



DRAFT STATEMENT OF CORPORATE INTENT (covering the period to 30 June 2005)

1. OBJECTIVES OF THE COMPANY

1.1 The PRIMARY OBJECTIVES of the Company shall be:

- (a) To operate as a successful, sustainable and responsible business.
- (b) To be customer focused **and** provide superior service.
- (c) To be the industry leader in transport logistics solutions.

1.2 The FINANCIAL OBJECTIVES of the Company shall be:

- (a) To provide a commercial return to shareholders.
- (b) To adopt policies that prudently manage risk and protect the investment of shareholders.

1.3 The ENVIRONMENTAL OBJECTIVES of the Company shall be:

- (a) To operate in **an** environmentally responsible and sustainable manner.
- (b) To raise awareness of environmental issues within the Company.

1.4 The SOCIAL OBJECTIVES of the Company shall be:

- (a) To be a learning organisation and a superior employer.
- (b) To provide a safe and healthy workplace.
- (c) To participate in development, cultural and community activities within the regions in **which** the Company operates.

2. NATURE AND SCOPE OF ACTIVITIES TO BE UNDERTAKEN

2.1 The provision of port infrastructure, including land, wharves, buildings and equipment and utility **services**.

2.2 The provision of shipping **and** logistical services, including pilotage, towage and berthage.

- 2.3 The provision of operational services, including cargo handling, warehousing, facilities management services, property management services, security and emergency services.
- 2.4 The provision of integrated transport logistics solutions, providing a coordinated linkage between other **transport and** distribution operations and networks, for the benefit of the region and its customers.
- 2.5 The provision of any other services, where the Company has specialist expertise, that adds value.
- 2.6 The development and implementation of the Port Property Plan to optimise the operational effectiveness **and** value of its property portfolio,

3. RATIO OF CONSOLIDATED EQUITY TO TOTAL ASSETS

- 3.1 The target ratio of equity is expected to be maintained in the range of 60% to 80% of total assets.
- 3.2 Definition of Terms:
 - (a) Consolidated Equity is defined as the total issued capital, the balance of undistributed profits and all revenue and capital reserves less any **minority** interests.
 - (b) Total Assets are defined as **all** the recorded tangible **and** intangible assets of the Company at their current value **as** determined in the Company's Statement of Accounting Policies.

4. ACCOUNTING POLICIES

- 4.1 The detailed Accounting Policies of the Company **will** be consistent with the legal requirements of the Companies Act 1993, the Financial **Reporting** Act 1993, generally accepted accounting principles, the Institute of Chartered Accountants of New Zealand's Statement of Standard Accounting Procedures (*SSAP's*) and the Financial Reporting Standards (*FRS's*).

5. PERFORMANCE TARGETS

The following are the **Company's** performance measures:

FINANCIAL

- 5.1 (a) Net Profit (before tax)
- (b) Net Profit (after tax)

- (c) Return on Total Assets''
 - Port
 - Property held for Development
 - Investment Properties
- (d) Return on Equity''**
- (e) Dividend
- (f) Dividend Percentage of Net Profit after **Tax**

* Return on Total Assets is the net profit before interest and tax divided by the average total assets.

** Return on Equity is the net profit after tax divided by the average equity.

5.2 The target for return on equity is to be in **the** top four of comparable New Zealand ports.

ENVIRONMENTAL

- 5.3 (a) Comply with AS/NZS 14000: Environmental Management Standards.
- (b) Promote the introduction into the district **and** regional coastal plans of the principles of NZ 6809:1999 Acoustics – Port Noise Management and Land Use Planning.
- (c) Complete a noise management plan to support proposed changes to the noise provisions **within** the district **and** regional coastal plans.
- (d) Comply with all conditions under resource consents and permits held, and to fully adhere to the requirements of environmental law generally.

SOCIAL

- 5.4 (a) Maintain current levels of compliance with the ACC Workplace Safety Management Practices **Programme** and the AS/NZS **4801**: Occupational Health and **Safety** Management Systems.
- (b) Maintain compliance with the International Ship & Port Security (ISPS) Code which promotes security against terrorism **within** the port environment.
- (c) Undertake **risk** assessments and implement any mitigating procedures relating to the Port **& Harbour** Safety Code which promotes safety and excellence in marine operations.
- (d) To undertake an appropriate level of sponsorship.

(e) To meet regularly with representative community groups.

(f) To hold more port tours for community groups.

GENERAL

5.5 The company will, in consultation with the shareholders, continue to develop performance targets in the environmental and social areas in order to be able to maintain triple bottom line reporting in accordance with best practice.

6. DISTRIBUTION OF Profits TO SHAREHOLDERS

6.1 The Company policy on the provision of the net profits to be distributed to shareholders (after deductions for taxes and interest) will be reviewed by the Board of the Company from year to year, according to the circumstances as they may exist, the cashflows generated by the Company and the successful achievements of the commercial objectives of the Company.

The expectation is that the dividend will be \$3.6 million per *mm*. The dividend performance measure will be set in consultation with shareholders on a rolling three yearly basis.

6.2 The actual dividend will be paid to shareholders prior to:

- 28 February Interim Dividend
- 30 September Final Dividend

7. INFORMATION TO BE REPORTED

The company will maintain regular reporting on the implementation of policies to the shareholders in accordance with statutory requirements and in particular will:

- (a) Within three months after the end of each financial year produce an Annual Report comprising:
- A statement of accounting policies;
 - Audited consolidated financial statements for the year;
 - Explanatory notes thereon; and
 - A report from the Directors which will include:
 - * a review of operations
 - * a *summary* of achievements measured against appropriate performance targets; and
 - * the maximum dividend (if **any**) recommended.

- (b) Within two months of the end of the first half of each financial year, produce a half yearly report comprising:
- **An** abridged, unaudited statement of the financial position with explanatory notes; and
 - **A** brief report from the directors of the company's operations for the half year and the outlook for the second half year.

(The above reporting requirements are specified under Section 16 of the Port Companies Act.)

8. PROCEDURES FOR ACQUISITION OF SHARES

- 8.1 The Company will only invest in the shares of another business when the shares acquired are considered by the Directors to bring added value to the business of the Company providing **an** acceptable return on the cost of capital employed, or will further the objectives set out herein of the business of the Company.
- 8.2 The Company will consult with shareholders prior to any material departure from the objectives outlined in the Company's Strategic Plan or the Statement of Corporate Intent.

9. COMPENSATORY ACTIVITIES

- 9.1 The Company will seek compensation by agreement from the Wellington Regional Council and/or the Manawatu-Wanganui Regional Council or the appropriate local authority for:
- (a) Marine pollution control services;
 - (b) Any other statutory function duty or power which they may wish the port company to carry out on their behalf and which involves the supply of goods or services.

10. VALUE OF SHAREHOLDER INVESTMENT

- 10.1 **The** value of equity in the Company as at 1 July 2004, is \$xx,xxx,xxx and is an assessment of the net tangible assets based on the valuation of the company's land and the historic cost of the company's other assets.
- 10.2 The commercial value of this investment may be determined from time to time in cognizance of the market.
- 10.3 **A** re-assessment of the valuation of equity will be undertaken as may be required from time to time by the shareholders or directors.

11. OTHER AREAS

11.1 Communication with Shareholders

There shall be regular meetings between the shareholders and the Company at not less than half yearly intervals. These meetings shall discuss:

- a) the overall and segmented performance of the Company, including progress measured against the then current Business Plan
- b) the performance of the company in meeting its financial, environmental and social performance targets;
- c) the performance of the Company in optimising the operational effectiveness and value of its property portfolio;
- d) how the performance outlined in section 11.1a to 11.1c is contributing to the company's objective of operating as a successful sustainable and responsible business.

In addition:

- e) quarterly briefings will be held between company management and officers of the shareholders.
- f) the Company will promptly advise the Shareholder on sensitive issues affecting the Company.

11.2 Strategic Plan

The Company shall outline its Strategic Plan to the shareholders and the Strategic Plan shall be updated at not less than two yearly intervals.

11.3 Review of Statement of Corporate Intent

The Company shall provide to the shareholders in May of each year a Draft Statement of Corporate Intent for the consideration of shareholders with the intent that the Statement will be finalised in September.

11.4 Corporate Governance

The Company is implementing a system of measuring and evaluating Board and Director performance, with a formal review to be undertaken during the 2005 financial year.

The outcome of the formal review will be reported as appropriate by **30** September 2005.

CENTREPORT LIMITED
DRAFT STATEMENT OF CORPORATE INTENT

KEY FINANCIAL SCI INDICATORS	FY2005	FY2006	FY2007
NPBT	\$ 9,104	\$ 10,149	\$ 11,194
NPAT	\$ 6,100	\$ 6,800	\$ 7,500
ROA (EBIT / Av ASSETS)	*	*	*
- PORT	*	*	*
- PROPERTIES HELD FOR DEVELOPMENT	*	*	*
- INVESTMENT PROPERTIES	*	*	*
- OVERALL	*	*	*
ROSF (NPAT / Av EQUITY)	*	*	*
DIVIDEND	\$ 3,600	\$ 3,600	\$ 3,600
DIVIDEND PERCENTAGE OF NPAT	59%	53%	48%

* To be confirmed