



Northland Port Corporation (NZ) Ltd

ANNUAL REPORT 2013



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Financial Calendar

Annual General Meeting

The Annual General Meeting of Shareholders of Northland Port Corporation (NZ) Ltd will be held in the Refining NZ Lounge, Level 2, Toll Stadium, Okara Drive, Whangarei, on Friday 18 October 2013 at 2.00pm.

2014 Interim Profit Announcement

February 2014

Interim Dividend Payment

March 2014





Executive Review



For the year ended 30 June 2013, the Northland Port Corporation Group recorded a net surplus of \$6.735 million. Strong growth in underlying earnings saw the Group's trading surplus increase by more than 20% to \$7.254 million, up from \$6.015 million in the previous year, on a like for like basis.



The reported net surplus was impacted by a one-off, non-cash, tax adjustment of \$0.537 million relating to the Company's treatment of previous tax losses. It should also be noted that the prior year net surplus of \$7.629 million included a revaluation gain of \$1.509 million. This, along with the tax adjustment, caused a reduction in earning per share from 18.47 cents to 16.31 cents. For a reconciliation between net surplus and trading surplus, please refer to the financial statements.

The significant improvement in underlying earnings was largely due to further growth experienced in export log throughput by associate company, Northport Ltd where log volumes lifted by 24% to 2,422,000 tonnes. On an overall basis, total cargo throughput increased by approximately 13.5% to 3,095,000 tonnes despite there being a slight reduction in non log-trade volumes. It should be noted the achievement of in excess of 3.0 million tonnes of cargo through the port is an all time record.





To help cope with increased log throughput, Northport have recently completed construction of a further 3 ha area of paved hardstanding. In addition, extensive use of “bookends” within the log yard areas is yielding gains in storage capacity and is improving overall operational efficiency of a facility now used by 13 log exporters. With these changes, the site now has an estimated log storage capacity of 245,000 tonnes, with this having been increased by some 60,000 tonnes in the course of the last 12 months.

Results for both North Port Coolstores (1989) Ltd and Northland Stevedoring Services UJV were down on the previous year with the coolstore business impacted by the effects of a widespread drought which resulted in a lower volume of butter storage.

Northland Stevedoring Services experienced a lower level of business activity, in part reflecting its dependence on non-log cargos which, as already mentioned, experienced a throughput reduction during the period under review.

As announced earlier in the year, the Company is currently completing construction of a new office building on our land at Marsden Point which is scheduled for completion in October. This will accommodate our small management team whilst a portion of the building will be available to be separately let. The building’s prominent location is expected to significantly enhance the Company’s profile in the area.



Executive Review continued



It is pleasing to report that agreement has recently been reached with Eastland Port Ltd (owner-operators of the Port of Gisborne) which will shortly see the establishment of a log debarking facility on the Company's land adjacent to Northport's port terminal. Preparatory site works are nearing completion and it is envisaged that the plant will be operational in early 2014. The facility will offer a valuable service to log exporters and its establishment is expected to stimulate further leasehold enquiry.

During the year the Board undertook a series of reviews of its property portfolio and other investments with a view to positioning the Company in a more efficient mode to enable it to take full advantage of opportunities within the Marsden Point area as these arise. The Board remains confident with its strategy of focussing the Company's activities in this locality.

Dividend

A fully imputed final dividend of 5.50 cents per share (2012 – 5.00 cents/share) will be paid on 20 September bringing the total dividend distribution for the year to 10.00 cents per share (2012 – 8.50 cents/share).

Outlook

Growth in cargo throughput is again forecast for the ensuing year albeit that this is expected to be at a more modest level than experienced over the last few years. This, together with an anticipated uplift in returns from the Company's property portfolio, points to a satisfactory trading result in 2014.

A handwritten signature in black ink, appearing to read 'John Goulter'.

Sir John Goulter KNZM, JP
CHAIRMAN

A handwritten signature in black ink, appearing to read 'Graham Wallace'.

Graham Wallace
CHIEF EXECUTIVE

Board of Directors



Sir John Goulter KNZM, JP

Chairman Northland Port Corporation (NZ) Ltd
Director Northport Ltd
Director North Port Coolstores (1989) Ltd

Sir John is former Managing Director of Auckland International Airport Ltd. He is a former Chairman of the New Zealand Lotteries Commission and United Carriers Group, as well as being a former Director of the Reserve Bank of New Zealand, Television New Zealand and Vector Ltd. He is currently Chairman of Ngapuhi Asset Holding Company Ltd, Northland Deepwater GP Ltd, The New Zealand Business and Parliament Trust and Ururangi Ltd. In 2003 he was inducted as a Laureate into the New Zealand Business Hall of Fame and was appointed a Distinguished Companion of the New Zealand Order of Merit for services to Business and the Community. In 2009 his re-designation as a Knight Companion of the New Zealand Order of Merit was advised by Her Majesty the Queen. Sir John is considered to be an Independent Director.



Ross Blackmore

Director Northland Port Corporation (NZ) Ltd
Member Audit & Risk Committee

Mr Blackmore has 28 years experience in most facets of commercial property including valuations, development, investment and listed property investment company management. Mr Blackmore held the role of General Manager of Property for Industry Ltd from 2003 to 2011. Mr Blackmore is currently the Executive Manager, Property for the McAuley Trust and is a Director of Ngati Whatua Orakei Whai Rawa Ltd. Mr Blackmore also operates a property consultancy business. He is a member of the New Zealand Institute of Valuers, the New Zealand Property Institute and the Royal Institution of Chartered Surveyors. Mr Blackmore is not considered to be an Independent Director.



Peter Griffiths BSc (Hons)

Director Northland Port Corporation (NZ) Ltd
Chair Remuneration Committee

Mr Griffiths is a professional Director and joined the Board of Northland Port Corporation (NZ) Ltd in 2010. In 2009 he retired after 21 years with BP, the last 10 of which he was Managing Director of BP NZ. He has previously served on the Boards of NZ Refining Company Ltd, Liquegas Ltd and Bitumix Ltd. He is currently a Member of the Civil Aviation Authority and a Director of NZ Oil and Gas Ltd, Wanganui Gas Ltd, NZ Diving and Salvage Ltd and Z Energy Ltd. Mr Griffiths holds a BSc (Hons) from Victoria University in Wellington. Mr Griffiths is considered to be an Independent Director.



David Keys

Director Northland Port Corporation (NZ) Ltd
Director Northland Stevedoring Services Ltd

Mr Keys lives at Totara North. Mr Keys has an Honours Law Degree and is an independent property consultant. He is a Trustee of Northland Emergency Service Trust and is a Fellow of the Property Institute of New Zealand and an Associate of the Real Estate Institute of New Zealand. Mr Keys carries out a range of property consultancy and project management services - mainly for schools in the Far North. Mr Keys is considered to be an Independent Director.



Susan Huria

Director Northland Port Corporation (NZ) Ltd
Member Audit & Risk Committee

Ms Huria is a specialist in the Maori sector with experience in governance, marketing communications and general management. She held a senior role at Auckland International Airport Ltd for ten years before starting her own management practice in 2000, Huria Anders. Her previous Directorships include Radio New Zealand Limited, Housing New Zealand Corporation, Ngai Tahu Development Corporation, Manukau Leisure, AgResearch and Workbase. Ms Huria is a Director of Airways, Watercare, Veterinary Enterprises, Ngai Tahu Property, a Trustee of First Foundation and a member of the Advisory Board of the Maori Governance Centre at Waikato University. Ms Huria is considered to be an Independent Director.



Colin Mitten

Director Northland Port Corporation (NZ) Ltd
Member Remuneration Committee

Mr Mitten is the Chair of Northland Inc, the Regional Economic Development Agency. He was the Deputy Chair of Enterprising Manukau Ltd, a former Director of NZ Food Innovation, North Port Coolstores (1989) Ltd and Glen Dimplex Australasia Ltd. Mr Mitten has owned a number of companies in New Zealand and the United Kingdom in the service and manufacturing sectors and has also been CEO of the Welsh Investment Bank. Mr Mitten's holding company, Welcon Investments Ltd invests in New Zealand businesses and also provides consultancy to public organisations on economic development and business strategy. Mr Mitten is not considered to be an Independent Director.



Elena Trout

Director Northland Port Corporation (NZ) Ltd
Chair Audit & Risk Committee

Ms Trout is a professional civil engineer with an IPENZ membership status of Fellow and holds a Masters of Civil Engineering degree from Canterbury University. She has held a number of executive positions in the transport, infrastructure and energy sectors and has over 30 years of experience in the management planning and delivery of large projects. Ms Trout is currently a member of the Electricity Authority, a member of the Electricity Efficiency and Conservation Authority, a Director of the Institution of Professional Engineers NZ and is a former Director of Transpower NZ Ltd. Ms Trout joined the Board of Northland Port Corporation (NZ) Ltd in 2011 and is considered to be an Independent Director.



Ian C Walker

Director Northland Port Corporation (NZ) Ltd
Member Remuneration Committee

Mr Ian Walker is a member of the Northland Regional Council. He has held senior marketing and communication roles including the position of Managing Director Ogilvy & Mather Limited (Wellington). Since 1990 he has run his own company investing and managing a wide portfolio of farming, retail, and property investments. Previous Directorships include Ogilvy & Mather NZ Limited, Trigon Consumer Products Limited, and PaperPlus NZ Limited. Ian is currently a Director of Far North Holdings Limited, National President of Farmers of New Zealand Inc, and Director/Shareholder of Kaikora Farms Limited. Mr Walker is not considered to be an Independent Director.

Statutory Information

Auditors

Under Section 19 of the Port Companies Act, 1988, the Auditor-General is the Auditor of the Company and Group. Pursuant to Section 32 of the Public Audit Act 2001, Simon Brotherton of the firm Ernst & Young has been appointed by the Office of the Auditor-General to undertake the Audit on its behalf.

Directors' Shareholdings

Pursuant to section 148(1) of the Companies Act 1993 the following are the relevant interests in the Company's shares as advised by the Directors.

	SHARES IN WHICH THE DIRECTOR HAS A BENEFICIAL INTEREST SOLELY OR AS A JOINT HOLDER		SHARES IN WHICH THE DIRECTOR HAS A NON-BENEFICIAL INTEREST		SHARES HELD BY ASSOCIATED PERSONS OF THE DIRECTOR	
	30.06.13	30.06.12	30.06.13	30.06.12	30.06.13	30.06.12
J Goulter	3,000	3,000	—	—	—	—
R Blackmore	2,460	5,460	—	—	—	—
P Griffiths	—	—	—	—	—	—
S Huria	—	—	—	—	—	—
D Keys	—	—	—	—	—	—
C Mitten	—	—	—	—	—	—
E Trout	—	—	—	—	—	—
I C Walker	—	—	—	—	—	—

Share Transactions during the period 1 July 2012 to 30 June 2013

DATE	TRANSACTION	NO. OF SHARES ACQUIRED (SOLD)	AVERAGE PRICE PER SHARE \$
09/05/13	Sale by Mr R Blackmore	(3,000)	2.98

Directors' Interests

The following are particulars of general disclosures of interest by Directors of Northland Port Corporation (NZ) Ltd holding office at 30 June 2013, pursuant to section 140(2) and section 211(1)(e) of the Companies Act 1993.

DIRECTOR	INTEREST	POSITION
Sir John Goulter KNZM, JP	Kapiti Coast Airport Ltd	Chairman (ceased 30 November 2012)
	Ngapuhi Asset Holding Company Ltd (and subsidiaries)	Chairman
	Northland Deepwater GP Ltd	Chairman
	North Port Coolstores (1989) Ltd	Director (appointed 22 February 2013)
	Northport Ltd	Director (appointed 14 December 2012)
	NZ Business and Parliament Trust	Chairman
	Opua Commercial Estate Ltd	Director
	Packard House Ltd	Director
	Ururangi Ltd	Chairman (appointed 4 March 2013)
Ross Blackmore	Blackmore Advisory Services Ltd	Director/Shareholder (contract work to NRC ceased 27 June 2013)
	Mackys Real Estate Ltd (T/A Bayleys in the North)	Manager, Commercial and Industrial (appointed 19 November 2012 and resigned 11 July 2013)
Peter Griffiths	Ngati Whatua Orakei Whai Rawa Ltd	Director (appointed 1 June 2012)
	NZ Diving and Salvage Ltd	Director
	NZ Oil and Gas Ltd	Director
	The Civil Aviation Authority	Member
	Wanganui Gas Ltd (and various associated companies)	Director
	Z Energy Ltd	Director
Susan Huria	Northport Ltd	Director (ceased 26 October 2012)
	Agresearch Ltd	Deputy Chair (ceased 30 June 2013)
	Airways Corporation Ltd	Director
	First Foundation	Trustee
	Huria Anders Ltd	Director/Shareholder
	Ngai Tahu Property Ltd	Director (appointed 1 April 2013)
	Susan Huria & Associates Ltd	Director/Shareholder
	Te Ara Tika Properties Ltd	Director/Shareholder
	Veterinary Enterprises Group	Director
	Watercare Services Ltd	Director

Directors' Interests (continued)

DIRECTOR	INTEREST	POSITION
David Keys	David Keys Property Consultancy Ltd Keys Property Consultancy Ltd Northland Emergency Services Trust Northland Stevedoring Services Ltd NW3 Ltd	Director/Shareholder Director/Shareholder Trustee Director Director/Shareholder
Colin Mitten	Casa Bella Investments Ltd Northland Inc Ltd Short Stay Rentals Ltd Welcon Holdings Ltd Welcon Investments Ltd Welcon Ltd Northport Ltd North Port Coolstores (1989) Ltd	Director/Shareholder Chairman (appointed 1 July 2012) Director/Shareholder Director/Shareholder Director/Shareholder (undertaking Contract Work for Northland Inc) Director/Shareholder Director (ceased 14 December 2012) Director (ceased 22 February 2013)
Elena Trout	Electricity Efficiency and Conservation Authority Electricity Authority Institution of Professional Engineers New Zealand Opus International Ltd Transfield Services	Member Member Director Undertaking Contract Work Undertaking Contract Work
Ian Walker	Farmers of NZ Inc Far North Holdings Ltd Kaikora Farms Ltd Northland Regional Council	President Director Director/Shareholder Member

Directors' Remuneration and Benefits

Fees paid to Directors of the Company during the 12 month period were as follows:


	Northland Port Corporation (NZ) Ltd			Northport Ltd	Northland Regional Council		Northland Inc	
	Director Fees	Consultancy Fees	Other		Councillor Fees	Consultancy Fees	Director Fees	Consultancy Fees
J P Goulter	33,102	—	1,000	2,746	—	—	—	—
R Blackmore	19,800	1,688	1,000	—	—	20,416	—	—
P W Griffiths	19,800	—	1,000	1,667	—	—	—	—
S Huria	19,800	—	1,000	—	—	—	—	—
D Keys	19,800	—	1,000	—	—	—	—	—
C Mitten	30,777	—	1,000	2,500	—	—	21,999	137,960
E Trout	19,800	—	1,000	—	—	—	—	—
I C Walker	19,800	—	1,000	—	55,549	—	—	—
	182,679	1,688	8,000	6,913	55,549	20,416	21,999	137,960

Remuneration of Employees

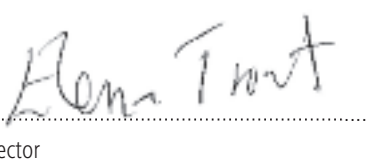
The number of employees whose total annual remuneration including salary, employer's contributions to superannuation and health schemes, and other sundry benefits received in their capacity as employees, was within the specified band as follows:

REMUNERATION RANGE	NUMBER OF EMPLOYEES 2013
\$160,000 - \$170,000	1

Signed:



Chairman



Director

Dated 20 August 2013

Corporate Governance Statement

Role of the Board

The Board of Directors of Northland Port Corporation (NZ) Ltd is elected by the shareholders to supervise the management of the Company, its subsidiaries and associates in the best interests of shareholders. The Board currently has eight members and has several key functions which are:

- The establishment of business objectives, strategies and policies.
- The approval of annual capital and operating budgets.
- The appointment of a Chief Executive to manage the day to day operations of the Company within the established framework.
- The ongoing monitoring of management performance in relation to the goals established for that purpose.

The Board is committed to the highest standards of behaviour and accountability from Directors and accordingly endorses the principles set out in the NZX Listing Rules, Appendix 16 - Corporate Governance Best Practice Code and Corporate Governance in New Zealand - Principles and Guidelines - A Handbook for Directors, Executive and Advisors by the Securities Commission, New Zealand.

The Board considers that its governance processes do not materially differ from the principles set out in these documents. The practices adopted by the Board are prescribed in the Board Charter which sets out the protocols for operation of the Board, and in the Code of Ethics which sets out the manner in which Directors and Employees should conduct themselves.

Board Composition

The composition of the Board is governed by the Company's Constitution which also details how Directors are appointed and removed from office. A copy of the Constitution is available from the Company's website.

The Board normally meets monthly and has met nine times between 1 July 2012 and 30 June 2013. Special purpose meetings are held as required.

Board Committees

The Board has two committees, the Audit and Risk Committee and the Remuneration Committee.

Audit and Risk Committee

Ms Elena Trout is Chairperson of the Audit and Risk Committee which met on three occasions during the year and has the following objectives:

- The primary objective of the Audit and Risk Committee is to assist the Board of Directors in fulfilling its oversight responsibilities. The Committee reviews the financial reporting process, the system of internal control and management of financial risks, the audit process, and the Company's process for monitoring compliance with laws and regulations. In addition, the Committee:
 - oversees and appraises the quality of the audits conducted by the Company's external auditors;
 - maintains open lines of communications among the Board and the external auditors to exchange views and information. The Committee also confirms their respective authorities and responsibilities;
 - serves as an independent and objective party to review the financial information presented by management to shareholders, regulators and the general public and also assists in the development of the future format and content of external reporting;
 - determines the adequacy of the organisation's administrative, operating and accounting controls.

A copy of the Audit and Risk Committee Charter is available on the Company's website.

Remuneration Committee

This Committee comprises Messrs Griffiths (Chair), Mitten and Walker and has the role of reviewing the remuneration levels of the Directors and Senior Management. The Committee does not have a formal Charter.

Director Independence

The Board determines annually on a case-by-case basis who in its view are independent Directors. The guidelines set out in the NZX Listing rules are used for this purpose.

Messrs Blackmore, Mitten and Walker are not considered to be independent given their respective relationships with the Northland Regional Council. All other Directors are considered to be Independent.

Conflicts of Interest

Where any Director has a conflict of interest or is otherwise interested in any transaction, that Director is generally required to disclose his or her conflict of interest to the Company, and thereafter will normally not be able to participate in the discussion, nor vote in relation to the relevant matter. The Company maintains a register of disclosed interests.

Board Performance

The Board undertakes an annual review of the Board and sub-committee performance.

Communication with Shareholders

The Company's Directors are committed to ensure that shareholders are informed of all major developments affecting the Group.

Annual and Interim Reports are posted onto the Company's website and each shareholder receives a hard copy of each report.

Shareholders may raise matters for discussion at the Annual General Meeting each year.

Continuous Disclosure

The Board has adopted the NZX Continuous Disclosure Rules to ensure that all material matters are released to the financial markets in a clear and timely manner.

Risk Management

The Company is committed to managing risk to protect its staff, the environment, financial business risks, company assets and its reputation. A comprehensive risk management system is in place which is used to identify and manage all business risks. The risk profile is reviewed annually. As part of risk management the Company has a comprehensive Treasury Policy that sets out the procedures to minimise financial market risk.

Code of Ethics

A Code of Ethics has been developed and adopted by the Board which sets out the ethical and behavioural standards expected by the Company's Directors and Staff.

Insider Trading

The Board has approved an Insider Trading Policy that applies to all Directors and Staff, and anyone else notified by the Chief Executive Officer, from time to time, that has access to material information not available to the public.

Under the Policy the above persons may not trade in Northland Port Corporation shares, or advise or encourage others, to trade or hold Northland Port Corporation shares if they are in possession of material information that is not publicly available.

In addition, shares can only be traded in selected periods after the announcement of interim and annual results.

NZX is advised of all trades of Northland Port Corporation shares by Directors and staff.

Financial Statements

For the Year Ended 30 June 2013

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Auditor's Report



Chartered Accountants

INDEPENDENT AUDIT REPORT TO MEMBERS OF NORTHLAND PORT CORPORATION (NZ) LIMITED'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

The Auditor-General is the auditor of Northland Port Corporation (NZ) Limited (the Company) and Group. The Auditor-General has appointed me, Simon Brotherton, using the staff and resources of Ernst & Young, to carry out the audit of the financial statements of the Company and Group on her behalf.

We have audited the financial statements of the Company and Group on pages 15 to 46 that comprise the balance sheet as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

Opinion

Financial statements

In our opinion the financial statements of the Company and Group on pages 15 to 46:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards; and
- give a true and fair view of the Company and Group's:
 - financial position as at 30 June 2013; and
 - financial performance and cash flows for the year ended on that date.

Other legal requirements

In accordance with the Financial Reporting Act 1993 we report that, in our opinion, proper accounting records have been kept by the Company and Group as far as appears from an examination of those records.

Our audit was completed on 20 August 2013. This is the date at which our opinion is expressed.

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

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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 our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Company and Group's financial statements that give a true and fair view of the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company and Group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the adequacy of all disclosures in the financial statements; and
- the overall presentation of the financial statements.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements. In accordance with the Financial Reporting Act 1993, we report that we have obtained all the information and explanations we have required. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board of Directors

The Board of Directors is responsible for preparing financial statements that:

- comply with generally accepted accounting practice in New Zealand; and
- give a true and fair view of the Company and Group's financial position, financial performance and cash flows.

The Board of Directors is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Board of Directors' responsibilities arise from the Financial Reporting Act 1993 and the Port Companies Act 1988.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 19 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 New Zealand Institute of Chartered Accountants.

In addition to the audit we have carried out assignments in the areas of tax advice and services, which are compatible with those independence requirements. Other than the audit and these assignments, we have no relationship with or interests in the Company or any of its subsidiaries.



Simon Brotherton
Ernst & Young
On behalf of the Auditor-General
Auckland, New Zealand



Statement of Comprehensive Income

For the Year Ended 30 June 2013

	Note	CONSOLIDATED		PARENT	
		30-Jun-13 \$	30-Jun-12 \$	30-Jun-13 \$	30-Jun-12 \$
Revenue					
Farming Revenue		271,333	340,569	271,333	340,569
Share of Joint Venture Revenues		664,013	806,525	—	—
Rents & Leases		834,775	453,910	834,775	453,910
Interest Income		29,312	40,486	27,825	38,914
Associate Company Dividends		—	—	6,713,030	5,253,048
Other Dividends		50,257	33,554	50,257	33,554
Share of Associate Companies' Net Surplus	12	7,846,406	6,485,212	—	—
Other		24,298	21,380	24,298	21,380
Total Revenue		9,720,394	8,181,636	7,921,518	6,141,375
Expenditure					
Operational Expenses	5	811,987	757,993	270,102	169,027
Land Rates & Lease Expenses	6	486,709	510,221	462,018	485,578
Administrative Expenses	7	1,080,314	812,130	1,032,840	764,326
Finance Costs	8	13,071	13,554	13,071	13,554
Depreciation Expense	9	74,633	73,077	58,297	55,267
Total Expenditure		2,466,714	2,166,975	1,836,328	1,487,752
Trading Surplus		7,253,680	6,014,661	6,085,190	4,653,623
Gain (Loss) on Sale of Property, Plant & Equipment		—	5,422	—	—
Revaluation of Investment Property	28	(196,627)	1,508,916	(196,627)	1,508,916
Fair Value Movements in Other Investments	26	313,960	1,855	313,960	1,855
Operating Surplus Before Taxation		7,371,013	7,530,854	6,202,523	6,164,394
Taxation Expense (Credit)	11	636,486	(98,295)	623,673	(160,391)
NET SURPLUS		\$6,734,527	\$7,629,149	\$5,578,850	\$6,324,785
Other Comprehensive Income					
<i>Items that will be recycled through profit and loss</i>					
Net Hedging Movement (Associate)	24	263,253	32,844	—	—
<i>Items that will not be recycled through profit and loss</i>					
Revaluation of Land Holdings	23	(759,143)	(2,661,015)	(2,125,000)	(3,350,000)
Other Comprehensive Income for Year		(495,890)	(2,628,171)	(2,125,000)	(3,350,000)
TOTAL COMPREHENSIVE INCOME (attributable to Owners of Parent Entity)		\$6,238,637	\$5,000,978	\$3,453,850	\$2,974,785
Basic & Diluted Earnings Per Share (cents)	21(b)	16.31	18.47		

Statement of Changes in Equity

For the Year Ended 30 June 2013

CONSOLIDATED

	Share Capital \$	Retained Earnings \$	Asset Revaluation Reserve \$	Hedging Reserve (Associate) \$	TOTAL \$
Opening Equity 1 July 2012	14,688,144	33,906,942	77,614,025	(498,721)	125,710,390
Net Surplus	—	6,734,527	—	—	6,734,527
Other Comprehensive Income	—	—	(759,143)	263,253	(495,890)
Total Comprehensive Income	—	6,734,527	(759,143)	263,253	6,238,637
Transactions with owners in their capacity as owners:					
Dividends Paid	—	(3,923,563)	—	—	(3,923,563)
Closing Equity 30 June 2013	14,688,144	36,717,906	76,854,882	(235,468)	128,025,464

Opening Equity 1 July 2011	14,688,144	29,375,342	80,275,040	(531,565)	123,806,961
Net Surplus	—	7,629,149	—	—	7,629,149
Other Comprehensive Income	—	—	(2,661,015)	32,844	(2,628,171)
Total Comprehensive Income	—	7,629,149	(2,661,015)	32,844	5,000,978
Transactions with owners in their capacity as owners:					
Dividends Paid	—	(3,097,549)	—	—	(3,097,549)
Closing Equity 30 June 2012	14,688,144	33,906,942	77,614,025	(498,721)	125,710,390

PARENT

	Share Capital \$	Retained Earnings \$	Asset Revaluation Reserve \$	Hedging Reserve (Associate) \$	TOTAL \$
Opening Equity 1 July 2012	14,688,144	24,270,573	62,688,809	—	101,647,526
Net Surplus	—	5,578,850	—	—	5,578,850
Other Comprehensive Income	—	—	(2,125,000)	—	(2,125,000)
Total Comprehensive Income	—	5,578,850	(2,125,000)	—	3,453,850
Transactions with owners in their capacity as owners:					
Dividends Paid	—	(3,923,563)	—	—	(3,923,563)
Closing Equity 30 June 2013	14,688,144	25,925,860	60,563,809	—	101,177,813


Opening Equity 1 July 2011	14,688,144	21,043,337	66,038,809	—	101,770,290
Net Surplus	—	6,324,785	—	—	6,324,785
Other Comprehensive Income	—	—	(3,350,000)	—	(3,350,000)
Total Comprehensive Income	—	6,324,785	(3,350,000)	—	2,974,785
Transactions with owners in their capacity as owners:					
Dividends Paid	—	(3,097,549)	—	—	(3,097,549)
Closing Equity 30 June 2012	14,688,144	24,270,573	62,688,809	—	101,647,526

Balance Sheet

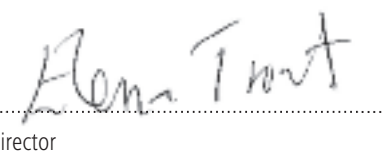
As at 30 June 2013

		CONSOLIDATED		PARENT	
	Note	30-Jun-13 \$	30-Jun-12 \$	30-Jun-13 \$	30-Jun-12 \$
Equity					
Share Capital	21(a)	14,688,144	14,688,144	14,688,144	14,688,144
Retained Earnings	22	36,717,906	33,906,942	25,925,860	24,270,573
Asset Revaluation Reserve	23	76,854,882	77,614,025	60,563,809	62,688,809
Hedging Reserve (Associate)	24	(235,468)	(498,721)	—	—
		<u>128,025,464</u>	<u>125,710,390</u>	<u>101,177,813</u>	<u>101,647,526</u>
Current Liabilities					
Bank Overdraft	14	—	44,611	—	44,611
Bank Loan	18	—	502,429	—	502,429
Payables	16	718,476	402,887	626,785	328,171
Provisions	17	1,906	710	—	—
Advance from Subsidiary	20	—	—	96,525	—
Taxation Payable		—	—	5,965	—
		<u>720,382</u>	<u>950,637</u>	<u>729,275</u>	<u>875,211</u>
TOTAL LIABILITIES AND EQUITY		<u>\$128,745,846</u>	<u>\$126,661,027</u>	<u>\$101,907,088</u>	<u>\$102,522,737</u>
Current Assets					
Cash & Deposits	13	1,066,424	10,796	989,438	203
Receivables & Prepayments	15	354,536	660,209	263,250	446,614
Advance to Subsidiary	20	—	—	—	4,859
Taxation Refundable		57,112	71,890	—	20,191
		<u>1,478,072</u>	<u>742,895</u>	<u>1,252,688</u>	<u>471,867</u>
Non-Current Assets					
Property, Plant & Equipment	27	33,611,590	35,183,712	33,567,005	35,122,791
Investment Property	28	46,000,000	45,500,000	46,000,000	45,500,000
Investment in Subsidiary Company	19	—	—	10,000	10,000
Investments in Associate Companies	25	46,795,324	44,032,837	20,250,000	20,250,000
Other Investments	26	827,395	527,642	827,395	527,642
Deferred Tax Asset	29	33,465	673,941	—	640,437
		<u>127,267,774</u>	<u>125,918,132</u>	<u>100,654,400</u>	<u>102,050,870</u>
TOTAL ASSETS		<u>\$128,745,846</u>	<u>\$126,661,027</u>	<u>\$101,907,088</u>	<u>\$102,522,737</u>

For and on behalf of the Board of Directors who authorised the issue of this Financial Report on 20 August 2013.



Chairman



Director

Statement of Cash Flows

For the Year Ended 30 June 2013

		CONSOLIDATED		PARENT	
	Note	30-Jun-13 \$	30-Jun-12 \$	30-Jun-13 \$	30-Jun-12 \$
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash was provided from:					
Cash from Customers		2,001,907	1,411,982	1,214,130	715,280
Dividends Received		6,750,794	5,286,602	6,750,794	5,286,602
Interest Received		29,289	38,281	27,802	36,709
Income Tax Refunded		19,258	362,040	19,258	362,040
		<u>8,801,248</u>	<u>7,098,905</u>	<u>8,011,984</u>	<u>6,400,631</u>
Cash was applied to:					
Cash paid to Suppliers & Employees		(2,244,520)	(2,290,874)	(1,647,186)	(1,561,306)
Interest Paid		(13,071)	(13,639)	(13,071)	(13,639)
Income Tax Paid		(469)	(29,420)	—	(28,954)
		<u>(2,258,060)</u>	<u>(2,333,933)</u>	<u>(1,660,257)</u>	<u>(1,603,899)</u>
NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES		<u>6,543,188</u>	<u>4,764,972</u>	<u>6,351,727</u>	<u>4,796,732</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash was provided from:					
Sale of Property, Plant & Equipment		—	5,422	—	—
Sale of Shares - Ballance Agri-Nutrients		8,900	—	8,900	—
		<u>8,900</u>	<u>5,422</u>	<u>8,900</u>	<u>—</u>
Cash was applied to:					
Purchase of Property, Plant & Equipment		(358,060)	(47,628)	(358,061)	(47,628)
Purchase of Investment Property		(667,797)	(3,970,929)	(667,797)	(3,970,929)
Purchase of Shares - Fonterra Co-operative Group Ltd		—	(60,903)	—	(60,903)
		<u>(1,025,857)</u>	<u>(4,079,460)</u>	<u>(1,025,858)</u>	<u>(4,079,460)</u>
NET CASH INFLOW (OUTFLOW) FROM INVESTING ACTIVITIES		<u>(1,016,957)</u>	<u>(4,074,038)</u>	<u>(1,016,958)</u>	<u>(4,079,460)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash was provided from:					
ASB Bank Facility		—	502,429	—	502,429
Advance from Subsidiary Company		—	—	125,069	100,159
		<u>—</u>	<u>502,429</u>	<u>125,069</u>	<u>602,588</u>
Cash was applied to:					
ASB Bank Facility		(502,429)	—	(502,429)	—
Dividends Paid	21(c)	(3,923,563)	(3,097,549)	(3,923,563)	(3,097,549)
		<u>(4,425,992)</u>	<u>(3,097,549)</u>	<u>(4,425,992)</u>	<u>(3,097,549)</u>
NET CASH INFLOW (OUTFLOW) FROM FINANCING ACTIVITIES		<u>(4,425,992)</u>	<u>(2,595,120)</u>	<u>(4,300,923)</u>	<u>(2,494,961)</u>
NET INCREASE (DECREASE) IN CASH HELD		1,100,239	(1,904,186)	1,033,846	(1,777,689)
ADD OPENING CASH BALANCE		(33,815)	1,870,371	(44,408)	1,733,281
CLOSING CASH BALANCE	13	<u>\$1,066,424</u>	<u>(\$33,815)</u>	<u>\$989,438</u>	<u>(\$44,408)</u>

Operating Cash Flow Reconciliation

For the Year Ended 30 June 2013

	Note	CONSOLIDATED		PARENT	
		30-Jun-13 \$	30-Jun-12 \$	30-Jun-13 \$	30-Jun-12 \$
NET SURPLUS		6,734,527	7,629,149	5,578,850	6,324,785
Add (Subtract) Non-Cash Items:					
Depreciation Expense	9	74,633	73,077	58,297	55,267
Non-Cash Dividends Received		(12,493)	—	(12,493)	—
Deferred Taxation (Including Tax Losses carried forward)		640,474	(95,028)	640,437	(118,123)
Gain (Loss) on Sale of Property, Plant & Equipment		—	(5,422)	—	—
Revaluation of Investment Property	28	196,627	(1,508,916)	196,627	(1,508,916)
Fair Value Movements in Other Investments		(313,960)	(1,855)	(313,960)	(1,855)
Share of Associate Companies' Retained Surplus	12	(1,133,376)	(1,232,164)	—	—
Other Non-Cash Items		—	—	(23,685)	(49,343)
		(548,095)	(2,770,308)	545,223	(1,622,970)
Add (Subtract) Working Capital Items:					
Movement in Receivables & Prepayments		305,673	(468,260)	183,364	(354,342)
Movement in Taxation Refundable		14,778	326,941	26,156	325,636
Movement in Payables		315,589	90,806	298,614	130,599
Movement in Provisions		1,196	(24,266)	—	—
		637,236	(74,779)	508,134	101,893
Non-Operating Items included in Working Capital Movements above		(280,480)	(19,090)	(280,480)	(6,976)
NET CASH FLOW FROM OPERATING ACTIVITIES		\$6,543,188	\$4,764,972	\$6,351,727	\$4,796,732

Notes to the Financial Statements

For the Year Ended 30 June 2013

Note 1

GENERAL INFORMATION

Northland Port Corporation (NZ) Ltd ('the Parent') is publicly listed on the New Zealand Stock Exchange (NZX). It is registered under the Companies Act 1993 and is domiciled and incorporated in New Zealand. The Group consists of Northland Port Corporation (NZ) Ltd, subsidiary NPC Corporate Services Ltd, its various associate companies and an unincorporated joint venture entity, Northland Stevedoring Services.

The Group's operations principally comprise of its 50% stakeholding in the deep water port facility at Marsden Point together with its substantial land holdings in the adjacent area.

Note 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all of the years presented unless otherwise stated.

Basis of Preparation

Northland Port Corporation (NZ) Ltd is an issuer for the purposes of the Financial Reporting Act 1993.

The Parent and Group financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand ('NZ GAAP') and the requirements of the Companies Act 1993 and Financial Reporting Act 1993.

The financial statements have also been prepared on a historical cost basis, except for the revaluation of certain non-current assets and financial instruments as described below.

Statement of Compliance

The financial statements have been prepared in accordance with NZ GAAP. They comply with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. They also comply with International Financial Reporting Standards.

Consolidation

The Group financial statements are prepared by consolidating the financial statements of all entities that together comprise the consolidated entity, being the Parent and its subsidiary, joint venture and associate interests. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Subsidiaries

Subsidiaries are those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The financial statements of the Group's subsidiary interests are prepared for the same reporting period as the parent entity, using consistent accounting policies.

In the separate financial statements of the parent entity, investments in subsidiaries are accounted for at cost.

Associate Companies

The Group's investment in its associates is accounted for using the equity method of accounting in the consolidated financial statements and at cost in the Parent entity. Associates are entities over which the Group has significant influence and that are neither subsidiaries nor joint ventures.

Under the equity method, investments in the associates are recognised in the Consolidated Balance Sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss in respect to the Group's net investment in associates.

The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post acquisition movements in reserves is recognised in other comprehensive income of the Group. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends received from associates are recognised in the parent entity's profit and loss while in the consolidated financial statements they reduce the carrying amount of the investment.

If the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Joint Ventures

Joint ventures are contractual arrangements with other parties subject to joint control in which the Group has several liability in respect of costs and liabilities, and shares in any resulting output. The Group's share of the assets, liabilities, revenues and expenses of the joint ventures have been incorporated into the financial statements using the proportional consolidation method on a line by line basis.

Segment Reporting

An operating segment is a component of an entity that engages in business activity from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance. The Group has two operating segments and an unallocated category ("Other"). The group operates within one geographic segment being the greater Whangarei area.

Functional and Presentation Currency

These financial statements are presented in New Zealand Dollars (\$), which is the Group's functional currency.

Notes to the Financial Statements

For the Year Ended 30 June 2013

Note 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, excepting qualifying cash flow hedges which are recognised in other comprehensive income.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at balance sheet date.

Revenue Recognition

Revenue comprises the fair value of consideration received or receivable for the sale of goods and services (net of Goods and Services Tax, rebates and discounts). When an outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a portion of the total services to be provided.

Rental income is accounted for on a straight-line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earned. Lease incentives granted are recognised as an integral part of the total rental income over the period of the lease on a straight line basis.

Dividend Income is recognised when the Group's right to receive the payment is established while interest income is recognised on a time-proportion basis using the effective interest method.

Other Revenues, including farming revenues, are generally recognised when the Group's right to receive payment is established.

Property, Plant & Equipment

With the exception of freehold land, property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Freehold land is subject to annual revaluation at "fair value" on the basis of independent valuation.

Historical cost includes expenditure that is directly attributable to the acquisition of an item of property, plant and equipment. This includes any applicable borrowing costs and/or transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance are recognised in profit and loss as incurred.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the profit and loss.

Property, plant and equipment is transferred to assets held for sale when they are held with the intention of resale and are recorded separately in the Balance Sheet at the lower of cost and fair value less cost of sale. Capital work in progress is recorded at cost.

Property, plant and equipment, with the exception of freehold land and capital work in progress, is depreciated. The charge for depreciation is calculated using the straight line method to allocate cost, net of residual value over the estimated useful lives of assets as follows:

Freehold Land	not depreciated
Buildings & Amenities	5-100 years
Plant & Equipment (including vehicles)	2-12 years

Residual values and useful lives are reviewed, and adjusted if appropriate at each Balance Sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Land Revaluations

Any revaluation increment is credited to the asset revaluation reserve included in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit and loss, in which case the increment is recognised in profit and loss.

Any revaluation decrease is recognised in profit or loss, except to the extent that it offsets a previous revaluation increment for the same asset, in which case the decrease is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset.

Upon disposal or derecognition of an asset, any associated revaluation reserve balance is transferred to retained earnings.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further economic benefits are expected from its use or disposal.

Investment Property

Investment properties are initially measured at cost, including transaction costs. The carrying amount excludes the cost of day-to-day servicing costs of an investment property. Subsequent to initial recognition, investment properties are measured at fair value, which is based on active market prices, adjusted if necessary, for any difference in the nature, location or condition of the specific asset at the reporting date. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no economic benefit is expected from its disposal. Any gains or losses on retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

Notes to the Financial Statements

For the Year Ended 30 June 2013

Note 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment Property (continued)

For a transfer from investment property to owner-occupied property, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with its property plant and equipment policy up to the date of change in use.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing Costs

Borrowing costs are recognised as an expense when incurred except for costs associated with the construction of any qualifying asset which are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale.

Impairment of Assets

The carrying amounts of the Group's property, plant and equipment, intangibles, investments in associates and receivables, are reviewed at each reporting date to determine whether there is any objective evidence of impairment.

An impairment loss is recognised for the amount by which the carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash generating units)

Payables

Payables are carried at amortised cost. These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are typically unsecured and usually paid within 30 days of recognition.

Provisions

Provisions are recognised when a present legal or constructive obligation exists as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date.

Dividends

A provision is made in the financial statements for the amount of any dividend declared on or before the end of the financial year but not distributed at balance date.

Employee Benefits

Liabilities for wages and salaries, including annual leave entitlements and any non-monetary benefits are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amount expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Receivables

Receivables which generally have a 30 day term are recognised initially at fair value with a subsequent impairment provision made where objective evidence indicates a receivable is impaired. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are generally considered objective evidence of impairment. Individual debts that are known to be uncollectable are written off when identified.

Prepayments

Prepayments comprise of significant items of expenditure having a benefit to more than one accounting period and are written off over the period to which they relate.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits at call with financial institutions, and bank overdrafts.

Financial Instruments

Designation of financial assets and financial liabilities is determined by the purpose of the financial instruments, the policies and practices of management, the relationship with other instruments and the reporting costs and benefits of each designation. These designations are reflected in the financial statements of the Group.

Financial Assets at Fair Value through Profit and Loss

Financial assets at fair value through profit or loss includes financial assets initially designated at fair value through profit or loss and financial assets classified as held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a profit. Derivative financial instruments are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on financial assets held for trading are recognised in the profit and loss.

Notes to the Financial Statements

For the Year Ended 30 June 2013

Note 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Financial Liabilities

Financial liabilities are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current.

Derivative Financial Instruments and Hedging

Associate entities within the Group periodically use derivative financial instruments, such as interest rate swaps, to hedge risk associated with interest rate fluctuation.

Derivative financial instruments are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured at each balance sheet date to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative contract is designated as a hedging instrument, and if so, the nature of the item being hedged.

Designated Cash Flow Hedges

At the inception of a designated hedge transaction the relationship between the hedging instrument and hedged item is formally documented, as well as the risk management objectives and strategy for undertaking the transaction. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged, and how the hedging instrument's effectiveness will be assessed. Such instruments are expected to be highly effective in achieving offsetting changes and are assessed on an on-going basis to determine whether they have actually been highly effective throughout the financial reporting period(s) for which they were designated.

At each reporting date, all designated cashflow hedges are tested for effectiveness. The ineffective portion of the gain or loss on each hedging instrument is recognised in profit or loss whilst the effective portion is included in other comprehensive income of the relevant entity.

Amounts accumulated in Equity are recycled in the Statement of Comprehensive Income in the period(s) when the hedged item impacts profit or loss. When the forecast transaction that is hedged results in a non-financial asset, the gains or losses previously deferred in Equity are transferred from Equity and included in the initial cost or carrying amount of the asset. The deferred amount ultimately being recognised as depreciation in the case of property, plant and equipment.

If the hedging instrument expires or is sold, terminated or exercised without replacement or roll over, or its designation as a hedge is revoked (due to ineffectiveness), amounts previously recognised in equity remain in equity until the forecast transaction occurs.

Derivatives that do not qualify for hedge accounting

Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately via profit and loss. Similarly, if a previously forecast transaction is no longer expected to occur, any amounts accumulated in reserves are immediately reclassified to profit or loss.

Other Investments

Other investments are initially recognised at cost and are subsequently restated to their assessed fair value at each reporting date and more frequently, if warranted. Any movement in fair value is immediately recognised in the profit and loss.

Income Tax

Current Tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred Tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Notes to the Financial Statements

For the Year Ended 30 June 2013

Note 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Tax (continued)

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Taxation Expense

The income tax expense recognised in the profit and loss includes both current and deferred tax and is calculated after allowing for non-assessable income and non-deductible expenditure.

Tax Losses

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

(i) Group as a lessee

Operating lease payments are recognised as an operating expense in the statement of comprehensive income on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

(ii) Group as a lessor

Leases in which the Group retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Earnings per Share

Earnings per share is calculated as being the net surplus attributable to members of the parent entity divided by the weighted average number of issued shares. Diluted earnings per share is calculated on the same basis.

Changes in Accounting Policy and Disclosures:

The accounting policies adopted and disclosures made are consistent with those of the previous financial year.

New Accounting Standards and Interpretations

The Group has not elected to early adopt any new standards or interpretations that are issued but not yet effective (refer Note 36).

Note 3

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES & ASSUMPTIONS

In applying the Group's accounting policies, management continually evaluates judgements, estimates and assumptions made based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgements, estimates and assumptions made. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

Recovery of Deferred Tax Assets and Tax Losses

At the end of the reporting period the Group has accumulated tax losses amounting to \$1,009,539 (2012 - \$766,447). Due to the time frame in which assessable income will be available to offset such losses the Group has deemed it appropriate to no longer recognise these losses in the financial statements.

Estimation of Useful Lives of Assets

The estimation of the useful lives of assets has predominantly been based on historical experience. Useful lives are reviewed on an annual basis and adjustments made when considered necessary.

Land Revaluation - Northport Ltd

The majority of Northport Ltd's land holdings pertain to an area of reclamation for which freehold title or another long term beneficial interest has yet to be established. The third party valuation of this reclaimed area assumes that a long term beneficial interest will be granted but incorporates a discount for uncertainty related to this process. Management considers this approach to be appropriate for the circumstances (refer Note 25(b)).

Valuation of Freehold Land

Freehold Land is revalued annually by an independent valuer. The fair value of the Group's land holdings is based on market values, being the estimated amount for which the land could be exchanged between a willing buyer and a willing seller in an arms length transaction. Changes to market conditions or assumptions made in the estimation of fair value will result in changes to the fair value of freehold land.

Notes to the Financial Statements

For the Year Ended 30 June 2013

Note 3

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES & ASSUMPTIONS (continued)

Valuation of Investment Property

Investment property is revalued annually by an independent valuer. The fair value of the Group's investment properties is based on market values, being the estimated amount for which the land could be exchanged between a willing buyer and a willing seller in an arms length transaction. Changes to market conditions or assumptions made in the estimation of fair value will result in changes to the fair value of investment property.

Note 4

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks including foreign exchange risk, liquidity risk, credit risk, price risk and interest rate risk. The Group's overall risk management programme seeks to minimise potential adverse effects on its financial performance.

Foreign Exchange Risk

The Group's exposure to foreign exchange risk is considered minimal, therefore a sensitivity analysis has not been performed.

Fair Value

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 - the fair value is calculated using quoted prices in active markets.

Level 2 - the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 - the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

CONSOLIDATED AND PARENT JUNE 2013

Financial Assets

	Market Price Level 1 \$	Market Inputs Level 2 \$	Non Market Inputs Level 3 \$	Total \$
Fonterra Investments	826,270	—	—	826,270
Ballance Agri-Nutrients Investments	—	1,125	—	1,125
Total	826,270	1,125	—	827,395

CONSOLIDATED AND PARENT JUNE 2012

Financial Assets

	Market Price Level 1 \$	Market Inputs Level 2 \$	Non Market Inputs Level 3 \$	Total \$
Fonterra Investments	499,817	—	—	499,817
Ballance Agri-Nutrients Investments	—	27,825	—	27,825
Total	499,817	27,825	—	527,642

Liquidity Risk

The Group manages its exposure to liquidity risk by maintaining a balance between continuity of funding and flexibility through the use of bank loans, overdrafts and committed available credit lines. As at 30 June 2013, the Parent had access to funding facilities with the ASB Bank totalling \$400,000 (2012 - \$1,400,000) non of which (2012 - \$547,040) was drawn down at this date (refer Note 14 and Note 18). A maturity analysis has not been performed as all financial assets and liabilities are no greater than 12 months old and recorded as current.

As at 30 June 2013, associate companies Northport Ltd and North Port Coolstores (1989) Ltd had access to funding facilities totalling \$42,000,000 (2012 - \$42,200,000) and \$221,173 (2012 - \$221,173) respectively of which a total sum of \$10,969,156 remained undrawn at balance date. In addition, North Tugz Ltd (an associate of Northport Ltd) had access to funding facilities totalling \$11,760,000 (2012 - \$12,490,000) of which Nil was undrawn at balance date.

Credit Risk

Credit Risk arises from the financial assets of the Group, which comprises cash and cash equivalents, trade and other receivables, loans and receivables and derivative instruments. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. The Group trades only with recognised, creditworthy parties and as such collateral is not typically required.

Derivative counterparties and cash transactions are limited to high credit quality financial institutions. The Group further minimises its credit exposure by limiting the amount of funds placed with any one financial institution at any one time.

No material financial assets are past due as at balance date.

Notes to the Financial Statements

For the Year Ended 30 June 2013

Note 4

FINANCIAL RISK MANAGEMENT OBJECTIVES & POLICIES (continued)

Price Risk

Price risk arises from investments in equity securities as detailed in Note 26. The price risk for listed and unlisted securities is immaterial in terms of the possible impact on the Statement of Comprehensive Income or total equity and as such, a sensitivity analysis has not been completed.

Interest Rate Risk

The Group's exposure to the risk in changes in interest rates primarily stems from its associate companies' long-term debt obligations having a floating interest rate. To mitigate this risk, derivative interest rate swap contracts are periodically entered into whereby the relevant Associate entity is obliged to receive interest at floating rates and to pay interest at fixed rates (refer Note 30).

At balance date, the Group had the following direct* exposure to variable interest rate risk:

	CONSOLIDATED		PARENT	
	30-Jun-13 \$	30-Jun-12 \$	30-Jun-13 \$	30-Jun-12 \$
Financial Assets				
Bank Deposits	1,066,224	10,596	989,238	3
	<u>1,066,224</u>	<u>10,596</u>	<u>989,238</u>	<u>3</u>
Financial Liabilities				
Bank Overdraft	—	(44,611)	—	(44,611)
Bank Loan	—	(502,429)	—	(502,429)
	<u>—</u>	<u>(547,040)</u>	<u>—</u>	<u>(547,040)</u>
Net Exposure	<u>1,066,224</u>	<u>(536,444)</u>	<u>989,238</u>	<u>(547,037)</u>

* The Group regularly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative hedging positions and the mix of fixed and variable interest rates.

The following sensitivity analysis is based on the Group and Parent's exposure to unhedged interest rate risk (with all other variables held constant) throughout the reporting period. This is considered a more representative basis than being prepared as at the end of the reporting period due to the Group's relatively low level of exposure to variable interest rate risk. The analysis below depicts the impact on post tax profit.

+1.0% (100 Basis Points)				
Post Tax Profit - Higher (Lower)	6,984	9,358	6,984	9,358
-0.5% (50 Basis Points)				
Post Tax Profit - Higher (Lower)	(3,492)	(4,679)	(3,492)	(4,679)

Financial Instruments

The Group has the following categories of financial instruments:

Financial Assets at Fair Value through Profit or Loss

Designated on Initial Recognition

Other Investments	827,395	527,642	827,395	527,642
Loans and Receivables				
Advances to Subsidiary	—	—	—	4,859
Cash and Deposits	1,066,424	10,796	989,438	203
Receivables	333,758	649,171	248,600	440,249
Financial Liabilities at Amortised Cost				
Advances from Subsidiary	—	—	(96,525)	—
Bank Loan	—	(502,429)	—	(502,429)
Bank Overdraft	—	(44,611)	—	(44,611)
Payables	(718,476)	(402,887)	(626,785)	(328,171)

Notes to the Financial Statements

For the Year Ended 30 June 2013

Note 5

OPERATIONAL EXPENSES

	CONSOLIDATED		PARENT	
	30-Jun-13 \$	30-Jun-12 \$	30-Jun-13 \$	30-Jun-12 \$
Repairs & Maintenance	168,422	134,608	137,856	73,824
Employee Related Benefits	484,541	512,276	—	—
Farm Operating Expenses	96,726	64,845	96,726	64,845
Other Operational Expenses	62,298	46,264	35,520	30,358
	<u>811,987</u>	<u>757,993</u>	<u>270,102</u>	<u>169,027</u>

Note 6

LAND RATES & LEASE EXPENSES

Land Rates	381,996	409,767	381,996	409,767
Lease Expense	104,713	100,454	80,022	75,811
	<u>486,709</u>	<u>510,221</u>	<u>462,018</u>	<u>485,578</u>

The Consolidated figures shown above for the year ended 30 June 2013 include \$24,691 of lease costs in respect of the Group's joint venture interests (2012 - \$24,643).

Note 7

ADMINISTRATIVE EXPENSES

Directors' Fees	182,679	171,284	182,679	171,284
Auditor Remuneration - Audit Fees *	81,950	81,500	81,950	81,500
- Other Fees #	4,601	18,592	4,601	18,592
Fees Paid to Other Auditors	2,979	1,480	—	—
Donations	670	95	670	95
Employee Related Benefits	298,693	58,412	298,693	58,412
Share Registry Expenses	51,989	48,508	51,989	48,508
Professional Fees (excl. Auditor Remuneration)	253,875	255,874	253,875	237,282
Other Administrative Expenses	202,878	176,387	202,878	148,653
	<u>1,080,314</u>	<u>812,130</u>	<u>1,032,840</u>	<u>764,326</u>

* This includes audit fee in respect of the Associate Company, North Port Coolstores (1989) Ltd amounting to \$13,500 (2012 - \$13,500) - refer Note 35. Excluded from the audit fee disclosures provided above are the Group's share of the audit fee paid by its Associate entity, Northport Ltd to the Group's Auditor amounting to \$37,000 (2012 - \$28,500).

This comprises consultancy charges associated with tax advice together with any charges made for disbursements.

Note 8

FINANCE COSTS

Interest - Bank	13,071	11,432	13,071	11,432
Interest - Other	—	2,122	—	2,122
	<u>13,071</u>	<u>13,554</u>	<u>13,071</u>	<u>13,554</u>

Notes to the Financial Statements

For the Year Ended 30 June 2013

Note 9

DEPRECIATION EXPENSE

Buildings & Amenities
Plant & Equipment

CONSOLIDATED		PARENT	
30-Jun-13 \$	30-Jun-12 \$	30-Jun-13 \$	30-Jun-12 \$
46,068	46,716	42,234	42,272
28,565	26,361	16,062	12,995
<u>74,633</u>	<u>73,077</u>	<u>58,297</u>	<u>55,267</u>

The Consolidated figures shown above for the year ended 30 June 2013 include \$16,336 of depreciation expense in respect of the Group's joint venture interests (2012 - \$17,810).

Note 10

JOINT VENTURE EXPENSES

The Group's share of expenses from its unincorporated joint venture interest in Northland Stevedoring Services have been included in the Statement of Comprehensive Income as follows:

Operational Expenses	541,885	588,966	—	—
Land Rates & Lease Expenses	24,691	24,643	—	—
Administrative Expenses (including Audit Fees)	47,474	47,803	—	—
Depreciation	16,336	17,810	—	—

Note 11

TAXATION EXPENSE (CREDIT)

Net Surplus Before Taxation

Prima Facie Tax at 28%

Adjusted for the Tax Effect of:

Tax Paid Associate Earnings

Imputed Dividend Receipts

Non-Assessable Income

Non-Deductible Expenses

Prior Period Adjustments

Carried Forward Losses Derecognised

Current Period Losses Not Recognised

Represented by:

Current Taxation

Deferred Taxation

7,371,013	7,530,854	6,202,523	6,164,394
2,063,884	2,108,639	1,736,706	1,726,030
(292,019)	(312,265)	—	—
(1,879,752)	(1,470,957)	(1,879,752)	(1,470,957)
(55,198)	(446,579)	(32,853)	(423,016)
5,648	272	5,648	272
—	22,595	—	7,280
537,488	—	537,488	—
256,436	—	256,436	—
<u>636,486</u>	<u>(98,295)</u>	<u>623,673</u>	<u>(160,391)</u>
12,774	(162,909)	—	(201,911)
623,712	64,614	623,673	41,520
<u>636,486</u>	<u>(98,295)</u>	<u>623,673</u>	<u>(160,391)</u>

Notes to the Financial Statements

For the Year Ended 30 June 2013

Note 12

SHARE OF ASSOCIATE COMPANIES' NET SURPLUS

North Port Coolstores (1989) Ltd (50% interest)

Net Surplus before Taxation

Less Taxation

Northport Ltd (50% interest)

Net Surplus before Taxation

Less Taxation

Current period write back in respect of previous inter-entity asset sales

Comprising:

Dividends Received

Share of Retained Surplus' for period

Represented by:

Continuing Activities

	CONSOLIDATED		PARENT	
	30-Jun-13 \$	30-Jun-12 \$	30-Jun-13 \$	30-Jun-12 \$
North Port Coolstores (1989) Ltd (50% interest)				
Net Surplus before Taxation	279,480	496,060	—	—
Less Taxation	(78,255)	(138,388)	—	—
	<u>201,225</u>	<u>357,672</u>	<u>—</u>	<u>—</u>
Northport Ltd (50% interest)				
Net Surplus before Taxation	10,192,185	8,087,667	—	—
Less Taxation	(2,637,457)	(2,077,059)	—	—
	<u>7,554,729</u>	<u>6,010,608</u>	<u>—</u>	<u>—</u>
Current period write back in respect of previous inter-entity asset sales	90,452	116,932	—	—
	<u>7,645,181</u>	<u>6,127,540</u>	<u>—</u>	<u>—</u>
	<u>7,846,406</u>	<u>6,485,212</u>	<u>—</u>	<u>—</u>
Comprising:				
Dividends Received	6,713,030	5,253,048	—	—
Share of Retained Surplus' for period	1,133,376	1,232,164	—	—
	<u>7,846,406</u>	<u>6,485,212</u>	<u>—</u>	<u>—</u>
Represented by:				
Continuing Activities	7,846,406	6,485,212	—	—
	<u>7,846,406</u>	<u>6,485,212</u>	<u>—</u>	<u>—</u>

Note 13

CASH & DEPOSITS

Current Account - ASB Bank

Call Deposits - ASB Bank

Bank Deposits - Other

Total Funds at Bank

Cash

Current Account - ASB Bank	67,265	—	67,265	—
Call Deposits - ASB Bank	921,973	3	921,973	3
Bank Deposits - Other	76,986	10,593	—	—
Total Funds at Bank	<u>1,066,224</u>	<u>10,596</u>	<u>989,238</u>	<u>3</u>
Cash	200	200	200	200
	<u>1,066,424</u>	<u>10,796</u>	<u>989,438</u>	<u>203</u>

Current account deposits held with the ASB Bank are non-interest bearing. At balance date, funds held on call deposit with the ASB Bank yield interest at a rate of 3.15% (June 2012 - 2.50%).

Reconciliation to Statement of Cashflows:

Cash at Bank and In Hand

Bank Overdraft (refer Note 14)

Cash at Bank and In Hand	1,066,424	10,796	989,438	203
Bank Overdraft (refer Note 14)	—	(44,611)	—	(44,611)
	<u>1,066,424</u>	<u>(33,815)</u>	<u>989,438</u>	<u>(44,408)</u>

Note 14

BANK OVERDRAFT

Current Account - ASB Bank

Current Account - ASB Bank	—	44,611	—	44,611
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At Balance Date, the interest rate on the Group's \$400,000 (June 2012 - \$400,000) overdraft facility was 9.55% (June 2012 - 9.30%).

The ASB Bank has registered a mortgage over certain land owned by the Company. The subject land is situated at 711 Marsden Point Highway, Marsden Point and has current carrying value of \$1,000,000.

Notes to the Financial Statements

For the Year Ended 30 June 2013

Note 15

RECEIVABLES & PREPAYMENTS

	CONSOLIDATED		PARENT	
	30-Jun-13 \$	30-Jun-12 \$	30-Jun-13 \$	30-Jun-12 \$
Trade Receivables	123,678	284,847	43,128	97,163
Related Parties (Note 35(a))	47,434	45,049	42,904	39,189
GST Refund Due	116,595	275,600	116,595	275,600
Sundry Debtors	46,051	43,675	45,973	28,297
Prepayments	20,778	11,038	14,650	6,365
	<u>354,536</u>	<u>660,209</u>	<u>263,250</u>	<u>446,614</u>

Note 16

PAYABLES

Trade Creditors	429,822	161,861	400,769	145,720
Related Parties (Note 35(b))	22,081	42,814	18,854	40,278
GST Payable	8,381	4,051	—	—
Retentions	31,561	45,123	31,561	45,123
Other Payables	226,631	149,038	175,601	97,050
	<u>718,476</u>	<u>402,887</u>	<u>626,785</u>	<u>328,171</u>

Note 17

PROVISIONS

Sundry Provisions	<u>1,906</u>	<u>710</u>	<u>—</u>	<u>—</u>
An analysis of the movement in sundry provisions during the financial year is set out below:				
Opening Balance	710	24,976	—	—
Arising during the year	1,196	—	—	—
Utilised	—	(24,266)	—	—
Closing Balance	<u>1,906</u>	<u>710</u>	<u>—</u>	<u>—</u>

At 30 June 2013, Sundry Provisions comprises an allowance for the Group's share of possible cargo damages claims against the joint venture operation, Northland Stevedoring Services.

Note 18

BANK LOAN

Flexible Finance Facility - ASB Bank	<u>—</u>	<u>502,429</u>	<u>—</u>	<u>502,429</u>
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During the period, the ASB Flexible Finance facility was cancelled at the Company's request.

Note 19

INVESTMENT IN SUBSIDIARY COMPANY

NPC Corporate Services Ltd	<u>—</u>	<u>—</u>	<u>10,000</u>	<u>10,000</u>
100% Holding				
Balance Date - 30 June				
Main Activity - Holding Company for joint venture interests.				

Notes to the Financial Statements

For the Year Ended 30 June 2013

Note 20

ADVANCE TO (FROM) SUBSIDIARY

NPC Corporate Services Ltd

This advance is non-interest bearing and is repayable on demand.

CONSOLIDATED		PARENT	
30-Jun-13	30-Jun-12	30-Jun-13	30-Jun-12
\$	\$	\$	\$
—	—	(96,525)	4,859

Note 21

CONTRIBUTED EQUITY

(a) Share Capital

Opening / Closing Balance

All shares carry equal voting rights and have no par value.

The parent entity, Northland Port Corporation (NZ) Ltd has an authorised capital of 80,000,000 shares (unchanged from prior year).

Opening / Closing Shares on Issue

CONSOLIDATED		PARENT	
30-Jun-13	30-Jun-12	30-Jun-13	30-Jun-12
\$	\$	\$	\$
14,688,144	14,688,144	14,688,144	14,688,144
No. Shares	No. Shares	No. Shares	No. Shares
41,300,651	41,300,651	41,300,651	41,300,651

(b) Earnings per Share

Earnings per share of 16.31 cents per share (2012 - 18.47 cents per share) has been calculated as the reported Net Surplus divided by the average number of fully paid shares (calculated on a daily basis) on issue during the period, comprising 41,300,651 shares (2012 - 41,300,651 shares). Diluted earnings per share has been calculated on the same basis.

(c) Dividends Paid

During the financial year the following dividend payments were made:

Final, 21/09/12 - 5 cents/share (23/09/11 - 4 cents)

Interim, 22/03/13 - 4.5 cents/share (04/03/12 - 3.5 cents)

CONSOLIDATED		PARENT	
30-Jun-13	30-Jun-12	30-Jun-13	30-Jun-12
\$	\$	\$	\$
2,065,033	1,652,026	2,065,033	1,652,026
1,858,530	1,445,523	1,858,530	1,445,523
3,923,563	3,097,549	3,923,563	3,097,549

(d) Capital Management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Changing market conditions may affect the amount of dividends paid to shareholders. Changing market conditions may also result in the return of capital to shareholders, the issuance of new shares, or result in the sale of assets to reduce debt.

During the reporting period, the Group's associate entities fully complied with any externally imposed capital requirements. The Parent entity is not subject to any externally imposed capital requirements.

Note 22

RETAINED EARNINGS

Opening Balance

Net Surplus

Dividends Paid (refer Note 21(c))

Closing Balance

CONSOLIDATED		PARENT	
30-Jun-13	30-Jun-12	30-Jun-13	30-Jun-12
\$	\$	\$	\$
33,906,942	29,375,342	24,270,573	21,043,337
6,734,527	7,629,149	5,578,850	6,324,785
(3,923,563)	(3,097,549)	(3,923,563)	(3,097,549)
36,717,906	33,906,942	25,925,860	24,270,573

Notes to the Financial Statements

For the Year Ended 30 June 2013

Note 23

ASSET REVALUATION RESERVE

	CONSOLIDATED		PARENT	
	30-Jun-13 \$	30-Jun-12 \$	30-Jun-13 \$	30-Jun-12 \$
Opening Balance	77,614,025	80,275,040	62,688,809	66,038,809
Land Revaluation Current Period (refer Note 27(d))	(2,125,000)	(3,350,000)	(2,125,000)	(3,350,000)
Land Revaluation re Associate (refer Note 25(b))	1,365,857	688,985	—	—
Closing Balance	<u>76,854,882</u>	<u>77,614,025</u>	<u>60,563,809</u>	<u>62,688,809</u>

The asset revaluation reserve is used to record increments and decrements in the fair value of land. A portion of the asset revaluation reserve for the consolidated entity relates to the revaluation of land held by the associate company, Northport Ltd.

Note 24

HEDGING RESERVE (ASSOCIATE)

Opening Balance	(498,721)	(531,565)	—	—
Gains (Losses) recognised	263,253	32,844	—	—
Closing Balance	<u>(235,468)</u>	<u>(498,721)</u>	<u>—</u>	<u>—</u>

The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognised in profit or loss when the hedged transaction itself impacts profit or loss. The current year movements in the Hedging Reserve relate to the associate entity Northport Limited including its 50% holding in North Tugz Limited. The amounts reflected in this note are net of tax (if any).

Note 25

INVESTMENTS IN ASSOCIATE COMPANIES

(a) North Port Coolstores (1989) Ltd

250,000 shares - 50% holding (same shareholding as reported 30 June 2012)

Balance Date: 31 March

Main Activity: Cold & Coolstore Operations

Shares Subscribed for	250,000	250,000	250,000	250,000
Share of Accumulated Surplus to 30 June	406,246	362,521	—	—
Carrying Value	<u>656,246</u>	<u>612,521</u>	<u>250,000</u>	<u>250,000</u>

(b) Northport Ltd

200 shares - 50% holding (same shareholding as reported 30 June 2012)

Balance Date: 30 June

Main Activity: Port Operations

Shares Subscribed for	20,000,000	20,000,000	20,000,000	20,000,000
Share of Accumulated Surplus to 30 June	11,787,161	10,787,960	—	—
Share of Hedging Reserve	(235,468)	(498,721)	—	—
Land Revaluation	16,291,073	14,925,216	—	—
Elimination re. inter-entity asset sales	(1,703,738)	(1,794,189)	—	—
Carrying Value	<u>46,139,028</u>	<u>43,420,266</u>	<u>20,000,000</u>	<u>20,000,000</u>

The current lease of the reclaimed land at Marsden Point, which is the land upon which Northport's Marsden Point facilities are sited, expired on 30 September 2011. In September 2011 the Minister of Conservation made a conditional decision to vest a leasehold interest in the Company. Negotiations continue with the Crown to secure a long term lease arrangement for this land but without prejudicing the Company's right to apply for freehold title. The valuation of reclaimed land includes an adjustment to reflect the uncertainty related to the nature and term of the tenure.

Notes to the Financial Statements

For the Year Ended 30 June 2013

Note 25

INVESTMENTS IN ASSOCIATE COMPANIES (continued)

(c) Northland Stevedoring Services Ltd

50 shares - 50% holding (same shareholding as reported 30 June 2012)

Balance Date: 31 January

Main Activity: Holding Company (non-trading)

Shares Subscribed for

Share of Accumulated Surplus to 30 June

Carrying Value

Total Investment in Associate Companies

CONSOLIDATED		PARENT	
30-Jun-13	30-Jun-12	30-Jun-13	30-Jun-12
\$	\$	\$	\$
50	50	—	—
—	—	—	—
50	50	—	—
46,795,324	44,032,837	20,250,000	20,250,000

(d) Summarised information extracted from balance sheets of Associate Companies:

Current Assets

Other Non-Current Assets

Current Liabilities

Non-Current Liabilities

Net Assets

Group share of Net Assets (50%)

Other Consolidation Adjustments

Total Investment in Associate Companies

4,610,628	4,898,518	—	—
129,746,114	127,176,884	—	—
134,356,742	132,075,402	—	—
35,856,889	5,351,551	—	—
1,501,730	35,069,800	—	—
37,358,619	40,421,351	—	—
96,998,123	91,654,051	—	—
48,499,062	45,827,026	—	—
(1,703,738)	(1,794,189)	—	—
46,795,324	44,032,837	—	—

(e) Extract from Associate's Statement of Comprehensive Income:

Revenue

Net Surplus

36,047,444	32,119,302	—	—
15,450,036	12,736,559	—	—

Note 26

OTHER INVESTMENTS

Fonterra Co-operative Group Ltd - Shares

Ballance Agri-Nutrients Ltd - Shares

826,270	499,817	826,270	499,817
1,125	27,825	1,125	27,825
827,395	527,642	827,395	527,642

As at 30 June 2013 the Company and Group held 113,343 co-operative shares in Fonterra Co-operative Group Ltd having a disclosed fair value of \$7.29 per share. (2012 - total holding of 110,579 shares at an average of \$4.52 per share).

The Group recognised a fair value movement of \$313,960 (2012 - \$1,855) being the movement in the total disclosed fair value of shares held in Fonterra Co-operative Group Ltd. The movement is derived from the movement per share from \$4.52 to \$7.29 over the financial year multiplied by the number of shares held as at 30 June 2013.

As at 30 June 2013 the Company and Group held 150 shares in Ballance Agri-Nutrients Ltd with a disclosed fair value of \$7.50 per share and a total fair value of \$1,125 (2012 - 3,710 shares at \$7.50 per share).

Notes to the Financial Statements

For the Year Ended 30 June 2013

Note 27

PROPERTY, PLANT & EQUIPMENT

(a) Carrying Values

	CONSOLIDATED		PARENT	
	30-Jun-13 \$	30-Jun-12 \$	30-Jun-13 \$	30-Jun-12 \$
Freehold Land				
At Valuation	32,725,000	34,850,000	32,725,000	34,850,000
Buildings & Amenities				
At Cost	709,693	705,013	682,055	677,375
Accumulated Depreciation	(588,205)	(542,137)	(566,788)	(524,554)
Carrying Value	121,488	162,876	115,267	152,821
Plant & Equipment				
At Cost	627,926	609,086	246,370	227,530
Accumulated Depreciation	(538,503)	(516,717)	(195,310)	(186,027)
Carrying Value	89,423	92,369	51,060	41,503
Capital Work in Progress	675,678	78,467	675,678	78,467
Total Carrying Value	33,611,590	35,183,712	33,567,005	35,122,791

(b) Revaluation of Freehold Land

At 30 June 2013 Freehold Land was revalued and stated at 'fair value' being \$32,725,000 (2012 - \$34,850,000).

The valuation was undertaken by independent valuer Mark Aslin of Telfer Young (Northland) Ltd. Mr Aslin is a registered valuer, a member of the New Zealand Institute of Valuers and the Property Institute of New Zealand and holds a current practising certificate. The valuation was prepared having regard to the requirement for a compliance statement in terms of International Valuation Standard 3 of the Australian and New Zealand Property Standards. The 'fair value', highest and best use approach has been adopted.

Freehold Land has been valued on the basis of valuation differentiation, being an adjustment for lot size and reducing value rates beyond Northport's port operations area. The valuation has been prepared after considering various market drivers for land demand in the Marsden Point area together with limited, recent sales evidence for the area. The Group's freehold land holdings in the Marsden Point area, comprising 115.24ha (excluding that held as investment property) have been valued at between approximately \$200,000/ha and \$350,000/ha depending on the specific location and characteristics of each property.

The valuation was assessed in accordance with NZ IAS 16 which defines 'fair value' as being the amount which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. The effective valuation date was 30 June 2013.

With the exception of a portion of land designated for a transport corridor, the Group has no restrictions on the realisability of its freehold land.

(c) Share of Unincorporated Joint Ventures' Property, Plant & Equipment included:

Buildings & Amenities				
At Cost	27,638	27,638	—	—
Accumulated Depreciation	(21,417)	(17,583)	—	—
Carrying Value	6,222	10,055	—	—
Plant & Equipment				
At Cost	381,556	381,556	—	—
Accumulated Depreciation	(343,193)	(330,690)	—	—
Carrying Value	38,364	50,866	—	—
Total Carrying Value (re Joint Ventures)	44,585	60,921	—	—

Notes to the Financial Statements

For the Year Ended 30 June 2013

Note 27

(d) Reconciliation by Asset Class:

Freehold Land

Opening Book Value	34,850,000	38,200,000	34,850,000	38,200,000
Revaluation to (from) Reserves - (refer Note 23)	(2,125,000)	(3,350,000)	(2,125,000)	(3,350,000)
Closing Carrying Value	32,725,000	34,850,000	32,725,000	34,850,000

Buildings & Amenities

Opening Book Value	162,876	209,592	152,821	195,093
Additions	4,680	—	4,680	—
Depreciation	(46,068)	(46,716)	(42,234)	(42,272)
Closing Carrying Value	121,488	162,876	115,267	152,821

Plant & Equipment

Opening Book Value	92,369	88,295	41,503	24,063
Additions	25,619	30,435	25,619	30,435
Depreciation	(28,565)	(26,361)	(16,062)	(12,995)
Closing Carrying Value	89,423	92,369	51,060	41,503

Capital Work in Progress

Opening Book Value	78,467	56,024	78,467	56,024
Additions	656,246	22,443	656,246	22,443
Transferred to Buildings & Amenities	(4,680)	—	(4,680)	—
Transferred to Plant & Equipment	(33,082)	—	(33,082)	—
Reclassified to Profit & Loss	(21,273)	—	(21,273)	—
Closing Carrying Value	675,678	78,467	675,678	78,467

Total Closing Carrying Value

CONSOLIDATED		PARENT	
30-Jun-13 \$	30-Jun-12 \$	30-Jun-13 \$	30-Jun-12 \$
(e) Carrying value of Freehold Land if measured at cost:			
If Freehold Land were measured at cost less accumulated depreciation and impairment, the respective carrying amounts would be as follows:			
At Cost	1,913,640	1,913,640	1,913,640
Accumulated Depreciation and Impairment	—	—	—
	1,913,640	1,913,640	1,913,640

Notes to the Financial Statements

For the Year Ended 30 June 2013

Note 28

INVESTMENT PROPERTY

	CONSOLIDATED		PARENT	
	30-Jun-13 \$	30-Jun-12 \$	30-Jun-13 \$	30-Jun-12 \$
Opening Carrying Value	45,500,000	40,000,000	45,500,000	40,000,000
Additions	696,627	3,991,084	696,627	3,991,084
Revaluation (recognised in profit and loss)	(196,627)	1,508,916	(196,627)	1,508,916
Closing Carrying Value	<u>46,000,000</u>	<u>45,500,000</u>	<u>46,000,000</u>	<u>45,500,000</u>

Investment properties are carried at fair value, which has been determined based on valuations performed, in accordance with NZ IAS 40 as at 30 June 2013, by Mark Aslin of Telfer Young (Northland) Ltd, an industry specialist in valuing these types of asset. The 'fair value', highest and best use approach has been adopted. The valuation was assessed in accordance with NZ IAS 40 which defines 'fair value' as being the amount at which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Investment property has been valued using valuation differentiation to adjust for lot size and reducing value rates beyond Northport's port operations area. The valuation has been prepared after considering various market drivers for land in the Marsden Point area together with limited, recent sales evidence for the area. Having established site values (as if fully leased), a discount factor of 30% has then been applied to reflect that much of this land has yet to be tenanted.

With the exception of a portion of land designated for a transport corridor, the Group has no restrictions on the realisability of its investment property and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance and enhancements.

Note 29

DEFERRED TAX ASSET

Opening Balance	673,941	578,912	640,437	522,314
Items Charged to Profit & Loss	(79,303)	(64,614)	(79,264)	(41,520)
Tax Losses Recognised / (Derecognised)	(561,173)	159,643	(561,173)	159,643
Closing Balance	<u>33,465</u>	<u>673,941</u>	<u>—</u>	<u>640,437</u>
<i>Represented by:</i>				
Deferred Tax Asset	262,424	823,636	228,959	790,132
Deferred Tax Liability	(228,959)	(149,695)	(228,959)	(149,695)
Net Deferred Tax Asset	<u>33,465</u>	<u>673,941</u>	<u>—</u>	<u>640,437</u>

The Group has tax losses carried forward amounting to \$1,009,539 (2012- \$766,447) available for offset against future assessable income that have not been recognised in the financial statements (refer to Note 3).

Note 30

DERIVATIVE FINANCIAL INSTRUMENTS

In accordance with its financial risk management policies (refer Note 4), Associates of the Group periodically enter into interest rate swap contracts under which they are obliged to receive interest at floating rates and to pay interest at fixed rates.

At 30 June 2013 the Associate entity Northport Ltd together with its Associate North Tugz Ltd, were party to fixed interest swap contracts with principal amounts totalling \$40,000,000 and \$4,000,000 respectively (2012 - \$57,000,000 and \$8,950,000).

Notes to the Financial Statements

For the Year Ended 30 June 2013

Note 31

JOINT VENTURE INTERESTS

NPC Corporate Services Ltd (a 100% owned subsidiary of Northland Port Corporation (NZ) Ltd) and SSA JV Holdings Ltd together operate an unincorporated joint venture, Northland Stevedoring Services (UJV) to undertake stevedoring and other cargo related operations. Each participant has an equal stakeholding in the joint venture.

The Group's share of revenues and expenses from its Joint Venture Interest have been included in the Consolidated Income Statement (refer Note 10) whilst the Group's share of assets and liabilities from its joint venture interest as set out below have been incorporated in the Consolidated Balance Sheet.

	CONSOLIDATED		PARENT	
	30-Jun-13 \$	30-Jun-12 \$	30-Jun-13 \$	30-Jun-12 \$
Cash & Deposits (refer Note 13)	76,986	10,593	—	—
Receivables & Prepayments (refer Note 15)	91,236	213,545	—	—
Property, Plant & Equipment (refer Note 27(c))	44,585	60,921	—	—
Payables (refer Note 16)	91,691	74,716	—	—
Provisions (refer Note 17)	1,906	710	—	—

Note 32

SEGMENT REPORTING

The principal operating segments of the Group comprise:

- Port Related Activities (encompassing the Group's stakeholdings in Northport Ltd and Northland Stevedoring Services UJV).
- Property Holdings (comprising the Group's industrial subdivision and other farmland at Marsden Point).
- Other Activities (largely comprising the Group's stakeholding in North Port Coolstores (1989) Ltd together with unallocated corporate overhead).

All Operations are undertaken in New Zealand. Any inter segment transactions are conducted at arms length at market prices. Accounting policies as detailed in Note 2 have been consistently applied.

Notes to the Financial Statements

For the Year Ended 30 June 2013

Note 32

SEGMENT REPORTING (continued)

Revenue

	Port Related Operations	Property Holdings	Other/ Unallocated	TOTAL
	\$	\$	\$	\$
Farming Revenue	—	271,333	—	271,333
Share of Joint Venture Revenues	664,013	—	—	664,013
Rents & Leases	—	834,775	—	834,775
Other Interest Income	1,418	—	27,894	29,312
Other Dividends	—	50,257	—	50,257
Share of Associate Companies' Net Surplus	7,645,181	—	201,225	7,846,406
Other	—	—	24,298	24,298
Total Segmental Revenue	8,310,612	1,156,365	253,417	9,720,394
Inter Segmental Transactions	199,680	(199,680)	—	—
Net Segmental Revenue	8,510,292	956,685	253,417	9,720,394

Expenditure

Operational Expenses	541,885	270,102	—	811,987
Land Rates & Lease Expenses	24,691	429,592	32,426	486,709
Administrative Expenses	47,474	96,121	936,719	1,080,314
Finance Costs	—	—	13,071	13,071
Depreciation Expense	16,336	46,033	12,264	74,633
Total Expenditure	630,386	841,848	994,480	2,466,714

Trading Surplus

Gain (Loss) on Sale of Property, Plant & Equipment	—	—	—	—
Revaluation of Investment Property	—	(196,627)	—	(196,627)
Fair Value Movements	—	313,960	—	313,960
Operating Surplus (Deficit) Before Taxation	7,879,906	232,170	(741,063)	7,371,013
Taxation Expense (Credit)	12,813	32,154	591,519	636,486
NET SURPLUS	7,867,093	200,016	(1,332,582)	6,734,527

Other Comprehensive Income

Net Hedging Movement (Associate)	263,253	—	—	263,253
Revaluation of Land Holdings	1,365,857	(2,125,000)	—	(759,143)
Other Comprehensive Income for Year	1,629,110	(2,125,000)	—	(495,890)
TOTAL COMPREHENSIVE INCOME	9,496,203	(1,924,984)	(1,332,582)	6,238,637

(per Statement of Comprehensive Income)

No operations were discontinued during the period.

Notes to the Financial Statements

For the Year Ended 30 June 2013

Note 32

SEGMENT REPORTING (continued)

Revenue

	30 JUNE 2012			
	Port Related Operations	Property Holdings	Other/ Unallocated	TOTAL
	\$	\$	\$	\$
Farming Revenue	—	340,569	—	340,569
Share of Joint Venture Revenues	806,525	—	—	806,525
Rents & Leases	—	453,910	—	453,910
Other Interest Income	1,413	—	39,073	40,486
Other Dividends	—	33,554	—	33,554
Share of Associate Companies' Net Surplus	6,127,540	—	357,672	6,485,212
Other	—	—	21,380	21,380
Gross Revenue	6,935,478	828,033	418,125	8,181,636
Inter Segment Transactions	78,280	(78,280)	—	—
Net Segmental Revenue	7,013,758	749,753	418,125	8,181,636

Expenditure

Operational Expenses	588,966	169,027	—	757,993
Land Rates & Lease Expenses	24,643	456,599	28,979	510,221
Administrative Expenses	47,804	89,453	674,873	812,130
Finance Costs	—	—	13,554	13,554
Depreciation Expense	17,810	46,395	8,872	73,077
Total Expenditure	679,223	761,474	726,728	2,166,975
Trading Surplus	6,256,255	66,559	(308,153)	6,014,661
Gain (Loss) on Sale of Property, Plant & Equipment	5,422	—	—	5,422
Revaluation of Investment Property	—	1,508,916	—	1,508,916
Fair Value Movements	—	1,855	—	1,855
Operating Surplus (Deficit) Before Taxation	6,261,677	1,577,330	(308,153)	7,530,854
Taxation Expense (Credit)	62,096	18,637	(179,028)	(98,295)
NET SURPLUS	6,199,581	1,558,693	(129,125)	7,629,149

Other Comprehensive Income

Net Hedging Movement (Associate)	32,844	—	—	32,844
Revaluation of Land Holdings	688,985	(3,350,000)	—	(2,661,015)
Other Comprehensive Income for Year	721,829	(3,350,000)	—	(2,628,171)
TOTAL COMPREHENSIVE INCOME	6,921,410	(1,791,307)	(129,125)	5,000,978

(per Statement of Comprehensive Income)

No operations were discontinued during the period.

Notes to the Financial Statements

For the Year Ended 30 June 2013

Note 32

SEGMENT REPORTING (continued)

Current Assets

Cash & Deposits	76,986	—	989,438	1,066,424
Receivables & Prepayments	91,286	258,112	5,138	354,536
Taxation Refundable	63,077	—	(5,965)	57,112

231,349	258,112	988,611	1,478,072
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Non-Current Assets

Property, Plant & Equipment	44,585	33,532,187	34,818	33,611,590
Investment Property	—	46,000,000	—	46,000,000
Investment in Associate Companies	46,139,078	—	656,246	46,795,324
Other Investments	—	827,395	—	827,395
Deferred Tax Asset	33,465	—	—	33,465

46,217,128	80,359,582	691,064	127,267,774
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Total Segmental Assets

46,448,477	80,617,694	1,679,675	128,745,846
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Total Assets as reported in Consolidated Balance Sheet

\$128,745,846

Current Liabilities

Bank Overdraft	—	—	—	—
Bank Loan	—	—	—	—
Payables	91,691	201,548	425,237	718,476
Provisions	1,906	—	—	1,906

93,597	201,548	425,237	720,382
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Total Segmental Liabilities

Total Liabilities as reported in Consolidated Balance Sheet

\$720,382

Net Segmental Assets

46,354,880	80,416,146	1,254,438	128,025,464
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Non-Current Asset Additions

Property, Plant & Equipment	—	16,989	639,257	656,246
Investment Property	—	696,627	—	696,627

Notes to the Financial Statements

For the Year Ended 30 June 2013

Note 32

SEGMENT REPORTING (continued)

Current Assets

	Port Related Operations	Property Holdings	Other/ Unallocated	TOTAL
	\$	\$	\$	\$
Cash & Deposits	10,593	—	203	10,796
Receivables & Prepayments	213,595	441,476	5,138	660,209
Taxation Refundable	51,699	—	20,191	71,890
	275,887	441,476	25,532	742,895

Non-Current Assets

Property, Plant & Equipment	60,921	35,083,373	39,418	35,183,712
Investment Property	—	45,500,000	—	45,500,000
Investment in Associate Companies	43,420,316	—	612,521	44,032,837
Other Investments	—	527,642	—	527,642
Deferred Tax Asset	33,504	—	640,437	673,941
	43,514,741	81,111,015	1,292,376	125,918,132
	43,790,628	81,552,491	1,317,908	126,661,027

Total Segmental Assets

Total Assets as reported in Consolidated Balance Sheet

\$126,661,027

Current Liabilities

Bank Overdraft	—	—	44,611	44,611
Bank Loan	—	—	502,429	502,429
Payables	74,716	215,110	113,061	402,887
Provisions	710	—	—	710
	75,426	215,110	660,101	950,637

Total Segmental Liabilities

Total Liabilities as reported in Consolidated Balance Sheet

\$950,637

Net Segmental Assets

43,715,202	81,337,381	657,807	125,710,390
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Non-Current Asset Additions

Property, Plant & Equipment	—	14,980	37,898	52,878
Investment Property	—	3,991,084	—	3,991,084

Note 33

IMPUTATION CREDITS

Credits available to Shareholders of the Company at Balance Date:

- through their shareholding
- through indirect interests in subsidiaries and associates

CONSOLIDATED		PARENT	
30-Jun-13 \$	30-Jun-12 \$	30-Jun-13 \$	30-Jun-12 \$
3,124,085	2,095,642	3,124,085	2,095,642
2,895,356	2,506,138	—	—
6,019,441	4,601,780	3,124,085	2,095,642

Notes to the Financial Statements

For the Year Ended 30 June 2013

Note 34

OPERATING LEASE COMMITMENTS

The following lease commitments as a lessee existed at year end:

	CONSOLIDATED		PARENT	
	30-Jun-13 \$	30-Jun-12 \$	30-Jun-13 \$	30-Jun-12 \$
Less than 1 year	204,774	220,614	7,937	24,473
Between 1 - 2 years	170,815	186,585	2,402	4,357
Between 2 - 5 years	420,699	444,089	—	2,402
Over 5 years	769,261	907,341	—	—
	<u>1,565,549</u>	<u>1,758,629</u>	<u>10,339</u>	<u>31,233</u>

The consolidated figures above include the Group's share of Associate Companies' operating lease commitments amounting to \$1,539,028 (2012 - \$1,695,020) the majority of which relates to a land tenancy by North Port Coolstores (1989) Ltd.

The following future minimum rentals receivable as a lessor existed at year end:

	30-Jun-13	30-Jun-12	30-Jun-13	30-Jun-12
Less than 1 year	848,908	856,669	507,890	507,890
Between 1 - 2 years	630,489	740,098	374,223	399,890
Between 2 - 5 years	1,744,340	1,818,076	997,982	1,055,051
Over 5 years	4,279,044	4,833,874	3,264,278	3,581,433
	<u>7,502,781</u>	<u>8,248,717</u>	<u>5,144,373</u>	<u>5,544,264</u>

The consolidated figures above include the Group's share of future minimum rentals receivable to Associate Companies' future minimum rentals receivable amounting to \$2,371,877 (2012 - \$2,732,201).

Note 35

RELATED PARTY DISCLOSURE

Related party transactions (details of which are shown on pages 44-45) are undertaken on an arms-length basis at market prices. The Group transacted with following related parties during the period:

Northport Ltd

This company is jointly owned by the Northland Port Corporation (NZ) Ltd and Port of Tauranga Ltd. It was established to build a new port facility at Marsden Point which commenced operations in June 2002.

As a shareholder in this entity, the Company, during the year ended 30 June 2013, received dividends amounting to \$6,555,530 (2012 - \$4,938,405) together with full imputation credits.

North Tugz Ltd

This company is jointly owned by the associate entity, Northport Ltd and Ports of Auckland Ltd (a significant shareholder of Northland Port Corporation (NZ) Ltd). It was established to operate various marine services previously undertaken by the respective shareholders.

North Port Coolstores (1989) Ltd

North Port Coolstores (1989) Ltd is 50% owned by the Northland Port Corporation (NZ) Ltd. In addition to the disclosures on pages 44-45, the Company, by agreement meets the audit fee cost for this entity which amounts to \$13,500 for the 2013 financial year (2012 - \$13,500).

As a shareholder in this entity, the Company, during the year ended 30 June 2013, received dividends amounting to \$157,500 (2012- \$315,000) together with full imputation credits.

Northland Stevedoring Services (UJV)

This is an unincorporated joint venture in which NPC Corporate Services Ltd (a 100% owned subsidiary company of Northland Port Corporation (NZ) Ltd has a 50% interest.

Ports of Auckland Ltd

Ports of Auckland Ltd is a significant shareholder of Northland Port Corporation (NZ) Ltd. During the year it received declared dividend payments totalling \$780,789 (2012: \$616,412). This entity also holds a 50% shareholding in North Tugz Ltd (refer above).

Northland Regional Council

The Northland Regional Council is the major shareholder of Northland Port Corporation (NZ) Ltd. During the year it received declared dividend payments totalling \$2,103,576 (2012: \$1,660,718).

Notes to the Financial Statements

For the Year Ended 30 June 2013

Note 35

RELATED PARTY DISCLOSURE (continued)

Northland Inc Ltd

Northland Inc Ltd is a Council Controlled Organisation of the Northland Regional Council which was established as an economic development agency for the Northland region.

Port of Tauranga Ltd

Port of Tauranga Ltd holds a 50% shareholding in the associate entity Northport Ltd (refer above). This entity also holds an 100% interest in Quality Marshalling Ltd (refer below).

C3 Ltd

This company was previously 50% owned by Port of Tauranga Ltd (refer above) until 28/11/2012. It provides log marshalling and associated services at numerous ports throughout New Zealand including Northport Ltd's port terminal.

Quality Marshalling Ltd

Effective from the 4/02/2013 this company was purchased by Port of Tauranga to become a 100% owned subsidiary. It provides log marshalling and associated services to numerous ports and sawmills throughout New Zealand including Northport Ltd's port terminal.

Directors

Periodically, certain transactions, which are generally not of a material nature, take place between Northland Port Corporation (NZ) Ltd and companies in which some directors may have an interest or association. Any director involved in a transaction of this nature abstains from voting at the time in accordance with the Company's Constitution.

Company director, Mr Colin Mitten is also director and shareholder of Welcon Ltd and Welcon Investments Ltd. During the year these entities provided consultancy services to Northland Inc Ltd (a NRC controlled entity) with fees charged amounting to \$159,959 in respect to Mr Mitten's role as Chairman and acting CEO of that organisation.

Company director, Mr Ross Blackmore is also director and shareholder of Blackmore Advisory Services Ltd. During the year this entity provided property consultancy services to the Northland Regional Council with total fees charged to NRC amounting to \$20,416.

Key Management Personnel

The directors and certain senior management of the Group have been identified as key management personnel by virtue of their authority and responsibility for planning, directing and controlling the activities of the Group, either directly or indirectly. Total compensation for key management personnel amounted to \$499,817 (2012 - \$302,152) comprising directors' fees \$182,679 (2012 - \$171,284), salaries \$251,026 (2012 - \$23,462), management consultancy costs \$39,568 (2012 - \$87,078) and associated benefits \$26,544 (2012 - \$20,328).

	CONSOLIDATED		PARENT	
	30-Jun-13 \$	30-Jun-12 \$	30-Jun-13 \$	30-Jun-12 \$
(a) Related Party Receivables				
Northport Ltd	43,122	44,282	38,592	38,422
North Tugz Ltd	—	767	—	767
North Port Coolstores (1989) Ltd	4,312	—	4,312	—
	<u>47,434</u>	<u>45,049</u>	<u>42,904</u>	<u>39,189</u>
(b) Related Party Payables				
Northport Ltd	4,351	21,862	1,124	19,326
Northland Regional Council	—	282	—	282
Blackmore Advisory Services Ltd (R Blackmore)	2,101	3,014	2,101	3,014
Huria Anders Ltd (S Huria)	2,198	2,164	2,198	2,164
Keys Property Consultancy Ltd (D Keys)	2,250	2,240	2,250	2,240
Welcon Investments Ltd (C Mitten)	2,259	4,956	2,259	4,956
Sir John Goulter	8,922	4,489	8,922	4,489
P Griffiths	—	2,056	—	2,056
E Trout	—	1,751	—	1,751
	<u>22,081</u>	<u>42,814</u>	<u>18,854</u>	<u>40,278</u>

Notes to the Financial Statements

For the Year Ended 30 June 2013

SERVICE RECIPIENT	Northland Port Corporation (NZ) Ltd		Northport Ltd		North Tugz Ltd		North Port Coolstores (1989) Ltd	
	30-Jun-13 \$	30-Jun-12 \$	30-Jun-13 \$	30-Jun-12 \$	30-Jun-13 \$	30-Jun-12 \$	30-Jun-13 \$	30-Jun-12 \$
Note 35								
RELATED PARTY DISCLOSURE (continued)								
(c) Related Party Transactions								
SERVICE PROVIDER								
Northland Port Corporation (NZ) Ltd								
Company Secretarial Services Charges	—	—	4,167	10,000	3,333	8,000	—	—
Rates, Legal and Other Recharges	—	—	67,325	59,720	—	—	6,750	—
Rental & Tenancy Related Charges	—	—	399,364	156,561	—	—	—	—
Directors Fees	—	—	—	—	—	—	3,000	3,000
	<u>—</u>	<u>—</u>	<u>470,856</u>	<u>226,281</u>	<u>3,333</u>	<u>8,000</u>	<u>9,750</u>	<u>3,000</u>
Northport Ltd								
Labour Charges	20,884	39,892	—	—	57,333	45,390	—	—
Rental & Tenancy Related Charges	—	—	—	—	115,904	112,678	—	—
Insurance Recharge	21,588	18,667	—	—	—	—	13,517	—
Capital Expenditure Recharge	28,840	2,125,864	—	—	—	—	—	—
Other Charges	10,180	—	—	—	67,563	48,339	—	—
	<u>81,492</u>	<u>2,184,423</u>	<u>—</u>	<u>—</u>	<u>240,800</u>	<u>206,407</u>	<u>13,517</u>	<u>—</u>
North Tugz Ltd								
Maritime Related Services	—	—	4,065,793	3,476,430	—	—	—	—
Labour Charges	—	—	—	—	—	—	—	—
Asset Sales	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—
	<u>—</u>	<u>—</u>	<u>4,065,793</u>	<u>3,476,430</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Northland Stevedoring Services UJV								
Plant & Labour Hire	—	—	76,926	105,177	—	291	—	—
Ports of Auckland Ltd								
Vessel Hire	—	—	—	—	—	66,000	—	—
Insurance Recharge	—	—	—	—	—	25,568	—	—
Management Fee	—	—	—	—	149,938	110,000	—	—
Other	—	—	—	—	—	7,451	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>149,938</u>	<u>209,019</u>	<u>—</u>	<u>—</u>
Northland Regional Council								
Harbourmaster Fee	—	—	110,000	110,000	—	—	—	—
Harbour Health/Scientific Fund Levies	—	—	10,000	10,000	—	—	—	—
Regional Rates	15,705	13,051	4,248	3,591	—	—	940	778
Other Charges	1,693	3,923	1,156	1,100	82	80	—	—
	<u>17,398</u>	<u>16,974</u>	<u>125,404</u>	<u>124,691</u>	<u>82</u>	<u>80</u>	<u>940</u>	<u>778</u>
Northland Inc Ltd								
Other	—	—	4,975	—	—	—	—	—
Port of Tauranga Ltd								
Directors Fees & Expenses	—	—	5,311	7,452	—	—	—	—
Management Fee	—	—	10,000	5,000	—	—	—	—
Other Charges	—	—	—	4,369	—	—	—	—
	<u>—</u>	<u>—</u>	<u>15,311</u>	<u>16,821</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Directors								
Directors Fees	182,679	171,284	6,913	—	—	—	—	—
Consultancy Fees	1,688	4,216	—	—	—	—	—	—
Councillor Fees/Expenses	—	—	—	—	—	—	—	—
	<u>184,367</u>	<u>175,500</u>	<u>6,913</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

Notes to the Financial Statements

For the Year Ended 30 June 2013

Note 36

RECENT NZ IFRS PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE

The Group has not applied the following NZ IFRS's and NZ IAS's that have been issued but are not yet effective:

	* Application Date of Standard	* Application Date for Group
NZ IFRS 9: Financial Instruments (revised)	1-Jan-15	1-Jul-15
NZ IFRS 10: Consolidated Financial Statements	1-Jan-13	1-Jul-13
NZ IFRS 11: Joint Arrangements	1-Jan-13	1-Jul-13
NZ IFRS 12: Disclosure of Interests in Other Entities	1-Jan-13	1-Jul-13
NZ IFRS 13: Fair Value Measurement	1-Jan-13	1-Jul-13
NZ IAS 27: Separate Financial Statements	1-Jan-13	1-Jul-13
NZ IAS 28: Investments in Associates and Joint Ventures	1-Jan-13	1-Jul-13

* designates the beginning of the applicable annual reporting period.

NZ IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves are accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets are accounted for using the equity method. This will result in a change to the accounting of the joint arrangement in Northland Stevedoring Services effective from the application date for the Group of 1 July 2013.

The Group expects that adoption of the pronouncements listed above will not have a material impact on the Group's financial statements in the period of initial application, other than by way of additional disclosure. All other standards that have been issued but are not yet effective do not apply to the activities of the Group.

Note 37

CONTINGENT LIABILITIES

At Balance Date the Group was aware of the following Contingent Liabilities: (June 2012 - \$956,762)

- To the Bank of New Zealand for a \$75,000 Bond given by them to the New Zealand Stock Exchange.
- To the Whangarei District Council in respect of postponed land rates on Company owned farmland in accordance with the Council's postponed rates policy - \$252,241.61 (June 2012 - \$206,762). This amount becomes payable immediately if the said land ceases to be farmland, is subdivided or is sold.
- To Westpac New Zealand Ltd in respect of a guarantee provided on behalf of North Port Coolstores (1989) Ltd - \$675,000 (June 2012 - \$675,000).

Note 38

CAPITAL COMMITMENTS

Commitments for capital expenditure at 30 June 2013 amounted to \$1,135,456 (June 2012 - Nil) in respect to the construction of the Company's new office premises. The Group's share of committed capital expenditure in respect of its Associate interests amounted to Nil as at 30 June 2013 (June 2012 - Nil).

Note 39

SUBSEQUENT EVENTS

Subsequent to balance date, a fully imputed ordinary dividend of 5.50 cents per share was declared with payment to be made 20 September 2013.

Analysis of Shareholdings

Top 20 Shareholders as at 31 July 2013

	NO. OF SHARES	PERCENTAGE
1. Northland Regional Council	22,142,907	53.614%
2. Ports of Auckland Ltd	8,218,829	19.900%
3. Michael Walter Daniel & Nigel Geoffrey Ledgard Burton & Michael Murray Benjamin	1,316,515	3.188%
4. MFL Mutual Fund Ltd - a/c NZCSD	1,170,442	2.834%
5. Accident Compensation Corporation - a/c NZCSD	604,930	1.465%
6. M A Janssen Ltd	364,833	0.883%
7. Masfen Securities Ltd	283,906	0.687%
8. Fraser Bloomfield Hardie & James William Bloomfield Hardie & Pamela Joan Hardie	205,000	0.496%
9. Citibank Nominees (New Zealand) Ltd - a/c NZCSD	192,336	0.466%
10. Kenneth James Titford	160,000	0.387%
11. Lynn Landmark Zingel	159,182	0.385%
12. Howard Cedric Zingel	107,928	0.261%
13. National Nominees New Zealand Ltd - a/c NZCSD	107,437	0.260%
14. Penmaen Ltd	100,000	0.242%
15. FNZ Custodians Ltd	95,314	0.231%
16. Bryan Douglas Robertson & Susan Lynette Robertson	75,195	0.182%
17. Matthew Charles Goodson & Dianna Dawn Perron & Goodson & Perron Independent Trustee Ltd	72,210	0.175%
18. John Adam McNamara	66,854	0.162%
19. Jonathan Brian Michell	64,800	0.157%
20. ASB Nominees Ltd	51,255	0.124%

Substantial Security Holders

The Company has 41,300,651 issued voting securities. Northland Regional Council and Ports of Auckland Ltd are substantial security holders having a relevant interest which is the same as their registered shareholding.

HOLDING SIZE	NUMBER OF SHAREHOLDERS		SHARES HELD	
1 - 999	336	23.68%	151,821	0.37%
1,000 - 4,999	700	49.33%	1,493,002	3.61%
5,000 - 9,999	188	13.25%	1,174,534	2.84%
10,000 - 99,999	181	12.75%	3,347,049	8.10%
100,000 and over	14	0.99%	35,134,245	85.07%
	1,419	100.00%	41,300,651	100.00%

DOMICILE	NUMBER OF SHAREHOLDERS		SHARES HELD	
Northland	428	30.16%	25,394,930	61.49%
Auckland	485	34.18%	12,458,086	30.16%
Balance of New Zealand	480	33.83%	3,090,568	7.48%
Overseas	26	1.83%	357,067	0.87%
	1,419	100.00%	41,300,651	100.00%

Directory

Registered Office

Northland Port Corporation (NZ) Ltd
Unit 8, Marsden Cove Marina,
Rauiri Drive, Ruakaka
P O Box 196
Ruakaka 0151
New Zealand
Telephone 09 432 7452
www.northlandportcorp.co.nz

Auditors

Simon Brotherton on behalf
of the Auditor General

Bankers

ASB Bank

Solicitors

Jones Young
Webb Ross McNab Kilpatrick

Share Registrar

Computershare Investor
Services Limited
Private Bag 92119
Auckland 1142
159 Hurstmere Road
Takapuna, North Shore City 0622
New Zealand

Subsidiary Company

NPC Corporate Services Ltd
P O Box 196
Ruakaka 0151
New Zealand
Telephone 09 432 7452

Directors

Sir John Goulter KNZM, JP (Chairman)
Ross Blackmore
Peter Griffiths
Susan Huria
David Keys
Colin Mitten
Elena Trout
Ian Walker

Management

Graham Wallace
Chief Executive
Telephone 09 432 7378 (Direct)

Gavin Carroll
Financial Controller
Telephone 09 432 7140 (Direct)

Associate Companies

Northland Stevedoring Services Ltd
P O Box 225
Ruakaka 0151
New Zealand
Telephone 09 433 0420
Facsimile 09 459 1830

North Port Coolstores (1989) Ltd
P O Box 10131
Te Mai
Whangarei 0143
New Zealand
Telephone 09 438 2683
Facsimile 09 438 6812

Northport Ltd
P O Box 44
Ruakaka 0151
New Zealand
Telephone 09 432 5010
Facsimile 09 432 8749
www.northport.co.nz

Managing your shareholding on-line:

To change your address, update your payment instructions and to view
your investment portfolio including transactions, please visit:
www.computershare.co.nz/investorcentre

General enquiries can be directed to:

enquiry@computershare.co.nz
Private Bag 92119, Auckland 1142, New Zealand
Telephone +64 9 488 8777 Facsimile +64 9 488 8787
Please assist our registrar by quoting your CSN or shareholder number.





Northland Port Corporation (NZ) Ltd

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