture company Toll Owens Limited.
- Building and commissioning of the new \$32 million coal-handling facility.
- Commissioning the fourth container crane at the Sulphur Point container terminal.
- Introducing new straddle carriers at Sulphur Point and improving the terminal's security and efficiency.
- Expanding the capacity of MetroPort in Auckland.
- Activities marking the Port's 50 years of operations.
- Being joint winner of the 2004 Australasian Port of the Year Award run by Lloyd's List Daily Commercial News, the first time a New Zealand port has won a Lloyd's List award.

MANAGEMENT CHANGES

A significant development has been the decision by the Port's Chief Executive, Jon Mayson, to retire late in the calendar year at a mutually agreeable date.

Jon has been with the Port for 33 years and its Chief Executive since January 1997.

He has created a strong and proven management team and his successor will inherit an organisation in solid shape with the strategic direction and partnerships necessary for its continued success and profitable growth.

Your Directors are continuing to work with Jon to ensure there will be a smooth and planned succession to the new Chief Executive and a full and rigorous selection process will take place before a new appointment is made.

LOOKING AHEAD

The result achieved and the investments made during the half-year are consistent with the Port's medium and long-term planned approach to business.

Traditionally your Directors have always invested for the medium and long-term and with that approach in mind they remain confident that in the forestry area there will be a return to higher volumes.

The Port's present approach in this area is to reduce costs, lift efficiencies and focus on the sustainability of this aspect of the Company's business.

Management is continuing to work with the forestry sector to ensure that the Port is well placed to benefit when forestry export volumes and demand returns to more normal levels.

The prospects for the business over the next six months remain promising, but the unknowns at the time of writing include decisions on where future exports of dairy product will be shipped.

As always, management will be continuing to focus on securing further business and improving the services and value that are delivered to existing customers.

Trade during the second half of the year will be influenced by economic conditions, trade flows and exchange rates, but your Board is confident that the group will produce a good result as the benefits of sound investment decisions, long-term planning and effective management continue to accrue.

PORT OF TAURANGA LIMITED AND SUBSIDIARIES

Consolidated Statements of Financial Performance

FOR THE SIX MONTHS ENDED 31 DECEMBER 2004

Year 30.06.04 \$000		6 Months 31.12.04 \$000	6 Months 31.12.03 \$000
151,103	Operating revenue	78,383	72,012
(102,100)	Operating expenses	(55,351)	(49,814)
49,003	Surplus before taxation	23,032	22,198
(15,351)	Taxation expense	7,240	7,456
33,652	Surplus after taxation	15,792	14,742
(8)	Minority interest	0	(3)
	Surplus attributable to the shareholders of the parent company		
\$33,644		\$15,792	\$14,739
	Surplus before taxation		
11,793	After charging interest expense	6,283	5,850
11,309	After charging depreciation	6,385	6,107
117	After crediting interest income	69	65
4,519	After crediting gain on sale of property, plant and equipment	0	37
0	After crediting gain on sale of business	163	0
1,522	After crediting share of tax paid surpluses of associates	756	817

Consolidated Statements of Movements In Equity

FOR THE SIX MONTHS ENDED 31 DECEMBER 2004

Year 30.06.04 \$000		6 Months 31.12.04 \$000	6 Months 31.12.03 \$000
222,758	Equity at start of the period	420,330	222,758
	Net surplus		
33,644	Parent	15,792	14,739
8	Minority interest	0	3
33,652		15,792	14,742
200	Increase in paid up capital	0	252
189,163	Asset revaluation	0	0
(25,443)	Ordinary dividends	(17,416)	(16,144)
163,920		(17,416)	(15,892)
\$420,330	Equity at end of the period	\$418,706	\$221,608

These unaudited accounts have been prepared in accordance with FRS-24 and the accounting policies as stated in the published accounts of 30 June 2004. 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 2004. 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 2004

Year 30.06.04 \$000		6 Months 31.12.04 \$000	6 Months 31.12.03 \$000
	Equity		
67,483	Paid in capital	67,483	67,535
350,865	Reserves	350,865	164,347
1,974	Retained earnings	358	(10,277)
420,322	Parent shareholders equity	418,706	221,605
8	Minority interests	0	3
420,330	Total equity	418,706	221,608
	Non current liabilities		
188,092	Term liabilities	210,500	185,700
5,629	Deferred taxation	4,691	5,055
193,731		215,191	190,755
	Current liabilities		
16,465	Accounts payable and accruals	8,503	10,637
0	Provision for taxation	1,899	2,467
16,465		10,402	13,104
\$630,526		\$644,299	\$425,467
	Non current assets		
561,824	Property, plant and equipment	567,265	363,486
5,260	Advances and prepayments	6,430	6,700
25,141	Investments in associates	51,138	24,274
9,222	Intangible assets	0	9,485
601,447		624,833	403,945
	Current assets		
5,681	Cash	1,536	1,925
16,913	Receivables	14,778	15,474
2,688	Advances and prepayments	3,131	2,277
1,415	Taxation	0	0
2,382	Inventories	21	1,846
29,079		19,466	21,522
\$630,526		\$644,299	\$425,467

PORT OF TAURANGA LIMITED AND SUBSIDIARIES

Consolidated Statements of Cash Flows

FOR THE SIX MONTHS ENDED 31 DECEMBER 2004

Year 30.06.04 \$000		6 Months 31.12.04 \$000	6 Months 31.12.03 \$000
	Cash flows from operating activities		
143,337	Cash inflows	76,476	70,399
(103,308)	Cash outflows	(55,546)	(46,658)
\$40,029	Net cash inflow from operating activities	\$20,930	\$23,741
	Cash flows from investing activities		
13,098	Cash inflows	7,154	407
(30,540)	Cash outflows	(37,313)	(12,225)
\$(17,442)	Net cash outflow from investing activities	\$(30,159)	\$(11,818)
	Cash flows from financing activities		
6,200	Cash inflows	22,500	3,700
(25,552)	Cash outflows	(17,416)	(16,144)
\$(19,352)	Net cash outflow from financing activities	\$5,084	\$(12,444)
3,235	Net (decrease)/increase in cash	(4,145)	(521)
2,446	Add opening cash brought forward	5,681	2,446
\$5,681	Ending cash carried forward	\$1,536	\$1,925
	Reconciliation of surplus after taxation to cash flows from operating activities:		
33,652	Reported surplus after tax	15,792	14,742
12,468	Add/(less) non-cash and non-operating items	6,514	5,889
(2,152)	Add/(less) movements in working capital	(1,376)	3,110
\$40,029	Net cash flow from operating activities	\$20,930	\$23,741

Capital Commitments

Estimated capital commitments for the Group contracted for but not provided for are \$7.32 million (30 June 2004: \$30.37 million).

Sale of Subsidiary

On 14 December 2004, Port of Tauranga Limited sold its 100% shareholding in The Owens Cargo Company Limited for \$33,665,000. The value of Owens in the accounts was \$33,502,000, which included \$9,002,000 in goodwill. A profit of \$163,000 was made as a result of the sale, which has been included in the periods income.

Owens' share of the surplus after tax for the period ending 31 December 2004, was \$1,437,000 [2003: (\$1,715,000)].

The consideration was made up of \$6,000,000 in cash and a 50% shareholding in Toll Owens consisting of \$11,066,000 in share capital and \$16,599,000 in capital notes. The group share of Toll Owens net assets of \$27,655,000 includes \$12,105,000 of goodwill.

Directory for 2004

DIRECTORS

J S Parker, *Chairman*
A W Capamagian
J M Cronin
H R L Morrison
M J Smith
Sir Dryden Spring
H M Titter CMG

EXECUTIVE

J I Mayson, *Chief Executive*
C J Boocock, *Chief Financial Officer*
T H James, *Corporate Services Manager*
G J Marshall, *Commercial Manager*
M Pohio, *Container Terminal Manager*
A P Reynish, *Property Manager*

SHARE REGISTRY

For enquiries about share transactions,
change of address or dividend
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