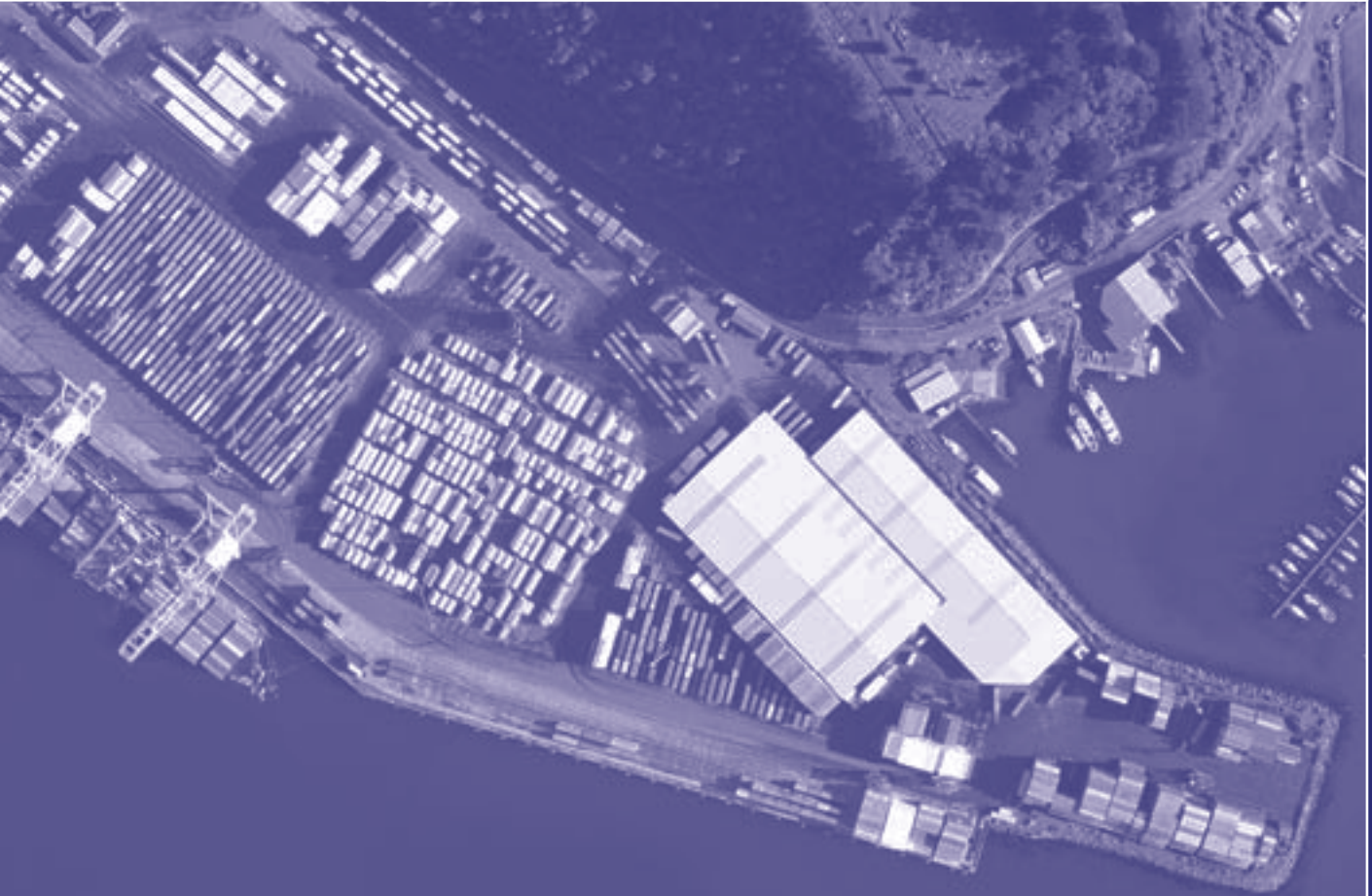




2004 Annual Report





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	2004 \$000	2003 \$000
Revenue	44,616	39,964
Operating surplus	13,694	13,324
Net surplus after taxation	9,098	8,692
Net surplus after unrealised revaluations	22,462	15,915
<hr/>		
Total assets	159,609	133,643
Shareholders equity	110,714	94,352
<hr/>		
Dividends paid and declared	6,500	6,100

### Highlights

- Continued expansion of warehousing activities with the construction of a new 8,000m<sup>2</sup> warehouse.
- A rise of \$13.4 million in the value of the investment property portfolio which is incorporated in the total surplus for the year of \$22.5 million.
- Dividend increased to \$6.5 million.

## Directors

John Gilks	Chairman
Ross Black	Deputy Chairman
George Berry	
Ed Johnson	
Jim Miller	
Dougal Rillstone	

## Executive

René Bakx	Joint Chief Executive
Geoff Plunket	Joint Chief Executive
Iain Lindsay	Marketing Manager
Bruce Trainor	Operations Manager
Wayne Muir	General Manager, Port Otago Group Warehousing
Chris Kaye	Marine Services Manager
Andrew Taggart	Chief Financial Officer

## Chalmers Properties Limited

Andrew Duncan	Chief Executive
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## Address

15 Beach Street	
PO Box 8	
Port Chalmers	
Phone	(03) 472-7890
Facsimile	(03) 472-7891
Email	pol@portotago.co.nz
Website	www.portotago.co.nz

## Bankers

ANZ National Bank Limited

## Solicitors

Anderson Lloyd Caudwell

## Auditors

Audit New Zealand on behalf of the Auditor-General

Port Otago Group has completed another successful year with higher cargo volumes and improved property returns contributing to an increase in operating surplus.

### **Financial results**

For the year ended 30 June 2004 the Port Otago Group achieved a Net Surplus after Tax of \$9.1 million, an increase of 5%.

The annual revaluation of Chalmers Properties Ltd investment property portfolio contributed a surplus of \$13.4 million, increasing the Total Surplus for the year to \$22.5 million, a 41% increase on last year's surplus of \$15.9 million.

### **Trade**

A record 2.7 million tonnes of cargo were handled during the year, an increase of 9%. This represents the sixth consecutive year of increased cargo volumes. During this period the cargo tonnage has increased from 1.4 million tonnes to 2.7 million tonnes, an overall increase of 93%.

The number of containers handled during the year increased by 24% reflecting both the increased economic activity within the Region and an increase in the number of containers trans-shipped through the port.

Conventional cargoes were however 5% lower than the previous year at 1.0 million tonnes. The reduction is mainly due to lower log exports and the loss of Pacifica Shipping's coastal shipping service in December 2003.

### **Port operations**

The port operating surplus after tax of \$6.8 million, was an increase of 4% on the previous year result of \$6.5 million. The surplus includes an amount of \$0.4 million received following settlement of the Company's claim for the remediation work associated with the Flagstaff Hill slip which occurred in 1999.

The Company continues to invest in the port's infrastructure in order to ensure high quality facilities are available to meet the growing cargo volumes from the Region. A \$1.6 million upgrade of refrigerated storage areas was completed during the year increasing storage capacity for refrigerated containers, and a new 8,000 square metre warehouse was also completed in March 2004 to handle the growing dairy production.

During the year the Board reviewed and updated its strategic plan for the port. With the continued growth in container volumes the Board has approved the purchase of three new Kalmar straddle carriers for delivery in December 2004 and a second upgrade of refrigerated storage areas. In combination this represents an investment of \$4.7 million in the port's infrastructure. The purchase of a new container crane is also under consideration with a further announcement likely by the end of September.

Fifteen lost time accidents occurred during the year to give a frequency rate of 3.9 which is a disappointing incidence for the year. The Board and management have targeted a sustained improvement in the coming year. On a positive note the Company retained its tertiary rating in the latest ACC Partnership programme audit.

### **Staff**

A critical part of our continued success is the positive team effort by all staff over the past year and the commitment to delivering superior customer service. Growing cargo volumes continues to provide additional employment opportunities and over the past year we have increased our permanent workforce by a further 15 positions to a total staff of 220.

In August 2004 René Bakx, the Company's Joint Chief Executive announced his resignation from the Company, effective from 10 September. Under René's leadership Port Otago has enjoyed considerable growth and success, attracting a number of new shipping services and expanding the range of services to include warehousing and coldstorage. René has also been extensively involved in finalising resource consent issues for the port's activities. Of particular importance has been the recent completion of the noise management and mitigation plans.

### **Environmental management**

The decision by the Environment Court in April 2004 to adopt a noise management and mitigation approach to dealing with port noise is a positive step and provides the framework to manage and mitigate the effects of port noise on an on going basis.

The Company has commenced with the implementation of both the Port Noise Management and Mitigation plans, concentrating initially on those properties located directly adjacent to the port which are the most affected by noise. Once the effectiveness of acoustic treatment on a sample range of property types has been established, the knowledge gained will be used to determine requirements for treatment of the remaining properties within this zone as well as those further away from the port.

The Port Noise Liaison Committee is in the process of being formed. The Committee will be responsible for dealing with noise in accordance with the Management Plan and will take over all the functions of the former Port Environment/Liaison Committee.

During the year the Port Environment/Liaison Committee continued to meet at some six-weekly intervals and three extraordinary meetings were also held. The first of these dealt with the construction of the new warehouse at Back Beach, the need for this facility, the alternative locations considered and the extension of the public walkway around the south-eastern corner of the reclaim. The other two meetings were to address proposals from the forestry exporters to alter the road configuration and entry points to the log storage area around Observation Point and to consider the requirements for a trial third shift log loading operation.

Other activities undertaken by the Committee during the year included further landscaping of the Flagstaff Hill area and addressing machinery noise at Back Beach. The Committee received a detailed briefing on the draft Port Noise Management and Mitigation Plans, providing feedback, and also attended a meeting where these Plans were presented to the Chalmers Community Board.

### **Chalmers Properties Limited**

The Group's investment property business, held by Chalmers Properties Limited, achieved a net surplus for the year of \$15.7 million. This comprised a tax paid surplus of \$2.3 million (last year: \$2.2 million) and a \$13.4 million increase in the valuation of the investment property portfolio (last year: \$7.2 million).

During the year Chalmers Properties acquired a 50% interest in two parcels of land with the intention of redevelopment. The two sites are 43 hectares of land at Te Rapa, Hamilton and a 9,800 m<sup>2</sup> site in East Tamaki, Auckland.

The Company's first development, in Porana Road, Auckland was successfully completed in September 2003. The developed property comprises five industrial units with New Zealand Post leasing the largest of the units. Three of the five units have to date been leased. The successful redevelopment improves the value of the Company's investment by \$1.8 million to give a total value for the property of \$6.4 million.

\$6.1 million of the \$13.4 million increase in the valuation of the property portfolio at 30 June 2004 arose on the Dunedin property portfolio. This reflects the continued strong demand in Dunedin for industrial property.

The following table shows a geographical breakdown for investment property values at the end of the financial year:

Location	Net Current Value	Net Current Value	Net Current Value	Net Current Value
	2004 \$m	2004 %	2003 \$m	2003 %
Dunedin	47.7	58%	41.6	64%
Auckland	27.1	33%	19.9	30%
Hamilton	4.4	5%	-	-
Wellington	3.7	4%	3.7	6%
<b>Total</b>	<b>82.9</b>	<b>100%</b>	<b>65.2</b>	<b>100%</b>

The Company continues to investigate opportunities for the redevelopment of the harbourside area in Dunedin. On the completion of the current review the Board will be seeking wider stakeholder input into the opportunities for redevelopment.

### Performance targets

A summary of this year's performance targets, which are set out in the Statement of Corporate Intent, is set out in the following table:

	Actual	Target	Outcome
<b>Trade</b>			
Cargo tonnage	2.8 million tonnes	2.8 million tonnes	<i>Target met</i>
Number of vessel arrivals	537 vessels	520 vessels	<i>Target exceeded</i>
<b>Environmental</b>			
Incidents leading to pollution of harbour	Nil	Nil	<i>Target achieved</i>
Full compliance with all resource consent conditions	Nil	Nil	<i>Target achieved</i>
<b>Health &amp; Safety</b>			
Frequency rate (lost time accidents per 100,000 work hours)	3.9	1.5	<i>Target not achieved</i>

### Financial performance

	Port Otago Group		Port Operations		
	Actual	Target	Actual	Target	
Return on assets	15.3%	7.1%	9.8%	9.5%	
Return on shareholders funds	21.9%	10.6%	16.0%	13.6%	
Equity ratio	69%	65%	65%	63%	<i>Financial</i>
Debt servicing ratio (times)	7.1	7.0	8.1	7.0	<i>targets exceeded</i>

### Dividend

Dividend payments of \$6.5 million were paid or declared for the year to 30 June 2004 (last year: \$6.1 million). The dividend for the year, which is a 7% increase from last year, represents 71% of the Net surplus after taxation.

## **Outlook**

Continued investment in the port's infrastructure combined with a strong focus on service delivery and technology will ensure that Port Otago is able to provide an efficient gateway for the Region's exporters and importers.

After five years of strong growth we anticipate that the 2004/5 year will be one of consolidation at the current higher levels of trade.

For and on behalf of the Board



**John Gilks**  
*Chairman*  
31 August 2004



The Directors are pleased to present their annual report including the audited financial statements for the Port Otago Group for the year ended 30 June 2004.

**Group activities**

Port Otago Limited provides a full range of port facilities, cargo handling and warehousing services at the Port of Otago. Port Otago Limited has a 50% share in a joint venture, HarbourCold Dunedin, which operates a wharfside cold store.

Chalmers Properties Limited, a wholly owned subsidiary, manages the Group's investment property portfolio.

**Financial results**

The Group recorded a net surplus for the year after unrealised revaluations of \$22.5 million compared to \$15.9 million last year, an increase of 41%.

The net surplus after tax but before unrealised revaluations was \$9.1 million, an increase of 5%.

**Dividends**

A final dividend of \$1.5 million will be paid on 3 September 2004, to give a total dividend for the year of \$6.5 million.

**Changes in accounting policies**

There have been no changes in accounting policies during the year.

**Directors**

In accordance with the constitution Messrs J W Gilks and E G Johnson retire by rotation and have been reappointed for a further term.

**Directors' remuneration**

Remuneration paid by the Port Otago Group to Directors during the year was:

	Port Otago Limited \$	Chalmers Properties Limited \$	Total Group \$
J W Gilks (Chairman)	37,500	-	37,500
D R Black (Deputy Chairman)	25,000	-	25,000
R D Anderson	-	15,000	15,000
G L Berry	20,000	15,000	35,000
G P Hinton	-	15,000	15,000
E G Johnson	20,000	-	20,000
J D Miller	20,000	10,000	30,000
D Rillstone	20,000	-	20,000
V H Pooch	-	15,000	15,000
	<u>142,500</u>	<u>70,000</u>	<u>212,500</u>

**Directors' interests**

Directors have disclosed the following general interests for the year ended 30 June 2004 in accordance with Section 140 of the Companies Act 1993:

Director	Entity	Relationship
<i>G L Berry</i>	Banco Properties Limited	Director
	Banco Trustees Limited	Director
	Berry & Co	Senior Partner
	Berry & Co Solicitors Nominee Limited	Director
	Millbrook Resort Property Companies	Director
	Shotover Nominees Limited	Director
	Southern Lakes Development Co. Limited	Director
	Southern Property Holdings Limited	Director
	Totara Irrigation Development Limited	Director
	Totaratahi Estate Limited	Director
	Waitaki District Health Services Limited	Chairman
<i>D R Black</i>	Clough Holdings Limited	Chairman
	Farra Dunedin Engineering Limited	Chairman
	Forests Otago Limited	Chairman
	Lifevent Medical Limited	Chairman
	Otago Rescue Helicopter Trust	Chairman
	Timberlands West Coast Limited	Chairman
	HealthCare Otago Charitable Trust	Trustee
<i>J W Gilks</i>	Aurora Energy Limited	Director
	Citibus Newton Limited	Director
	City Forests Limited	Director
	Delta Utility Services Limited	Director
	Dublin Bay Investments Limited	Director
	Dunedin City Holdings Limited	Director
	Dunedin Rhododendron Festival Trust	Chairman
	Fisher & Paykel Appliances Holdings Limited	Director
	Fisher & Paykel Finance Limited	Director
	Otago Emergency Air Ambulance Limited	Director
	Pacific Edge Biotechnology Limited	Director
	Philip Laing House Limited	Director
	St Andrews Group Limited	Director
The National Bank of New Zealand Limited	Director (until 26 June 2004)	
<i>E G Johnson</i>	Bank of New Zealand	Director
	Custom Fleet (NZ) Limited	Chairman
	E G & D M Johnson Family Trust	Trustee
	Fulton Hogan Limited (and its wholly owned subsidiaries)	Chairman
	Goldpine Group Limited (and its wholly owned subsidiaries)	Chairman
	MDC Holdings Limited	Director
	Mudhouse Wine Company Limited	Director
	Stone Farm Holdings Limited	Director
	Stone Farm Olives Limited	Director
<i>J D Miller</i>	Chalmers Properties Limited	Director
	Fulton Hogan Limited (and group companies)	Director
<i>D Rillstone</i>	Clearwater Lakes International Hotel Limited	Director
	Durrant Holdings Limited	Director
	Hazlett & Sons Limited	Director
	Mobile Medical Technology Limited	Director

### Employee remuneration

During the year, the number of employees of Port Otago Limited and its subsidiaries who received total remuneration in excess of \$100,000 are:

Remuneration range (\$)	Number of employees
230,001 – 240,000	2
210,001 – 220,000	1
140,001 – 150,000	1
120,001 – 130,000	3
110,001 – 120,000	2
100,000 – 110,000	6

### Directors of subsidiary companies

The following persons held the office of director of the respective subsidiaries during the year. Directors' fees for Chalmers Properties Limited are shown under directors' remuneration. No directors' fees were payable by Perpetual Property Limited.

Companies	Directors for both companies
Chalmers Properties Limited	G L Berry (Chairman), R D Anderson
Perpetual Property Limited	G P Hinton, J D Miller, V H Pooch

### Directors' insurance

The Group provides insurance cover for directors under the following policies:

- (a) Directors' liability insurance which ensures that generally directors will incur no monetary loss as a result of action undertaken by them as directors.
- (b) Personal accident insurance which covers directors while travelling on company business.

### Use of Company Information

There were no notices received from Directors of the Company requesting to use Company information received in their capacity as Director, which would not otherwise have been available to them.

### Auditors

The Auditor-General continues as the Company's auditor in accordance with the Port Companies Act 1988. The Auditor-General has appointed Audit New Zealand to undertake the audit on its behalf.

The Group audit fee for the year ended 30 June 2004 was \$49,000.

For and on behalf of the Board of Directors



**J W Gilks**  
*Chairman*  
31 August 2004



**J D Miller**  
*Director*  
31 August 2004

# Consolidated Statement of Financial Performance



For the Year Ended 30 June 2004

	Notes	Group		Parent Company	
		2004 \$000	2003 \$000	2004 \$000	2003 \$000
<b>Revenue</b>	<b>1</b>				
Port operations		38,955	35,226	40,621	35,746
Investment property		5,661	4,738	-	-
		<b>44,616</b>	<b>39,964</b>	<b>40,621</b>	<b>35,746</b>
<b>Surplus before interest and unusual items</b>					
Port operations		10,973	10,691	12,565	12,674
Investment property		4,357	3,786	-	-
		<b>15,330</b>	<b>14,477</b>	<b>12,565</b>	<b>12,674</b>
Net interest		(2,244)	(1,165)	(1,423)	(902)
<b>Operating surplus</b>		<b>13,086</b>	<b>13,312</b>	<b>11,142</b>	<b>11,772</b>
Settlement from Flagstaff Hill slip legal claim		608	-	608	-
<b>Surplus before taxation</b>	<b>2</b>	<b>13,694</b>	<b>13,312</b>	<b>11,750</b>	<b>11,772</b>
Taxation	<b>3</b>	(4,596)	(4,620)	(3,398)	(3,183)
<b>Net surplus after taxation</b>		<b>9,098</b>	<b>8,692</b>	<b>8,352</b>	<b>8,589</b>
Unrealised net change in the value of investment property	<b>10</b>	13,364	7,223	-	-
<b>Net surplus after unrealised revaluations</b>		<b>22,462</b>	<b>15,915</b>	<b>8,352</b>	<b>8,589</b>

## Consolidated Statement of Movements in Equity

For the Year Ended 30 June 2004

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	Notes	Group		Parent Company	
		2004 \$000	2003 \$000	2004 \$000	2003 \$000
<i>Total recognised revenues and expenses:</i>					
Net surplus		22,462	15,915	8,352	8,589
<i>Distribution to owners:</i>					
Dividend	19	(6,100)	(5,250)	(6,100)	(5,250)
<i>Other movements:</i>					
Amalgamation of subsidiary	11	-	-	1,535	-
Equity at beginning of the year		94,352	83,687	46,864	43,525
<b>Equity at end of the year</b>		<b>110,714</b>	<b>94,352</b>	<b>50,651</b>	<b>46,864</b>

# Consolidated Statement of Financial Position



As at 30 June 2004

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	Notes	Group		Parent Company	
		2004 \$000	2003 \$000	2004 \$000	2003 \$000
<b>Equity</b>					
Share capital	4	20,000	20,000	20,000	20,000
Reserves	5	90,714	74,352	30,651	26,864
		<u>110,714</u>	<u>94,352</u>	<u>50,651</u>	<u>46,864</u>
<b>Non current liabilities</b>					
Borrowings (secured)	6	42,370	33,155	24,220	21,405
Employee entitlements	7	764	726	764	726
		<u>43,134</u>	<u>33,881</u>	<u>24,984</u>	<u>22,131</u>
<b>Current liabilities</b>					
Bank overdraft (secured)		-	-	-	1,304
Accounts payable	8	4,084	3,971	3,482	2,704
Employee entitlements	7	1,677	1,439	1,672	1,401
		<u>5,761</u>	<u>5,410</u>	<u>5,154</u>	<u>5,409</u>
<b>Total equity and liabilities</b>		<b><u>159,609</u></b>	<b><u>133,643</u></b>	<b><u>80,789</u></b>	<b><u>74,404</u></b>
<b>Non current assets</b>					
Fixed assets	9	65,201	60,874	65,183	60,775
Investment property	10	82,881	65,190	-	-
Investment in subsidiaries	11	-	-	7,000	7,050
Intangible assets	12	719	1,054	1,116	1,255
		<u>148,801</u>	<u>127,118</u>	<u>73,299</u>	<u>69,080</u>
<b>Current assets</b>					
Bank		187	174	141	109
Receivables and prepayments	13	10,061	5,738	6,868	4,684
Stores and materials		322	333	322	333
Income tax refund		238	280	159	198
		<u>10,808</u>	<u>6,525</u>	<u>7,490</u>	<u>5,324</u>
<b>Total assets</b>		<b><u>159,609</u></b>	<b><u>133,643</u></b>	<b><u>80,789</u></b>	<b><u>74,404</u></b>

For and on behalf of the Board of Directors

**J W Gilks**  
Chairman  
31 August 2004

**J D Miller**  
Director  
31 August 2004

The accompanying notes form part of these financial statements

2004 Annual Report

## Consolidated Cash Flow Statement

For the Year Ended 30 June 2004

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	Notes	Group		Parent Company	
		2004 \$000	2003 \$000	2004 \$000	2003 \$000
<b>Cash flows from operations</b>					
<i>Cash was provided from:</i>					
Receipts from port operations		37,070	34,602	37,125	32,784
Rental income		5,487	4,688	-	-
Dividend income received		-	-	1,600	2,400
<i>Cash was disbursed to:</i>					
Payments to employees and suppliers		(24,429)	(22,066)	(23,012)	(19,810)
Interest paid		(2,226)	(1,142)	(1,398)	(969)
Income tax paid		(4,320)	(4,403)	(3,327)	(3,154)
Tax subvention payment		-	(40)	-	(40)
<b>Net cash flows from operations</b>	<b>14</b>	<b>11,582</b>	<b>11,639</b>	<b>10,988</b>	<b>11,211</b>
<b>Cash flows from investing activities</b>					
<i>Cash was provided from:</i>					
Sale of fixed assets		2	6	2	6
Sale of investment property		23	372	-	-
Amalgamation of subsidiary		-	-	1,592	-
<i>Cash was applied to:</i>					
Purchase of fixed assets		(7,757)	(9,708)	(7,735)	(9,686)
Interest capitalised		-	(302)	-	(302)
Purchase of investment property		(2,675)	(8,562)	-	-
Improvements to investment property		(2,211)	(1,407)	-	-
Advances to joint venture		(2,066)	-	-	-
Purchase of investments		-	(503)	(226)	(503)
<b>Net cash flows from investing activities</b>		<b>(14,684)</b>	<b>(20,104)</b>	<b>(6,367)</b>	<b>(10,485)</b>

# Consolidated Cash Flow Statement



For the Year Ended 30 June 2004 *Continued*

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Notes	Group		Parent Company	
	2004 \$000	2003 \$000	2004 \$000	2003 \$000
<b>Cash flows from financing activities</b>				
<i>Cash was provided from:</i>				
Proceeds from borrowings	12,700	17,870	5,350	9,970
<i>Cash was applied to:</i>				
Repayment of borrowings	(3,485)	(4,400)	(2,535)	(3,400)
Dividends paid	(6,100)	(5,250)	(6,100)	(5,250)
<b>Net cash flows from financing activities</b>	<b>3,115</b>	<b>8,220</b>	<b>(3,285)</b>	<b>1,320</b>
<b>Increase (decrease) in cash held</b>	<b>13</b>	<b>(245)</b>	<b>1,336</b>	<b>2,046</b>
Cash held at beginning of year	174	419	(1,195)	(3,241)
<b>Cash held at end of year</b>	<b>187</b>	<b>174</b>	<b>141</b>	<b>(1,195)</b>

The accompanying notes form part of these financial statements

2004 Annual Report



### Reporting entity

Port Otago Limited (the "Company") is registered under the Companies Act 1993. Financial statements for Port Otago Limited and consolidated financial statements are presented. The consolidated financial statements comprise the Company, its subsidiaries and associates ("the Group"). The financial statements have been prepared in accordance with the requirements of the Companies Act 1993 and the Financial Reporting Act 1993.

### Measurement base

The measurement base adopted is that of historical cost modified by the revaluation of certain assets.

### Accounting policies

The following accounting policies which significantly affect the measurement of profit and the financial position have been applied.

#### a) Basis of Consolidation

The consolidated financial statements include those of Port Otago Limited (the parent company) and its subsidiaries accounted for using the purchase method, and the results of associates accounted for using the equity method. All inter-company transactions are eliminated on consolidation.

Subsidiaries are entities that are controlled, either directly or indirectly, by the Company. Associates are those entities in which the Company, either directly or indirectly, holds a significant but not a controlling interest.

#### *Joint ventures*

Joint ventures are joint arrangements with other parties in which the Company has several liability in respect of costs and liabilities. The Company's share of the assets, liabilities, revenues and expenses of joint ventures is incorporated into the Company and consolidated financial statements on a line-by-line basis.

#### *Goodwill arising on acquisition*

Goodwill represents the excess of purchase consideration over the fair value of net assets acquired at the time of acquisition of a business. Goodwill is amortised on a straight line basis over the shorter of its useful life or 20 years.

#### b) Fixed assets and depreciation

Fixed assets are recorded at cost less depreciation to date.

Depreciation is provided on a straight line basis to write off the cost of the fixed assets over their estimated useful lives. The estimated useful lives are as follows:

Land improvements and buildings	10 - 50 years
Wharves, paving and dredging	15 - 40 years
Vessels and floating plant	5 - 20 years
Plant, equipment and vehicles	3 - 20 years
Computer software	1 - 3 years

#### c) Investment property

Apart from capital work-in-progress, all investment properties are recorded at their net current value as determined annually by independent valuers. Net current value is the open market value less the costs of disposal that could reasonably be anticipated. Revaluation gains and losses are recognised directly in the statement of financial performance. In the year in which any properties are sold the difference between the net sale proceeds and the carrying amount is recognised in the statement of financial performance. Investment properties are not subject to depreciation.

Capital work-in-progress is recorded at cost.

#### d) Accounts receivable

Accounts receivable are stated at the estimated realisable value after making adequate provision for doubtful debts.

# Statement of Accounting Policies



For the Year Ended 30 June 2004 *Continued*

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**e) Stores and materials**

Stores and materials are valued at cost, on a weighted average basis, with appropriate allowances for obsolescence and deterioration.

**f) Employee entitlements**

Provision is made in respect of the liability for annual leave, long service leave and retiring allowances. Annual leave is calculated on an actual entitlement basis at current rates of pay. Long service leave and retiring allowances are measured as the present value of the estimated future cash outflows to be made by the Company. The provision is affected by a number of estimates including projected interest rates, the expected length of service of employees and future levels of employee earnings.

**g) Taxation**

The income tax expense charged against the profit for the year is the estimated liability in respect of that profit and is calculated after allowances for permanent differences. The Group uses the liability method of accounting for deferred taxation and applies this on a comprehensive basis. Future tax benefits attributable to timing differences are only recognised when there is virtual certainty of realisation.

**h) Statement of Cash Flows**

The following is the definition of terms used in the Statement of Cash Flows:

- i) Cash means bank balances and cash on deposit with banks.
- ii) Investment activities comprise the purchase and sale of fixed assets and investment properties and advances to/from subsidiary companies.
- iii) Financing activities comprise the change in equity and debt structure of the Group and the payment of dividends.
- iv) Operating activities include all transactions and events that are not investing or financing activities.

**i) Derivative financial instruments**

The Company uses interest rate swaps and fixed rate agreements to reduce its exposure to fluctuations in interest rates. The net differential paid or received on either swaps or fixed rate agreements is recognised as a component of interest expense over the period of the agreement.

**Changes in Accounting Policies**

There have been no changes in accounting policies during the year.

	Group		Parent Company	
	2004 \$000	2003 \$000	2004 \$000	2003 \$000
<b>1. REVENUE</b>				
<i>Port operating revenue includes:</i>				
Rental income from subsidiary	-	-	-	178
Interest income	19	11	7	27
Gain on sale of assets	3	-	3	-
Dividend income from Chalmers Properties Limited	-	-	1,600	2,400
Settlement from Flagstaff Hill slip legal claim	608	-	608	-
<i>Investment property revenue includes:</i>				
Rental income	5,661	4,738	-	-
<b>2. SURPLUS BEFORE TAXATION</b>				
<i>The surplus before taxation is stated after charging:</i>				
<b>Depreciation</b>				
Land improvements	345	352	345	352
Buildings	377	352	377	348
Wharves and berth dredging	459	441	459	441
Plant, equipment and vehicles	1,999	1,520	1,987	1,468
Computer software	236	262	236	262
	<b>3,416</b>	<b>2,927</b>	<b>3,404</b>	<b>2,871</b>
Audit fees	49	32	37	23
Donations	15	15	15	15
Goodwill amortisation	100	17	100	17
Bad debts	13	2	13	2
Directors' remuneration	213	209	143	143
Loss on disposal of assets	18	22	92	22
Interest expense	2,263	1,176	1,430	929

	Group		Parent Company	
	2004 \$000	2003 \$000	2004 \$000	2003 \$000
<b>3. TAXATION</b>				
Surplus before taxation	13,694	13,312	11,750	11,772
Permanent differences	274	316	(1,344)	(2,100)
Taxable income	13,968	13,628	10,406	9,672
Taxation @ 33%	4,609	4,497	3,434	3,192
Under/(over) provision in prior years	(13)	123	(36)	(9)
<b>Taxation charge</b>	<b>4,596</b>	<b>4,620</b>	<b>3,398</b>	<b>3,183</b>
<i>The taxation charge is represented by:</i>				
Current taxation	4,361	4,288	3,358	3,090
Deferred taxation	235	332	40	93
<i>The movements in the imputation credit account are:</i>				
Credits available at beginning of year	18,359	16,543	16,269	14,523
Imputation credits attached to dividends received	-	-	788	1,182
Income tax payments	4,320	4,403	3,326	3,154
Imputation credits attached to dividends paid	(3,004)	(2,586)	(3,004)	(2,586)
Amalgamation of subsidiary	-	-	717	-
Prior year adjustment	-	(1)	-	(4)
<b>Credits available at end of year</b>	<b>19,675</b>	<b>18,359</b>	<b>18,096</b>	<b>16,269</b>
<b>4. SHARE CAPITAL</b>				
Issued and paid up capital 20,000,000 shares	20,000	20,000	20,000	20,000
All shares carry equal voting rights and the right to share in any surplus on the winding up of the Group.				
<b>5. RESERVES</b>				
<i>Property revaluation reserve:</i>				
Balance at beginning of year	32,363	25,146	-	-
<i>Transfers from/(to) retained earnings:</i>				
Realised on property sold	-	(6)	-	-
Change in value of investment property	13,364	7,223	-	-
Property revaluation reserve	45,727	32,363	-	-
Retained earnings	44,987	41,989	30,651	26,864
<b>Total reserves</b>	<b>90,714</b>	<b>74,352</b>	<b>30,651</b>	<b>26,864</b>

## 6. BORROWINGS

Borrowings are secured and comprise amounts owing to ANZ National Bank Limited.

The Group has a \$45 million committed facility with ANZ National Bank Limited. The Group may draw funding for terms ranging from call to the termination of the agreement, which is 30 September 2006. The facility is reviewed annually on 30 September of each year, with a view to extending the expiry of the facility for successive periods of one year.

The security for advances is a general security agreement over the assets of the Group.

At 30 June 2004, \$42.4 million (last year: \$33.2 million) was drawn which, after allowing for interest rate swaps, was:

- on effective terms ranging from on call to 10 years (last year: call to 10 years), and
- at effective interest rates ranging from 5.9% to 7.4% per annum (last year: 5.6% to 7.5% per annum).

	Group		Parent Company	
	2004	2003	2004	2003
	\$000	\$000	\$000	\$000

## 7. EMPLOYEE ENTITLEMENTS

Balance at beginning of year	2,165	1,977	2,127	1,946
Additional provision made and acquired from subsidiary	1,185	1,046	1,207	1,013
Amount utilised	(909)	(858)	(898)	(832)
<b>Balance at end of year</b>	<b>2,441</b>	<b>2,165</b>	<b>2,436</b>	<b>2,127</b>

*The balance is classified as:*

Current	1,677	1,439	1,672	1,401
Non current	764	726	764	726

The provision for employee entitlements relates to employee benefits such as accrued annual leave, long service leave and retiring allowances.

## 8. ACCOUNTS PAYABLE

Accounts payable	2,380	2,171	2,240	1,316
Amount owing to subsidiaries	-	-	-	30
Other accrued charges	1,704	1,800	1,242	1,358
<b>4,084</b>	<b>3,971</b>	<b>3,482</b>	<b>2,704</b>	

	Group		Parent Company	
	2004 \$000	2003 \$000	2004 \$000	2003 \$000
<b>9. FIXED ASSETS</b>				
Land and improvements				
at cost	20,186	20,172	20,186	20,172
accumulated depreciation	(3,026)	(2,682)	(3,026)	(2,682)
	<u>17,160</u>	<u>17,490</u>	<u>17,160</u>	<u>17,490</u>
Buildings				
at cost	16,431	13,653	16,431	13,610
accumulated depreciation	(2,365)	(1,992)	(2,365)	(1,967)
	<u>14,066</u>	<u>11,661</u>	<u>14,066</u>	<u>11,643</u>
Wharves and berth dredging				
at cost	18,448	18,080	18,448	18,080
accumulated depreciation	(5,833)	(5,372)	(5,833)	(5,372)
	<u>12,615</u>	<u>12,708</u>	<u>12,615</u>	<u>12,708</u>
Plant, equipment and vehicles				
at cost	34,593	29,456	34,542	29,017
accumulated depreciation	(14,926)	(12,988)	(14,893)	(12,630)
	<u>19,667</u>	<u>16,468</u>	<u>19,649</u>	<u>16,387</u>
Computer software				
at cost	2,398	2,159	2,398	2,159
accumulated depreciation	(2,019)	(1,768)	(2,019)	(1,768)
	<u>379</u>	<u>391</u>	<u>379</u>	<u>391</u>
Capital work in progress				
at cost	1,314	2,156	1,314	2,156
<b>Total net carrying amount</b>	<b><u>65,201</u></b>	<b><u>60,874</u></b>	<b><u>65,183</u></b>	<b><u>60,775</u></b>

The Company is following the statutory process to obtain a Certificate of Title for the 1997 Boiler Point reclamation. The Company has satisfactory title to all other assets.

The Directors consider the latest rating valuations, completed in 2001, are an indication of fair value for land and buildings.

	2004 \$000	2003 \$000
<i>Group and parent:</i>		
Rating valuation with subsequent additions at cost	34,692	31,744
Comparative cost less depreciation to date	31,226	29,151

	2004 \$000	Group 2003 \$000
<b>10. INVESTMENT PROPERTY</b>		
Balance at beginning of year	65,190	47,498
Property improvements during year	1,652	2,051
Property purchased	2,675	8,462
Property sold	-	(44)
Change in value of investment property	13,364	7,223
<b>Balance at end of year</b>	<b>82,881</b>	<b>65,190</b>
<i>Comprising:</i>		
Property portfolio at cost	37,154	32,827
Revaluation	45,727	32,363
	82,881	65,190
<i>Valuation analysis:</i>		
Valued at 30 June balance date as determined by:		
Barlow Justice Limited	2,622	41,577
Colliers International	45,096	-
DTZ New Zealand Limited	20,560	13,127
Guy Stevenson & Petherbridge Limited	4,398	-
Seagar & Partners (Manukau) Limited	10,180	7,460
Property recorded at net current value	82,856	62,164
Capital work-in-progress at cost	25	3,026
	82,881	65,190

Apart from capital work-in-progress, the Company's investment properties were revalued at balance date in accordance with valuation reports prepared by independent registered valuers.

Property valuations include an allowance for disposal costs of:

- 3.8% for the Dunedin land portfolio (last year: 5.0%), and;
- a weighted average of 2.5% for other property (last year: 2.7%).

## 11. INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Name	Percentage owned	Balance date	Principal activity
<b>Subsidiaries</b>			
Chalmers Properties Limited	100%	30 June	Property investment
Perpetual Property Limited	100%	30 June	Property investment
<b>Associates</b>			
Hamilton JV Investment Company Limited	50%	30 June	Property trustee
Ormiston Road JV Company Limited	50%	30 June	Property trustee
<b>Joint ventures</b>			
HarbourCold Dunedin	50%	30 June	Cold store operation
The Hamilton Joint Venture	50%	30 June	Property investment
Ormiston Road Joint Venture	50%	30 June	Property investment

Port Otago Limited's investment in wholly owned subsidiary companies is recorded at cost.

The financial statements include the relevant interest in each joint venture's assets and liabilities at 30 June along with the share of trading for the relevant period.

On 1 July 2003 Port Otago Limited purchased from South Freight Limited its trading business and associated assets for \$219,000. On 30 June 2004 Port Otago Limited and South Freight Limited were amalgamated.

	Group		Parent Company	
	2004 \$000	2003 \$000	2004 \$000	2003 \$000
<b>12. INTANGIBLE ASSETS</b>				
<i>Future tax benefit:</i>				
Balance at beginning of year	568	876	769	838
Over/(under) provision for prior years' tax	149	(107)	136	24
Tax on current year timing differences	(384)	(201)	(175)	(93)
Balance at end of year	333	568	730	769
<i>Goodwill:</i>				
Balance at beginning of year	486	-	486	-
Acquired during the year	-	503	-	503
Current year amortisation	(100)	(17)	(100)	(17)
Balance at end of year	386	486	386	486
<b>Total intangible assets</b>	<b>719</b>	<b>1,054</b>	<b>1,116</b>	<b>1,255</b>

In 2003 the Company acquired from Tranz Rail Limited 100% of its Dunedin rail-side container depot business. The goodwill resulting from this acquisition is being amortised over 5 years.

### 13. RECEIVABLES AND PREPAYMENTS

Trade receivables	7,565	5,252	6,490	4,166
Secured advances	2,066	-	-	-
Amount owing by subsidiaries	-	-	66	128
Prepayments	430	486	312	390
	<b>10,061</b>	<b>5,738</b>	<b>6,868</b>	<b>4,684</b>

### 14. CASH FLOW FROM OPERATIONS

*The reconciliation between the net surplus and the cashflow from operations is:*

Net surplus	22,462	15,915	8,352	8,589
<i>Non-cash/investing items:</i>				
Unrealised net change in the value of investment property	(13,364)	(7,223)	-	-
Depreciation	3,416	2,927	3,404	2,871
Goodwill amortisation	100	17	100	17
Loss/(gain) on sale of fixed assets	13	22	87	22
Loss/(gain) on disposal of investment property	1	12	-	-
Non current employee entitlements	38	46	38	46
Deferred taxation	234	308	39	69
<i>Changes in working capital:</i>				
Receivables and prepayments	(2,134)	(1,102)	(2,184)	(856)
Accounts payable and current employee entitlements	763	879	1,048	564
Income tax receivable	42	(131)	39	(80)
Stores and materials	11	(31)	11	(31)
Receivables and payables acquired from subsidiary	-	-	54	-
<b>Net cash flow from operations</b>	<b>11,582</b>	<b>11,639</b>	<b>10,988</b>	<b>11,211</b>



## 15. CAPITAL EXPENDITURE COMMITMENT

At 30 June 2004 the Group had commitments/approvals for capital expenditure of \$14.2 million (last year: \$2.1 million).

## 16. CONTINGENCIES

There are no contingent liabilities at 30 June 2004 (last year: nil).

## 17. TRANSACTIONS WITH RELATED PARTIES

### a) Transactions within the Group and with Otago Regional Council

	Group		Parent Company	
	2004 \$000	2003 \$000	2004 \$000	2003 \$000
<i>Revenue:</i>				
Contribution by Otago Regional Council towards operation of Harbour Control Centre	60	84	60	84
Capital contribution by Otago Regional Council towards new harbour radar and microwave link	-	100	-	100
Sales to the Otago Regional Council	3	-	-	-
Management services provided to Chalmers Properties Limited	-	-	66	66
Interest charged to Chalmers Properties Limited	-	-	3	16
Rent charged to South Freight Limited	-	-	-	178
<i>Expense:</i>				
Interest charged by Chalmers Properties Limited	-	-	(6)	(105)
Transport charged by South Freight Limited	-	-	-	(118)

Amounts owing to and receivable from related parties are detailed in notes 8 and 13 respectively.

Port Otago Limited purchased the business operations of South Freight Limited on 1 July 2003. Refer note 11.

### b) Other related party transactions:

Director(s)	Related Party	Nature of relationship
J W Gilks	Director of The National Bank of New Zealand Limited until 26 June 2004	Supplier to the Group
J W Gilks	Director of City Forests Limited	Customer of the Group
J W Gilks	Director of Aurora Energy Limited	Lease of property from Group
J W Gilks	Director of Delta Utility Services Limited	Supplier to the Group Lease of property from Group
D R Black	Director of Farra Dunedin Engineering Limited	Supplier to the Group Lease of property from Group
J D Miller E G Johnson	Directors of Fulton Hogan Group	Supplier to the Group Lease of property from Group

**17. TRANSACTIONS WITH RELATED PARTIES** *Continued**Related party revenue/(expenditure) transactions during the year:*

	Group		Parent Company	
	2004 \$000	2003 \$000	2004 \$000	2003 \$000
□ <b>The National Bank of New Zealand Limited</b>				
Interest and bank fee expenses	(2,342)	(1,547)	(1,502)	(1,194)
□ <b>City Forests Limited</b>				
Port facility revenue	265	218	265	218
□ <b>Aurora Energy Limited</b>				
Property rental	36	36	-	-
□ <b>Delta Utility Services Limited</b>				
Property rental	2	22	2	22
Maintenance expense	(39)	(79)	(39)	(77)
Capital expenditure	(192)	-	(192)	-
□ <b>Farra Dunedin Engineering Limited</b>				
Property rental	22	22	-	-
Maintenance expense	(54)	(34)	(54)	(34)
□ <b>Fulton Hogan Group companies</b>				
Property rental	22	14	22	14
Transport and warehouse revenue	66	9	66	-
Maintenance and waste disposal costs	(109)	(73)	(109)	(68)

*Related party receivable/(payable) at year end:*

□ <b>The National Bank of New Zealand Limited</b>				
Interest payable	-	(182)	-	(94)
□ <b>City Forests Limited</b>				
Receivable	51	17	51	17
□ <b>Aurora Energy Limited</b>				
Receivable	10	10	-	-
□ <b>Delta Utility Services Limited</b>				
Accounts payable	(2)	(7)	(2)	(7)
□ <b>Farra Dunedin Engineering Limited</b>				
Receivable	6	6	-	-
Accounts payable	-	(3)	-	(3)
□ <b>Fulton Hogan Group companies</b>				
Receivable	5	1	5	-
Accounts payable	(26)	(10)	(26)	(8)

At balance date all borrowings and bank balances showing in the Consolidated Statement of Financial Position were with ANZ National Bank Limited.

All related party transactions are conducted by the management of the respective companies on a commercial and arms length basis.

The amounts owing to/from related parties are payable in accordance with the Company's normal terms of trade. No related party debts have been written off or forgiven during the year.

## 18. FINANCIAL INSTRUMENTS

### a) The nature of the activities and management policies with respect to financial instruments are:

#### i) Interest rate

The Group has a term facility with ANZ National Bank Limited. Under the facility the Group may draw funding for terms ranging from call to the termination of the facility. Interest rate risk is managed by drawing funding over a range of maturities using interest rate swaps and through maintaining a balanced portfolio.

The principal amounts of derivative financial instruments outstanding at balance date were:

	Group		Parent Company	
	2004	2003	2004	2003
	\$000	\$000	\$000	\$000
Interest rate swaps	33,250	25,300	18,050	15,500

#### ii) Credit

In the normal course of its business the Group incurs credit risk from trade receivables. Reflecting the nature of the business the majority of the credit risk is concentrated on a small number of shipping line clients with one customer comprising 53% of the total. Regular monitoring of trade receivables is undertaken to ensure that the exposure remains within the Group's normal terms of trade.

### b) Fair values

The fair values of financial instruments do not differ by a material amount from the carrying values shown in the statement of financial position.

## 19. DIVIDENDS – Group and Parent Company

	2004	2003
	\$000	\$000
<i>Declared in respect of the current financial year:</i>		
Interim dividend	2,500	2,500
Second interim dividend	2,500	2,500
Final dividend	1,500	1,100
<b>Dividends for the financial year</b>	<b>6,500</b>	<b>6,100</b>
<i>Adjust for dividends declared after year end:</i>		
2004 Final dividend declared August 2004	(1,500)	-
2003 Final dividend declared September 2003	1,100	(1,100)
2002 Final dividend declared August 2002	-	250
Dividend distributed to owners as disclosed in the Statement of Movements in Equity	6,100	5,250

## 20. OPERATING LEASES – Group and Parent Company

Minimum rental commitments for all non-cancellable operating leases are:

Payable within one year	687	687
Payable within one to two years	687	687
Payable within two to five years	640	1,327
	<b>2,014</b>	<b>2,701</b>

Operating leases comprise leases of property and equipment leases.

## 21. EVENTS SUBSEQUENT TO BALANCE DATE

### Dividends

On 31 August 2004 the directors declared a final dividend of \$1.5 million for the year ended 30 June 2004. Combined with interim dividends totalling \$5.0 million this brings dividends paid and declared to \$6.5 million for the full financial year.

### Property purchase

The subsidiary Perpetual Property Limited has a 50% share in The Hamilton Joint Venture, an unincorporated joint venture, with an Auckland based company holding the remaining 50%. On 30 July 2004 The Hamilton Joint Venture entered into an unconditional contract to purchase land at Te Rapa, Hamilton for \$7.7 million.

Chalmers Properties Limited has agreed to finance the purchase by advancing to the joint venture \$6.2 million, secured over the property, with the balance of the purchase price funded in equal proportions by the joint venture participants.

**TO THE READERS OF PORT OTAGO LIMITED AND GROUP'S FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2004**

The Auditor-General is the auditor of Port Otago Limited (the Company) and Group. The Auditor-General has appointed me, K J Boddy, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Company and Group, on his behalf, for the year ended 30 June 2004.

**Unqualified opinion**

In our opinion:

The financial statements of the Company and Group on pages 11 to 26:

- comply with generally accepted accounting practice in New Zealand; and
- give a true and fair view of:
  - the Company and Group's financial position as at 30 June 2004; and
  - the results of operations and cash flows for the year ended on that date.

Based on our examination the Company and Group have kept proper accounting records.

The audit was completed on 2 September 2004, and is the date at which our opinion is expressed.

The basis of the opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and the Auditor, and explain our independence.

**Basis of opinion**

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed our audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in the opinion.

Our audit involved performing procedures to test the information presented in the financial statements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Board of Directors;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements.

We evaluated the overall adequacy of the presentation of information in the financial statements. We obtained all the information and explanations we required to support the opinion above.

**Responsibilities of the Board of Directors and the Auditor**

The Board of Directors is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must give a true and fair view of the financial position of the Company and Group as at 30 June 2004. They must also give a true and fair view of the results of its operations and cash flows for the year ended on that date. The Board of Directors' responsibilities arise from the Port Companies Act 1988 and the Financial Reporting Act 1993.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 19(1) of the Port Companies Act 1988.

**Independence**

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit, we have no relationship with or interests in the Company or any of its subsidiaries.



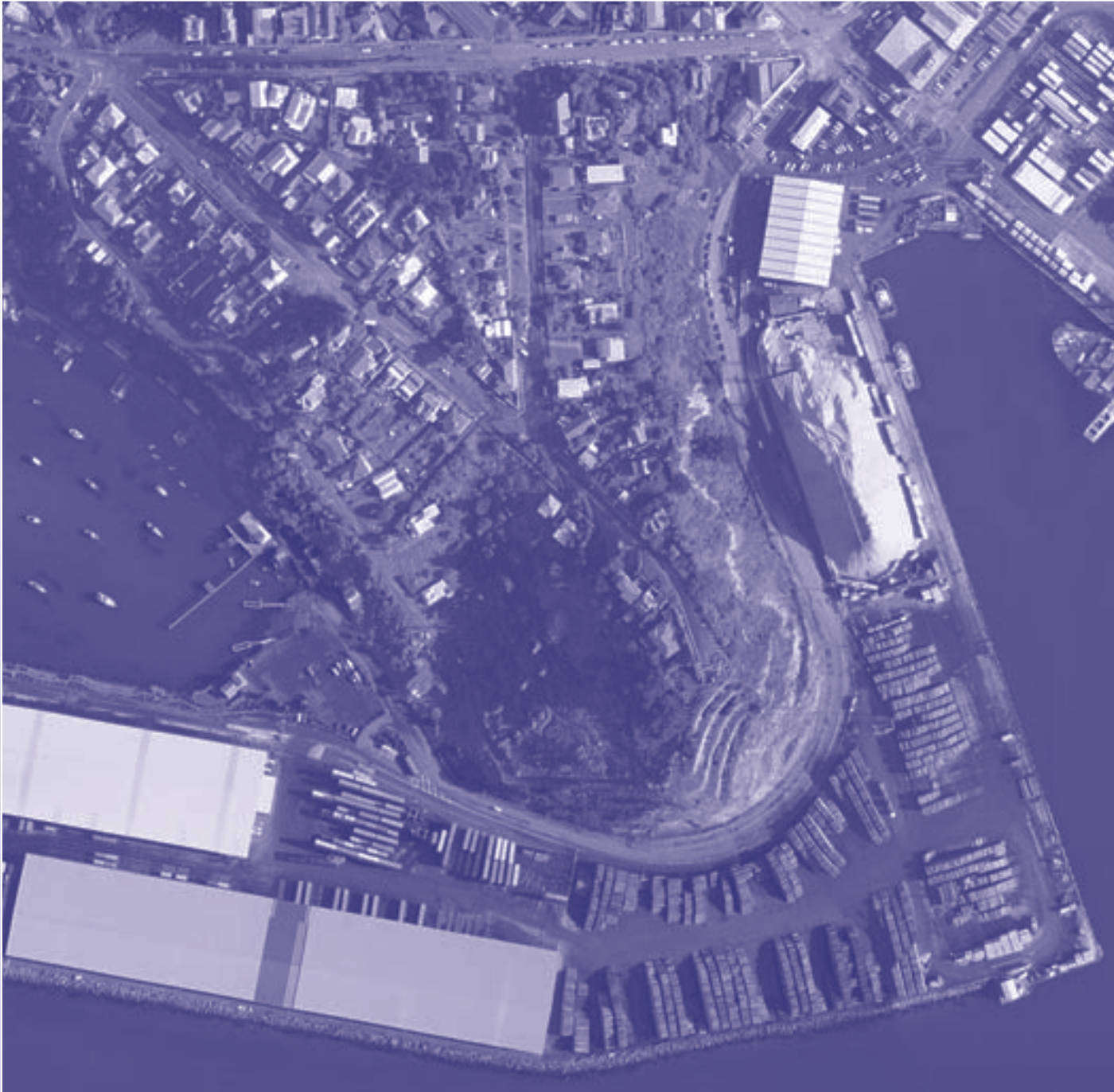
**K J Boddy**  
Audit New Zealand  
On behalf of the Auditor-General - Christchurch, New Zealand

<b>Trade analysis</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>
Number of ships	537	554	469	500	488
Cargo throughput (000's tonnes)	2,756	2,513	2,262	2,227	1,994
<b>Financial comparisons</b>	<b>2004 \$000</b>	<b>2003 \$000</b>	<b>2002 \$000</b>	<b>2001 \$000</b>	<b>2000 \$000</b>
Revenue	44,616	39,964	35,885	31,256	27,645
Surplus from operations (EBIT)					
Port operations	10,973	10,691	8,667	8,140	7,302
Investment property	4,357	3,786	3,384	3,275	3,366
Total Group	15,330	14,477	12,051	11,415	10,668
Unusual revenues/(expenses)	608	-	2,969	651	(1,203)
Surplus before tax	13,694	13,312	14,223	11,052	8,477
Net surplus after tax	9,098	8,692	10,905	7,368	5,728
Unrealised net change in value of investment property	13,364	7,223	3,712	2,977	(295)
Net surplus after unrealised revaluations	22,462	15,915	14,617	10,345	5,433
Dividends for financial year	6,500*	6,100*	5,250*	5,000*	4,000
Shareholders equity	110,714	94,352	83,687	75,070	68,725
Net interest bearing debt	42,370	33,155	19,685	15,982	13,076
Total assets	159,609	133,643	108,050	97,497	87,456
Shareholders equity	69%	71%	77%	77%	79%
Net asset backing per share	\$5.54	\$4.72	\$4.18	\$3.75	\$3.44
Earnings per share (cents)	112.3	79.6	73.1	51.7	27.2
Dividends per share (cents)	32.5*	30.5*	26.3*	25.0*	20.0
Return on equity**					
before unrealised revaluations	8.9%	9.8%	13.7%	10.2%	8.4%
after unrealised revaluations	21.9%	17.9%	18.4%	14.4%	8.0%
EBIT return on assets					
Port operations	16.5%	17.2%	16.0%	16.4%	15.6%
Investment property	5.7%	6.5%	7.0%	7.6%	8.4%
Total group	10.9%	12.0%	11.7%	12.3%	12.3%

\* Includes the final dividend for the financial year declared after balance date, as disclosed in Note 19

\*\* Net surplus divided by average shareholders equity





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