



STATEMENT OF CORPORATE INTENT (covering the period to 30 June 2004)

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~~ undertake efficient commercial port and transport related **operations** to effectively service the port's customers.

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 provide a safe and healthy workplace.

(b) 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** services, providing a coordinated linkage between other **transport** 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*
- (d) Return on Equity**

(e) Dividend

* 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) Maintain current levels of accreditation to CentrePort's internationally recognised management system (incorporating environmental **standards**) CLIMB.

(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) Comply **with** all conditions under resource consents and permits held, and to fully **adhere to** the requirements **of** environmental law generally.

(d) Complete a biosecurity management plan to protect the operational **ports** capability to continue to handle international shipping.

SOCIAL

5.4 (a) Maintain current levels **of accreditation** to CentrePort's internationally **recognised** management **system** (incorporating health and safety **standards**) CLIMB.

(b) Maintain compliance with Lloyds Safe Ship Management **for** tugs **and** launches.

(c) Ensure that all employee participation requirements under the new health and safety legislation are met.

(d) Investigate the **feasibility of** Marine Cluster opportunities, including a *dry dock* **facility**.

(e) To undertake an appropriate level **of** sponsorship.

(f) To meet regularly **with** representative **community** groups.

(g) 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 and the successful achievements ~~of~~ the commercial objectives ~~of~~ the Company.

The expectation is that the dividend will be the ~~maximum~~ practicable amount. ~~This~~ is currently targeted at 60% of after ~~tax~~ earnings excluding unrealised gains/losses ~~on~~ investment property, ~~unless~~ major capital expenditure and investment requirements require otherwise. The ~~annual~~ dividend performance measure will be ~~set~~ in consultation with shareholders.

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 2003, is **\$64,421,000** and is **an** assessment **of** the net tangible assets based **on** historic cost of the company's **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^v 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 2004 financial year.

The outcome **of** this process will be reported **as** appropriate by 30 September 2004.

CENTREPORT LIMITED
STATEMENT OF CORPORATE INTENT

KEY FINANCIAL SCI INDICATORS

| | FY2004 Budget | FY2005 Projected | FY2006 Projected |
|----------------------------------|--------------------------|-----------------------------|-----------------------------|
| NOBT | \$10.1m | \$10 m | \$11.2m |
| NOAT | \$6.7m | \$7.1m | \$7.5m |
| ROA (EBIT / AV ASSETS) | 11.8% | 12.2% | 12.7% |
| ROSF (NOAT / AV EQUITY) | 10 2% | 10 3% | 10 4% |
| DIVIDEND | \$3.5m | \$3.9m | \$4.1m |