Newcastle Port Corporation

AUDIT OPINION

The audit of the Corporation's financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

PERFORMANCE INFORMATION

The Corporation provided the following information regarding its performance:

Trade Volumes

Year ended 30 June	2003	2004	2005	2006	2007
Total imports ('000 tonnes)	3,042	2,759	2,887	2,675	*3,088*
Exports:					
Coal ('000 tonnes)	71,413	77,712	77,724	80,278	*80,773*
Other ('000 tonnes)	2,413	5,009	2,949	2,619	*1,742*
Total	73,826	82,721	80,673	82,897	*82,515*
Total container throughput (TEU)*	12,537	10,745	12,164	12,195	*11,227*
Total vessel arrivals serviced	1,403	1,456	1,486	1,470	*1,426*

* TEU (20 foot equivalent unit) represents the cargo capacity of a standard shipping container with dimensions approximately 20 feet long, eight feet wide, and eight feet high.

Financial Performance

Year ended 30 June	Actual					Target*
	2003	2004	2005	2006	2007	2007
Return on equity (%)	6.3	9.7	7.3	11.6	*11.2*	*7.3*
Return on average assets (%)	8.1	10.8	8.2	12.0	*11.4*	*7.3*
Interest cover (times)	7.4	13.6	19.5	9.1	*na*	*na*
Gearing ratio (%)	35.2	34.6	32.8	31.0	*22.3*	*18.0*
Dividend to Government ($m)	3.0	2.4	3.1	6.0	*3.8*	*3.8*

* Target calculated from Statement of Corporate Intent.
na: not available.

FINANCIAL INFORMATION

Abridged Income Statement

Year ended 30 June	2007 $'000	2006 $'000
REVENUE	*51,442*	48,911
Borrowing costs	*2,099*	2,112
Other expenses	*32,720*	29,723
EXPENDITURE	*34,819*	31,835
PROFIT BEFORE TAX	*16,623*	17,076
Income tax equivalent	*5,094*	5,509
PROFIT	*11,529*	11,567

Revenue increased mainly due to movements in the fair value of investment properties of $5.7 million ($3.0 million in 2005-06).

Abridged Balance Sheet

At 30 June	2007 $'000	2006 $'000
Current assets	*48,710*	42,700
Non-current assets	*121,489*	116,817
TOTAL ASSETS	*170,199*	159,517
Current liabilities	*15,011*	13,717
Non-current liabilities	*48,030*	46,363
TOTAL LIABILITIES	*63,041*	60,080
NET ASSETS	*107,158*	99,437

The growth in current assets reflects the improved cash position. Non-current assets increased due to fair value movements in investment properties.

CORPORATION ACTIVITIES

The Corporation's purpose is to provide safe, effective and sustainable port operations and to deliver port development that enhances the economic growth of the Hunter Region and New South Wales.

The Corporation's principal objectives are to: be a successful business; maximise the net worth of the State's investment in the Port Corporation; exhibit a sense of social responsibility; promote and facilitate trade through the port of Newcastle and comply with its Port Safety Operating Licence.

The Corporation was established in July 1995 under the *Ports Corporation and Maritime Administration Act 1995*.

For further information on the Corporation, refer to www.newportcorp.com.au.