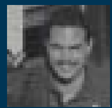
INTERIM REPORT 2001



PORT OF TAURANGA

Leading through

INNOVATION & COMMITMENT

interim report

PORT OF TAURANGA LTD

Financial results

Your Directors are pleased to report that net profit after tax for the Port of Tauranga Limited in the six months to 31 December 2001 was $12.3 million, an increase of 16 percent on the $10.579 million earned in the previous corresponding period.

This result was achieved on revenue of $43.353 million compared with $37.123 million previously.

An indication of the strong growth that the Company has sustained in recent years is provided by the fact that its tax paid profit for the latest half is in excess of the $11.653 million that it achieved in the full year to 30 June 1998 . The result for that year was earned on an asset base similar in value to that which underpinned the latest result.

The Company's balance sheet at 31 December remained strong with the debt to debt plus equity ratio at 21.9 percent against 23.2 percent previously.

Strategic initiatives

During the half the Company progressed a number of strategic initiatives. These included an agreement to purchase Owens Services BOP, its investment in Northport, the continued development of METROPORT and the implementation of the process required for it to make a $67 million return of surplus capital to shareholders.

As at 31 December 2001 the purchase of Owens Services remained subject to Commerce Commission approval. This was subsequently received on 8 February 2002.

Owens Services, which operates log marshalling, agency, storage and distribution services at Tauranga and at nine other ports throughout New Zealand, will generate significant levels of additional revenues for the Company.

The return of capital, which was approved by shareholders at a special meeting on 5 December 2001, still remained subject to the approval of the High Court at 31 December 2001. Subsequent to the end of the period approval was received and payment was made on 15 February.

This return of surplus capital is being achieved by the cancellation of one in every eight shares held by each shareholder in the Company and the tax-free distribution to them of $7 in return for each share cancelled.

In association with the return of capital and its investment in other areas, the Port has since 31 December entered into a commercial funding facility that will enable it to borrow up to $250 million from institutional lenders.

As part of this process the Company's operations were thoroughly evaluated by the ratings agency Standard and Poor's and as a result of this process it was given a rating of BBB+.

This fund raising, in conjunction with the return of capital to shareholders, will mean a significant change in the structure of the Company's balance sheet. Following these initiatives the Company's balance sheet strength will still be sound and within conservative parameters.

The Northport joint venture with Northland Port Corporation involves the establishment of a new deep-water port at Marsden Point. This development is proceeding within budget and is expected to start operating in June 2002.

METROPORT is continuing to play a significant role in improving the Company's competitive position, by widening its catchment area and by attracting new shippers to the Port's services.

Located in South Auckland, METROPORT gives shippers cost-effective access to New Zealand's largest market, making Tauranga a more attractive port of call for shipping lines and also reducing the Port's reliance on the commodity trade.

The efficiency of METROPORT is continuing to play a significant role in the further rise in the volume of container traffic that the Company is handling.

Operations

The latest half saw further growth in the volume of dairy products shipped which rose 13.6 percent.

At the end of the period the Port had yet to experience any impact from the reported fall-off in demand for dairy products that is beginning to be evident in international markets, although this may influence volumes in the coming months.

Growth in containers to162,178 TEUs (twenty foot equivalent units) handled through the Port, was an increase of 15.9 percent on the previous period, and above budget.

Log shipments recovered 21.7 percent from the low levels of the previous corresponding period and sawn timber and wood pulp volumes also rose.

It is expected that log volumes may be lower during the second half of the year but volumes for the full year are still likely to reach budgeted levels.

The total tonnage handled by the Port in the period was 19 percent higher at 5,830,947 tonnes, which was 13 percent ahead of budget.

Import tonnages were 14 percent above budget with strong increases shown in oil products, fertiliser, chemical and grain shipments. Grain shipments in the half-year exceeded the record volume established for the last full year.

During the period Maersk Sealand, the world's largest container shipping line launched a new service linking New Plymouth, Timaru and Tauranga to the Caribbean, Latin American and United States East Coast.

This service was facilitated by a long term shipping agreement between Maersk Sealand and Fonterra which further complements Port of Tauranga's growing involvement in dairy exports.

Future outlook

The Board and management remain tightly focused on the process of continually refining and improving the Company's core business, while at the same time carefully considering and pursuing new opportunities that have the potential to create meaningful improvements in shareholder value.

The outlook for the remainder of the year remains positive, and the Board is forecasting a satisfactory full year profit. Directors are declaring an interim dividend of eleven cents per share compared with nine cents last year.

DIRECTORS

F G McKenzie MNZM – Chairman
A W Capamagian
J M Hughes
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

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consolidated statement of financial performance

FOR THE SIX MONTHS ENDED 31 DECEMBER 2001

Year 30.06.01 $000		6 Months 31.12.01 $000	6 Months 31.12.00 $000
$76,686	**REVENUE**	**$43,353**	$37,123
32,784	**SURPLUS BEFORE TAXATION**	**18,429**	15,336
10,620	Taxation expense	**6,325**	4,924
22,164	**SURPLUS AFTER TAXATION**	**12,104**	10,412
248	Share of surpluses of associate companies after tax	**196**	167
$22,412	**SURPLUS ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY**	**$12,300**	$10,579
	SURPLUS BEFORE TAXATION		
5,887	After charging interest expense	**2,984**	2,822
6,738	After charging depreciation	**3,470**	3,320
137	After crediting interest income	**63**	82
1,621	After crediting gain on sale of fixed assets	**-**	1,399

consolidated statement of movement in equity

FOR THE SIX MONTHS ENDED 31 DECEMBER 2001

258,157	**EQUITY AS AT 1 JULY 2001**	**273,808**	258,157
22,412	Net surplus	**12,300**	10,579
-	Increase in capital	**134**	384
125	Decrease in treasury stock	**16**	-
(6,886)	Ordinary dividends	**(11,466)**	(6,886)
76	Asset revaluation	**-**	-
(76)	Transfer from retained earnings	**-**	-
(6,761)		**(11,316)**	(6,502)
$273,808	**EQUITY AS AT 31 DECEMBER 2001**	**$274,792**	$262,234

These unaudited accounts have been prepared in accordance with FRS-24 and the accounting policies as stated in the published accounts of 30 June 2001. 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 2001.

consolidated statement of financial position

AS AT 31 DECEMBER 2001

Year 30.06.01 $000		6 Months 31.12.01 $000	6 Months 31.12.00 $000
	EQUITY		
76,519	Paid in capital	**76,669**	76,779
164,949	Reserves	**164,949**	164,873
32,340	Retained earnings	**33,174**	20,582
273,808		**274,792**	262,234
	NON CURRENT LIABILITIES		
77,052	Term liabilities	**77,052**	79,000
3,552	Deferred taxation	**3,728**	3,554
80,604		**80,780**	82,554
	CURRENT LIABILITIES		
7,103	Accounts payable and accruals	**7,311**	5,841
-	Dividend payable	-	6,886
586	Taxation payable	**2,593**	1,304
7,689		**9,904**	14,031
$362,101		**$365,476**	$358,819
	NON CURRENT ASSETS		
343,053	Fixed assets	**343,496**	340,675
5,475	Advances	**4,725**	241
890	Investments	**1,059**	917
349,418		**349,280**	341,833
	CURRENT ASSETS		
1,342	Cash	**704**	307
9,621	Receivables	**9,676**	8,548
1,693	Advances and prepayments	**5,809**	8,115
27	Inventories	**7**	16
12,683		**16,196**	16,986
$362,101		**$365,476**	$358,819

consolidated statement of cash flows

FOR THE SIX MONTHS ENDED 31 DECEMBER 2001

Year 30.06.01 $000		6 Months 31.12.01 $000	6 Months 31.12.00 $000
	CASH FLOWS FROM OPERATING ACTIVITIES		
77,099	Cash inflows	**43,298**	39,970
(45,627)	Cash outflows	**(24,836)**	(22,236)
$31,472	**Net Cash Inflow From Operating Activities**	**$18,462**	$17,734
	CASH FLOWS FROM INVESTING ACTIVITIES		
2,359	Cash inflows	**-**	826
(17,169)	Cash outflows	**(7,781)**	(11,434)
$(14,810)	**Net Cash Outflow From Investing Activities**	**$(7,781)**	$(10,608)
	CASH FLOWS FROM FINANCING ACTIVITIES		
1,385	Cash inflows	**150**	3,000
(17,579)	Cash outflows	**(11,469)**	(10,693)
$(16,194)	**Net Cash Outflow From Financing Activities**	**$(11,319)**	$(7,693)
468	**Net Increase (Decrease) in Cash**	**(638)**	(567)
874	Add opening cash brought forward	**1,342**	874
$1,342	**Ending Cash Carried Forward**	**$704**	$307
	Reconciliation of Surplus After Taxation to Cash Flows From Operating Activities:		
22,164	Reported surplus after tax	**12,104**	10,412
5,523	Add (less) non-cash items	**4,044**	4,602
3,785	Add (less) movements in working capital	**2,314**	2,720
$31,472	**Net Cash Flow From Operating Activities**	**$18,462**	$17,734

The joint venture with Northland Port Corporation to build a new deepwater port at Marsden Point at a total cost of $65 million is to be funded by $37.5 million bank debt with a five year term and the balance as equal equity contributions by the two owners. Our 50% equity contribution of $13.75 million will occur over the next nine months.

The Commerce Commission clearance for the Company to acquire 100% of the shares of Owens Services BOP Limited for $31.5 million was received on 8 February 2002 with the remaining 90% of the purchase price paid immediately.

The $67 million return of capital to shareholders received formal approval from the High Court during January and was paid to shareholders on 15 February 2002.