



Westland HOLDINGS

WESTLAND HOLDINGS LIMITED

**HOKITIKA AIRPORT LIMITED
WESTROADS LIMITED
WESTLAND DISTRICT PROPERTY LIMITED**

STATEMENT OF INTENT FOR THE THREE YEARS COMMENCING 1 JULY 2013

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WESTLAND HOLDINGS LIMITED

1. INTRODUCTION

This Statement of Intent (“SI”) is prepared in accordance with Section 64 and Schedule 8 of the Local Government Act 2002.

The SI specifies for Westland Holdings Limited (“WHL”) and its subsidiaries the objectives, the nature and scope of the activities to be undertaken, and the performance targets and other measures by which the performance of the group may be judged in relation to its objectives, amongst other requirements.

The process of negotiation and determination of an acceptable SI is a public and legally required expression of the accountability relationship between the company and its sole shareholder, the Westland District Council (“WDC”). The SI is reviewed annually with the WDC and covers a three year period commencing 1 July 2013.

2. COMPANY MISSION

Investing in, and promoting the establishment of, key infrastructure assets in a commercially viable manner to assist the development of Westland as a world-class destination as stated in Council’s Vision. WHL delivers the objective of “Having inspirational leadership.”

Westland Holdings Limited supports the Westland District Council’s “Vision of Westland” that it will, by 2030, be a world class tourist destination and have industries and businesses leading through innovation and service. This will be achieved by:

- Involving the community and stakeholders
- Having inspirational leadership
- Having expanded development opportunities
- Having top class infrastructure for all communities
- Living the ‘100% Pure New Zealand’ brand

Westland Holdings Ltd. Contributes to Westland’s vision by:

- Providing inspirational leadership

3 THE OBJECTIVES OF THE COMPANY

As required by section 59 of the Local Government Act 2002, the principal objectives of WHL are to:

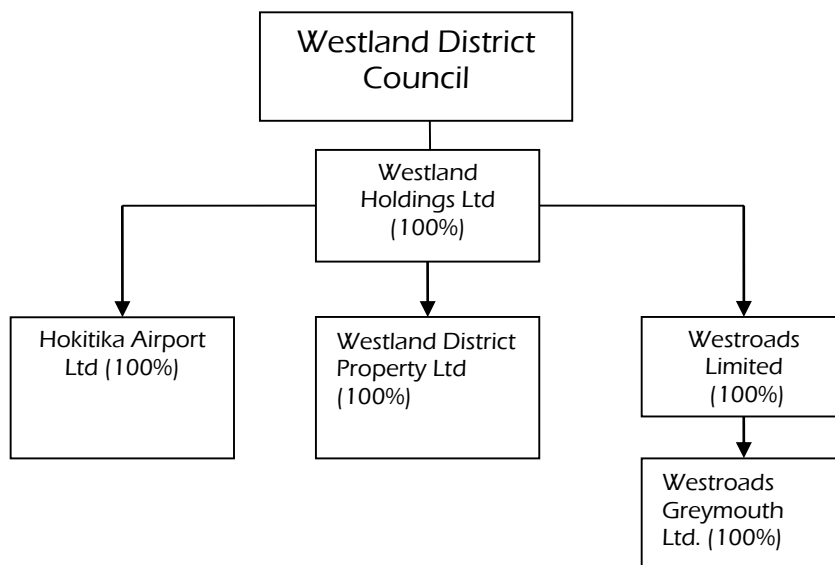
- achieve the objectives of its shareholders, both commercial and non-commercial, as specified in this statement of intent; and
- be a good employer in accordance with S:36(2) of schedule 7 of the Local Government Act 2002 and
- exhibit a sense of social responsibility by having regard to the interests of the community in which it operates.
- exhibit a sense of environmental responsibility by having regard to the interests of the community in which it operates.

WHL achieves the following Community Outcome in Westland District Council’s Long Term Council Community Plan:

ECONOMY: A thriving, resilient and innovative economy creating opportunities for growth and employment.

4. NATURE AND SCOPE OF ACTIVITIES

WHL is a wholly-owned council-controlled organization (“CCO”) of WDC, which was formed on 24 July 2002. The group structure is as follows:



Shareholding Role

WHL on behalf of WDC has:

- A shareholding investment in Hokitika Airport Limited (“HAL”) of \$2,448,000 representing 100% of HAL’s share capital.
- A shareholding investment in Westroads Limited (“WL”) of \$3,350,000 representing 100% of WL’s share capital.
- A shareholding investment in Westland District Property Limited (“WDPL”) of \$2,504,000 representing 100% of WDPL’s share capital.

Activities that are to be undertaken by WHL are:

- Negotiation of the individual annual SIs for the CCOs that it owns (the subsidiary companies).
- Negotiation of the annual SI between WDC as shareholder and WHL.
- Monitoring the performance of the subsidiary companies that WHL owns.
- Advice to WDC regarding potential CCO establishment opportunities.
- Maintaining a Register of Potential Directors including public advertising.
- Appointment and monitoring of the directors of the subsidiary companies.
- Hosting an annual shareholders’ meeting.

The undertaking of any activity not provided for under this SI requires the prior approval of WDC, specifically:

- No subsidiary companies are to be formed by WHL without the prior approval of WDC.
- No shares are to be acquired by WHL or the subsidiaries without the prior approval of WDC.
- No shares held by WHL or the subsidiaries are to be sold or otherwise disposed of without the prior approval of WDC.

Over time, WDC may form other CCOs within the WHL structure. WHL is an obvious vehicle for holding the shares in these enterprises; however it remains WDC’s intention that the directors’ approach to the holding of other shares will be determined on a case-by-case basis. With the position that the directorate holds, within the overall WDC group, it is anticipated that WHL will assist WDC in the identification and assessment of future opportunities.

Specific objectives of WHL are:

- To monitor the performance of each subsidiary company.
- To ensure that each subsidiary company operates economically and efficiently, and in accordance with an agreed SI, and to optimize the returns from, and the value of, the subsidiary companies within the parameters set by WDC.
- To ensure, insofar as it is lawfully able and commercially practicable, that the SI of each of the subsidiary companies reflect the policies and objectives of WDC.
- To keep WDC informed of matters of substance affecting WHL and the subsidiary companies and, insofar as it is practical and reasonable in the opinion of the directors, provide the opportunity for comment on such matters prior to taking any action.
- To ensure that there is regular and informative reporting of the financial and non-financial performance and risk exposures of WHL and the subsidiary companies.
- To report to WDC on CCO establishment opportunities, and other investment opportunities that have the potential to enhance the economic well-being of the region, and provide an adequate return.
- To maintain and improve good governance by regularly and constructively appraising the performance of the subsidiary company directorates, maintaining an appropriate monitoring framework and informing WDC prior to appointment of the new director.
- To support Westland District Council in a review of the company structure during the 2013/14 year.
- To support Westland District Council to review or create policies relevant to the Company.

5. GOVERNANCE

WHL's directors are appointed by the shareholders to govern and direct WHL's activities. This responsibility includes such areas of stewardship as:

- Commercial performance
- Non-commercial performance
- Business plans and budgets
- Corporate policies
- Financial and distribution policies
- Management oversight and development
- Delegations or authority
- Identification and management of business risks
- Identification and management of business opportunities
- Internal control systems
- Integrity of management information systems
- Relationships with stakeholders and external parties
- Compliance with relevant law
- Reports to shareholders

The Directors are:

- Graeme King (Chair)
- Tony Williams
- Maureen Pugh

6. PERFORMANCE TARGETS OF WESTLAND HOLDINGS LIMITED FOR THE THREE YEARS COMMENCING 1 JULY 2013

The following performance targets have been set for the 2013/14 financial year, and the two years following:

RELATIONSHIP WITH WDC, AND OTHER GOVERNANCE ISSUES:

Objective	Performance Target
1 To ensure that the financial targets and strategic direction of WHL are in line with the requirements of WDC.	<p>A draft SI for WHL will be submitted for approval to WDC by 1 March each year.</p> <p>A completed SI will be submitted to WDC by 30 June each year.</p>
2 To ensure that WDC is kept informed of all significant matters relating to its subsidiaries on a "no surprises" basis.	<p>At least two progress reports be made to WDC in the financial year (in addition to reporting on specific issues), with at least one presentation made to Councillors. Reports will include financial and non-financial performance.</p> <p>Major matters of urgency are reported to the appropriate Council Committee or the CE of WDC within three days.</p>
3 To ensure that WHL directors add value to the company and that their conduct is according to generally accepted standards.	<p>The Chair will initiate an independent formal evaluation of the WHL directorate bi-annually, the first to be undertaken in the 2013/14 year.</p> <p>The Company will review the training needs of individual WHL directors, and ensure training is provided where required.</p>
4 WHL's process for the selection and appointment of directors to the boards of subsidiaries is rigorous and impartial.	<p>The process followed for each appointment to a subsidiary board is transparent, fully documented and reported to WDC.</p>

FINANCIAL

Objective

- 5 To ensure that WHL returns a dividend to WDC in accordance with WDC's budgets, and meets other financial targets.
- 6 To ensure that the subsidiary companies return a minimum acceptable dividend as per the SI of the subsidiary companies.

Performance Target

WHL negotiates with WDC to pay an achievable distribution for the 2013/14 financial year prior to finalising WDC's budget.

WHL meets its budgeted level of distribution income.

SPECIFIC SUBSIDIARY MANAGEMENT AND SUPERVISORY FUNCTIONS:

Objective

- 7 To ensure that WHL's procedure for appointment to subsidiary directorates are open and in accordance with written policy.
- 8 To ensure that the draft subsidiary company SI's are received on a timely basis for review and comment.
- 9 To ensure that the final subsidiary company SI's are appropriate, measurable, attainable and timely.
- 10 To ensure that the final subsidiary company SI's are commercially focused documents, while also being compatible with the strategic aims of WDC to prudently manage these long term community investments.

Performance Target

That the adopted Directors Policy be followed for any director appointments made.

Draft SI's are to be received by 14 February from the subsidiary companies.

Comment on the draft SI's within the statutory timeframe of 30 April each year.

WHL will direct the subsidiary companies to produce commercially focused draft SI's that are cognizant of their responsibilities to the social and environmental needs of the communities of Westland.

WHL will assess the alignment of the SI's with any specifically notified WDC strategic directive.

11 To ensure that the subsidiary company reporting is relevant and timely.

Subsidiary company SI's to incorporate specific reporting requirements in accordance with legislation and accepted practice.

All activity reports and formal reporting will be done through the Chairman of WHL and the CE of WDC.

RISK MANAGEMENT PROCESSES:

Objective

12 To ensure that there are adequate processes for the identification, assessment and management of the risk exposures of the subsidiary companies.

To ensure that subsidiary companies do not make decisions that could have significant implications for future Council funding.

Performance Target

Subsidiary company SI's to incorporate specific statements regarding the processes for the management of risk exposures, including reputational risk.

Long term investment assessment is carried out for any new projects. These must be assessed and approved by Council prior to initiating significant projects.

7. SHAREHOLDERS FUNDS TO TOTAL ASSETS

a) Ratio of Shareholders' funds to total assets.

Shareholders' funds are defined as the sum of the amount of share capital on issue, retained earnings/accumulated losses, revenue and capital reserves. Total assets are defined as the sum of the net book value of current assets, investments, fixed assets, and intangible assets as disclosed in the company's Statement of Financial Position, prepared in accordance with the accounting policies adopted by the Directors.

The target ratio of shareholders' funds to total assets shall not be less than 50% for the period covered by this SI. The appropriateness of this target ratio will be reviewed annually by the Directors.

b) Estimate of the commercial value of the company

The value of WHL has been defined as the value of shareholders' funds as at 30 June 2012.

The value ascribed to shareholders' funds will be that stated in the annual Statement of Financial Position of the company as at the end of the financial year preceding each SI.

c) Transactions between related parties and compensation from WDC

Transactions between WDC, WHL and the subsidiary companies will be conducted on a wholly commercial basis. Compensation for any services provided between WHL and WDC will be conducted on a wholly commercial basis.

8. DISTRIBUTION POLICY

Profit retention and dividend policy will be determined from year to year by the Directors in accordance with operational results, financial prospects, and the circumstances prevailing, with the objectives of ensuring that:

- The amount of the distribution does not limit WHL's ability to fund future capital expenditure requirements to both maintain and expand current operations and address issues relating to the company's debt structure; and with the provisos that:
 - i. The Directors are satisfied that the requirements of section 4 of the Companies Act (the "solvency test") have been satisfied,
 - ii. The amount of the distribution does not exceed the amount of the profit after tax in the year to which the distribution relates, and
 - iii. Total liabilities do not exceed 50% of the total assets.

9. CAPITAL EXPENDITURE

The parent company does not foresee a need for capital expenditure at this time.

10. ACQUISITION OR DISPOSAL OF OTHER INTERESTS

In addition to the references made within this document, each such Director consenting to the act has been provided with a letter of direction from WDC that no sale, or other disposal, or pledge as security of all or any of the shareholding in WDPL, WL or HAL is entered into by WHL, except pursuant to express resolution of WDC authorising such transaction.

11. REPORTING TO SHAREHOLDERS

WHL will provide information that meets the requirements of the Companies Act 1993, the Local Government Act 2002, and the reporting requirements prescribed from time to time by the Institute of Chartered Accountants of New Zealand, in order to enable the shareholders to make an informed assessment of the Company's performance. The following information will be made available:

- a) An annual SI in accordance with Section 64, Section 66 and Schedule 8(3) of the Local Government Act 2002 and any other information that the Directors deem appropriate.
- b) A half-yearly report in accordance with Section 66, 67 and 71 of the Local Government Act 2002 and the reporting requirements prescribed from time to time by the Companies Act 1993, the Institute of Chartered Accountants of New Zealand, and any other information that the Directors deem appropriate.
- c) An annual report in accordance with Section 67 and 71 of the Local Government Act 2002 and the reporting requirements prescribed from time to time by the Institute of Chartered Accountant of New Zealand, and any other information that the Directors deem appropriate.

12. ACCOUNTING POLICIES

The financial statements of WHL are prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP). They comply with the New Zealand International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards as appropriate.

The group changed its accounting policies on 1 July 2006 to comply with NZ IFRS.

1. Reporting Entity

Westland Holdings Limited is registered under the Companies Act 1993 and is domiciled in New Zealand.

Westland Holdings Limited is owned by Westland District Council.

The Company is a Council Controlled Trading Organisation as defined in Section 6(1) of the Local Government Act 2002.

The financial statements of the Company have been prepared in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 1993 and the Local Government Act 2002.

The Group consists of Westland Holdings Limited, Westland District Property Limited, Hokitika Airport Limited, Westroads Limited and its 100% owned subsidiary, Westroads Greymouth Limited. All group companies are incorporated in New Zealand.

2. Basis of Preparation

a. Statement of Compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (“NZ GAAP”). They comply with New Zealand equivalents to International Financial Reporting Standards (“NZIFRS”) and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities.

b. Measurement Base

The financial statements have been prepared on a historical cost basis.

c. Functional and presentation currency

These financial statements are presented in New Zealand dollars (\$), which is the Group’s functional currency. All financial information presented has been rounded to the nearest thousand.

d. Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

Note 9 – Inventory Valuation

Note 10 – Depreciation and estimated useful lives of property, plant and equipment

3. Significant Accounting Policies

Accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The following particular accounting policies which materially affect the measurement of financial results and financial position have been applied:

(a) Property, plant & equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of financial performance as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

- | | |
|--------------------------------|-------------|
| • buildings | 25-50 years |
| • plant and equipment | 2-15 years |
| • office furniture & equipment | 2-15 years |
| • runway infrastructure | 0-67 years |

(b) Intangible assets

Mining licences that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised in the statement of financial performance on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the

date that they are available for use. The estimated remaining useful lives for the mining licences is 5 years.

Goodwill is being amortised over 20 years.

(c) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Metal inventory is determined on a weighted average cost basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(d) Construction work in progress

Construction work in progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Construction work in progress is presented as part of trade and other receivables in the balance sheet. If payments received from customers exceed the income recognised, then the difference is presented as deferred income in the balance sheet.

(e) Impairment

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any objective evidence of impairment. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the statement of financial performance.

(i) Impairment of receivables

The recoverable amount of the Group's investments in receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Impairment losses on an individual basis are determined by an evaluation of the exposures on an instrument by instrument basis. All individual instruments that are considered significant are subject to this approach.

For trade receivables which are not significant on an individual basis, collective impairment is assessed on a portfolio basis based on numbers of days overdue, and taking into account the historical loss experience in portfolios with a similar amount of days overdue.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, being property, plant and equipment and mining licences, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in the statement of financial performance. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(f) Financial instruments

The Group categorises its financial assets as loans and receivables, and its financial liabilities as being at amortised cost.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. The company's loans and receivables comprise: cash and cash equivalents, and trade and other receivables.

Loans and receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less impairment.

Amortised cost

Financial liabilities comprise: trade and other payables, borrowings, and advances. Borrowings are initially recognised at their fair value net of transaction costs, and subsequently measured at amortised cost using the effective interest method.

Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Interest-bearing borrowings

Interest-bearing borrowings are classified as other non-derivative financial instruments.

Trade and other payables

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

(g) Goods and Services Tax (GST)

All items in the financial statements are exclusive of goods and services tax (GST) with the exception of receivables and payables which are stated with GST included. Where GST is irrecoverable as an input tax then it is recognised as part of the related asset or expense.

(h) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due.

(ii) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted.

(iii) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(iv) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(i) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases. The leased assets are not recognised on the Group's balance sheet.

(j) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(j) Revenue

(i) Goods sold

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Transfers of risks and rewards vary depending on the individual terms of the contract of sale. For sales of materials, transfer usually occurs when the product is dispatched to the customer.

(ii) Services

Revenue from services rendered is recognised in the statement of financial performance in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

(iii) Construction contracts

As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in the statement of financial performance in proportion to the stage of completion of the contract. Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably.

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably,

contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

(k) Lease payments

Payments made under operating leases are recognised in the statement of financial performance on a straight-line basis over the term of the lease.

(l) Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of financial performance except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(m) Consolidation

The company has three 100% owned subsidiary companies that are consolidated in these financial statements.

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.