FINANCIAL REVIEW
08

Ports of Auckland

PORTS OF AUCKLAND

THE NUMBERS

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AUDIT REPORT
TO THE READERS OF
PORTS OF AUCKLAND LIMITED AND GROUP
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

The Auditor-General is the auditor of Ports of Auckland Limited (the company) and group. The Auditor-General has appointed me, Bruce Eliott, using the staff and resources of Deloitte, to carry out the audit of the financial statements of the company and group, on his behalf, for the year ended 30 June 2008.

Unqualified Opinion

In our opinion:

- The financial statements of the company and group on pages 2 to 56:
  - 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 2008; and
    - the results of their operations and cash flows for the year ended on that date.
- Based on our examination the company and group kept proper accounting records.

The audit was completed on 18 August 2008, and is the date at which our opinion is expressed.

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

Basis of Opinion

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

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

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

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

Deloitte.

Audit procedures generally include:

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

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

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

Responsibilities of the Board of Directors and the Auditor

The Board of Directors is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must give a true and fair view of the financial position of the company and group as at 30 June 2008. They must also give a true and fair view of the results of operations and cash flows for the year ended on that date. The Board of Directors responsibilities arise from the Port Companies Act 1988 and the Financial Reporting Act 1993.

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

Independence

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

In addition to the audit we have carried out assignments in the areas of accounting advice and other assurance 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.

Bruce Eliott
DELOITTE

On behalf of the Auditor-General

Auckland, New Zealand

INCOME STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

	Notes	Group 2008 $'000	Group Restated 2007 $'000	Parent 2008 $'000	Parent Restated 2007 $'000
Revenue from services	6	169,368	162,865	169,301	162,800
Cost of providing services	8	(92,056)	(85,402)	(92,056)	(85,402)
Gross margin on services		77,312	77,463	77,245	77,398
Other income	7	2,755	6,766	6,148	8,006
Expenses, excluding finance costs	8	(25,665)	(26,054)	(25,534)	(26,037)
Finance costs	8	(28,549)	(24,205)	(28,549)	(24,205)
Share of profit (loss) from associates and joint ventures – accounted for using the equity method		3,376	1,658	–	–
Profit before income tax		29,229	35,628	29,310	35,162
Income tax expense	10	(8,114)	(6,031)	(8,129)	(5,988)
Profit from continuing operations		21,115	29,597	21,181	29,174
Profit from discontinued operations	11	–	34,963	–	34,963
Profit for the year		21,115	64,560	21,181	64,137
Profit attributable to members of Ports of Auckland Limited		21,115	64,560	21,181	64,137

The above income statements should be read in conjunction with the accompanying notes.

BALANCE SHEETS

AS AT 30 JUNE 2008

	Notes	Group 2008 $'000	Group Restated 2007 $'000	Parent 2008 $'000	Parent Restated 2007 $'000
Assets					
Current assets					
Cash and cash equivalents	13	**448**	4,631	**447**	4,630
Receivables and prepayments	14	**16,178**	22,188	**16,174**	22,185
Inventories	15	**1,997**	2,082	**1,997**	2,082
Derivative financial instruments	16	**408**	96	**408**	96
Current tax receivables	17	**1,741**	1,135	**1,741**	1,135
		20,772	30,132	**20,767**	30,128
Non-current assets classified as held for sale	18	**–**	16,739	**–**	16,739
Total current assets		**20,772**	46,871	**20,767**	46,867
Non-current assets					
Property, plant and equipment	19	**745,050**	641,998	**745,050**	641,998
Investment properties	20	**25,398**	25,925	**23,798**	24,225
Intangible assets	21	**2,337**	2,422	**2,337**	2,422
Other financial assets	22	**–**	–	**1,022**	1,057
Investments accounted for using the equity method	23	**5,998**	7,265	**4,141**	5,391
Derivative financial instruments	16	**3,893**	8,618	**3,893**	8,618
Available-for-sale financial assets	24	**23,791**	29,415	**23,791**	29,415
Total non-current assets		**806,467**	715,643	**804,032**	713,126
Total assets		**827,239**	762,514	**824,799**	759,993
Liabilities					
Current liabilities					
Payables	25	**15,950**	15,806	**15,945**	15,801
Interest bearing liabilities	26	**440**	–	**440**	–
Derivative financial instruments	16	**–**	139	**–**	139
Provisions	27	**8,434**	9,099	**8,434**	9,099
Other current liabilities	28	**–**	–	**300**	300
		24,824	25,044	**25,119**	25,339
Total current liabilities		**24,824**	25,044	**25,119**	25,339
Non-current liabilities					
Interest bearing liabilities	29	**355,375**	362,156	**355,375**	362,156
Provisions	30	**1,663**	1,700	**1,663**	1,700
Deferred tax liabilities	31	**47,271**	43,164	**47,009**	42,887
Total non-current liabilities		**404,309**	407,020	**404,047**	406,743
Total liabilities		**429,133**	432,064	**429,166**	432,082
Net assets		**398,106**	330,450	**395,633**	327,911
Equity					
Contributed equity	33	**106,005**	106,005	**106,005**	106,005
Reserves	34(a)	**83,095**	8,219	**83,095**	8,219
Retained earnings	34(b)	**209,006**	216,226	**206,533**	213,687
		398,106	330,450	**395,633**	327,911
Total equity		**398,106**	330,450	**395,633**	327,911

The Board of Directors of Ports of Auckland Limited authorised these financial statements for issue on 18 August 2008.
On behalf of the Board

G. J. Judd, Director **S.M. Paterson, Director**

The above balance sheets should be read in conjunction with the accompanying notes.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2008

	Notes	Group 2008 $'000	Group Restated 2007 $'000	Parent 2008 $'000	Parent Restated 2007 $'000
Total equity at the beginning of the financial year – 1 July 2006		330,450	546,724	327,911	544,608
Net gain from fair value adjustment on reclassified investment property	34	–	3,154	–	3,154
Total equity at the beginning of the financial year – Restated		330,450	549,878	327,911	547,762
Gain on revaluation of land and buildings, net of tax	34	81,996	–	81,996	–
Available-for-sale financial assets, net of tax	34	(3,934)	3,019	(3,934)	3,019
Cash flow hedges, net of tax	34	(3,186)	5,288	(3,186)	5,288
Net income recognised directly in equity		405,326	558,185	402,787	556,069
Profit for the year		21,115	64,560	21,181	64,137
Total recognised income and expense for the year		426,441	622,745	423,968	620,206
Transactions with equity holders in their capacity as equity holders:					
Dividends provided for or paid	35	(22,764)	(19,866)	(22,764)	(19,866)
In specie distribution		(5,571)	(272,429)	(5,571)	(272,429)
Total equity at the end of the financial year		398,106	330,450	395,633	327,911

The comparative financial information has been restated to reflect the reclassification of two investment properties from property, plant and equipment to investment property and the associated changes in value through the income statement, balance sheet and retained earnings at the beginning of the year. The impact of this change has affected the statement of changes in equity as reflected above and property, plant and equipment (note 19), investment property (note 20) and retained earnings (note 34).

The above statements of changes in equity should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

	Notes	Group 2008 $'000	Group Restated 2007 $'000	Parent 2008 $'000	Parent Restated 2007 $'000
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		198,005	186,245	197,930	186,172
Payments to suppliers and employees (inclusive of goods and services tax)		(119,182)	(115,222)	(119,142)	(115,197)
		78,823	71,023	78,788	70,975
Dividends received		5,426	2,536	5,426	2,536
Interest received		279	393	279	393
Income taxes refunded		–	2,333	–	2,333
Interest paid		(28,530)	(23,792)	(28,530)	(23,792)
Income taxes paid		(7,976)	(12,556)	(7,976)	(12,556)
Net cash inflow / (outflow) from operating activities	43	48,022	39,937	47,987	39,889
Cash flows from investing activities					
Payments for property, plant and equipment		(34,219)	(75,999)	(34,219)	(75,999)
Payments for investment property		(650)	(2,802)	(650)	(2,802)
Payment for intangible assets		(579)	(550)	(579)	(550)
Payments for investment in associates		(478)	(247)	(478)	(247)
Proceeds from sale of property, plant and equipment		11,795	5,925	11,795	5,925
Repayment of loans by related parties		1,250	3,150	1,285	3,197
Net cash inflow / (outflow) from investing activities		(22,881)	(70,523)	(22,846)	(70,476)
Cash flows from financing activities					
Proceeds from borrowings		10,000	55,500	10,000	55,500
Repayment of borrowings		(17,000)	–	(17,000)	–
Dividends paid to company's shareholders	35	(22,764)	(19,866)	(22,764)	(19,866)
Net cash inflow / (outflow) from financing activities		(29,764)	35,634	(29,764)	35,634
Net increase (decrease) in cash and cash equivalents		(4,623)	5,048	(4,623)	5,047
Cash and cash equivalents at the beginning of the financial year		4,631	(417)	4,630	(417)
Cash and cash equivalents at end of year	13	8	4,631	7	4,630

The above cash flow statements should be read in conjunction with the accompanying notes.

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NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2008

1 GENERAL INFORMATION

Ports of Auckland Limited (the Parent) and its subsidiaries (together called the Group) own and operate New Zealand's largest container port and is a major gateway for trade on the North Island's east coast and the regional Port of Onehunga on the west coast. The Group operations are in New Zealand only.

The Parent is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is Ports of Auckland Building, Sunderland Street, Auckland.

These consolidated financial statements have been approved for issue by the Board of Directors on 18 August 2008.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements for the year ended 30 June 2008 have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable New Zealand Financial Reporting Standards.

(a) Basis of preparation

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

Compliance with IFRS

The separate and consolidated financial statements of Ports of Auckland Limited and Subsidiaries also comply with International Financial Reporting Standards (IFRS).

Entities reporting

The financial statements of the "Parent" are for Ports of Auckland Limited as a separate legal entity.

The consolidated financial statements of the "Group" are for the Ports of Auckland Limited and its subsidiaries, associates and joint ventures.

The Parent and the Group are designated as profit-orientated entities for financial reporting purposes.

Statutory base

Ports of Auckland Limited is a company registered in New Zealand under the Companies Act 1993 and prepares its financial statements in accordance with the Financial Reporting Act 1993.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($'000).

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain property, plant and equipment, available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss and investment property.

Critical accounting estimates

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies (note 4).

Comparative information

In accordance with NZ IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors the comparative financial information has been restated to reflect the reclassification of two property holdings from property, plant and equipment to investment property and the associated changes in value through the income statement. Reference should be made to note 20.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Ports of Auckland Limited as at 30 June 2008 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the company controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. Investments in subsidiaries are accounted in the parent entity using the cost method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Associates

Associates are all entities over which the company has significant influence but not control, generally evidenced by holdings of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill identified on acquisition (refer to note 38).

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements adjust the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's income statement, while in the consolidated financial statements they reduce the carrying amount of the investment.

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

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(iii) Joint ventures

Jointly controlled entities

The interest in a jointly controlled entity is accounted for in the consolidated financial statements using the equity method and is carried at cost by the parent entity. Under the equity method, the share of the profits or losses of the jointly controlled entity is recognised in the income statement, and the share of movements in reserves is recognised in reserves in the balance sheet.

(c) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in New Zealand dollars, which is the Group's functional and presentation currency.

(ii) Transactions and balances

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 the income statement, except when deferred in equity as qualifying cash flow hedges.

(e) Revenue recognition

Revenue comprises the fair value for the sale of goods and services, excluding goods and services tax, rebates and discounts and after eliminating sales within the Group. Revenue is recognised as follows:

(i) Sales of services

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 proportion of the total services to be provided.

(ii) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

(iii) Rental income

Rental income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

(iv) Dividend income

Dividend income is recognised when the right to receive payment is established.

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate for each jurisdiction. This is then adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements and by unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

(g) Leases

(i) The Group is the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(ii) The Group is the lessor

Assets leased to third parties under operating leases are included in investment property and property, plant and equipment in the balance sheet. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

(h) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment and whenever there is an indication of impairment, at each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash–generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash–generating units, or otherwise they are allocated to the smallest group of cash–generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre–tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash–generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash–generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash–generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash–generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(j) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision for doubtful debts is the difference between the asset's carrying amount and the present values of estimated cash flows, discounted at the original effective interest rate.

The carrying amount of the asset is reduced through the use of the provision for doubtful debts and the amount of the loss is recognised in the income statement within 'administration expenses'. When a trade receivable for which a provision for doubtful debts has been recognised becomes uncollectible in a subsequent period, it is written off against the provision for doubtful debts. Trade receivables that have been recognised as uncollectible are considered on a case by case basis. Trade receivables that are 180 days overdue are considered potentially uncollectible and where there is evidence a trade receivable is in receivership or liquidation this would be recognised as uncollectible. Subsequent recoveries of amounts previously written off are credited against 'administration expenses' in the income statement.

(k) Inventories

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs.

(l) Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. The Group must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from date of classification.

Non current assets (or disposal groups) classified as held for sale are based on an independent valuer's report.

(m) Investments and other financial assets

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the nature and purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss on initial recognition. A financial asset is classified as held for trading in this category if acquired principally for the purpose of selling or if it is part of an identified portfolio of financial instruments that the Group manage together and has a recent actual pattern of short –term profit taking or if so designated by management. Derivatives are also categorised as held for trading unless they are designated and effective as a hedged instrument. . Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(ii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet (note 14).

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of investments are recognised at trade date. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise.

Certain shares held by the company are classified as being available-for-sale financial assets and are stated at fair value. Unrealised gains and losses arising from changes in the fair value of the shares classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve.

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

The fair values of quoted investments are based on current bid prices.

(n) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on point paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of a financial asset, or, where appropriate, a shorter period to net carrying amount of the financial asset.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at fair value through profit and loss.

(o) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at balance date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The company designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge) or hedges of highly probable forecast transactions (cash flow hedges).

At the inception of the transaction the company documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The company also documents their assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The Group applies only fair value hedge accounting for hedging fixed interest risk on borrowings. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the income statement within finance costs. The gain or loss relating to the ineffective portion is recognised in the income statement within finance costs. Changes in the fair value of the hedge fixed rate borrowings attributable to interest rate risk are recognised in the income statement within finance costs.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used, is amortised to the income statement over the period to maturity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within finance costs.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss (for instance when the interest payment that is hedged takes place). The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings are recognised in the income statement within finance costs when the related interest is recognised. When the forecast transaction that is hedged results in the recognition of an item of property, plant and equipment, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the item property, plant and equipment. The deferred amounts are ultimately recognised in the income statement when the item of property, plant and equipment is depreciated.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(iii) 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 in the income statement.

(p) Fair value estimation

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance date.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(q) Property, plant and equipment

Land, buildings and wharves (except for investment properties - refer to note 2(q)) are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings and wharves. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Pavement is stated at deemed cost based on a valuation performed as at 30 June 2005. Land, buildings and wharves were all stated at deemed cost based on valuation as at 30 June 2005 prepared by external independent valuers; Barratt-Boyes Jefferies Limited. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

The cost of assets constructed by the company includes the cost of all materials used in construction, associated borrowing costs, direct labour on the project and an appropriate proportion of variable and fixed overheads. The company capitalises borrowing costs where they are directly attributable to the acquisition, construction or production of a qualifying asset. A qualifying asset is deemed as having significant expenditure and takes a substantial period, greater than six months, to complete and prepare the asset for its intended use. Costs cease to be capitalised as soon as the asset is ready for productive use.

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 Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land, buildings and wharves are credited to other reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in the income statement, the increase is first recognised in the income statement. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the income statement.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

– Buildings	30-50 years
– Wharves	50-100 years
– Plant and machinery	5-20 years
– Pavement	25-85 years
– Other	3-20 years

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 (note 2(h)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, it is Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(r) Investment property

Land, buildings and wharves which are not rented or intended for port operation purposes or are rented with the principal objective to earn rental and/or capital appreciation are accounted for as investment property. Investment property is carried at fair value, representing open-market value determined annually by external independent valuers. Changes in fair values are recorded in the income statement as part of other income. Investment properties are not depreciated for financial accounting purposes.

(s) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate/joint venture at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill on acquisitions of joint ventures is included in investments of joint ventures. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the Group's investment in the operation by each primary reporting segment (note 5).

(ii) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight line basis over their estimated useful lives (three to five years).

Costs that are directly associated with the development of identifiable and unique software products controlled by the company and that will probably contribute to future economic benefits beyond one year are capitalised. Capitalised costs include external direct costs of materials and services, payroll and direct payroll-related costs for employees' (including contractors) time spent on the project. These costs are amortised on a straight line basis over their estimated useful lives (three to five years).

(t) Trade and other payables

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 unsecured and are usually paid within 30 days of recognition.

(u) Interest bearing liabilities

Interest bearing liabilities are initially recognised at fair value, net of transaction costs incurred. Interest bearing liabilities are subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the interest bearing liabilities using the effective interest method.

Interest bearing liabilities 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Borrowing costs

Borrowing costs are expensed, except for costs incurred for 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.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity's outstanding borrowings during the year.

(w) Provisions

Provisions are recognised when: the company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be been reliably estimated. Provisions are not recognised for future operating losses.

(x) Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other provisions in respect of employees' services up to the reporting date and are measured at the amounts 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.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Bonus plans

The company recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(iv) Retirement benefit plans

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to contributions.

(y) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(z) Dividends

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

(aa) Capital risk management

The Group's capital structure consists of contributed equity, reserves and retained earnings as shown in the balance sheet.

The Group's objective when managing capital is to safe guard their ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors balance sheet strengths and flexibility using cash flow forecast analysis and detailed budgeting processes. In addition, consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio, the ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'borrowings' and 'trade and other payables' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

There were no changes in the Group's capital risk management during the year. Neither the parent or any of the subsidiaries are subject to externally imposed capital requirements.

(ab) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(ac) Adoption of new and revised standards

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 July 2008 or later periods but which the Group has not early adopted. The following are the new standards, interpretations and amendments applicable to the Group that are not yet effective.

The New Zealand Accounting Standards Review Board adopted the New Zealand Equivalent to IFRS :

- NZ IFRS 8 Operating Segments in December 2006. NZ IFRS 8 replaces NZ IAS 14 Segment Reporting and changes how operating segments are defined and their results disclosed in the notes to the financial statements. This revised standard will be effective for annual reporting periods beginning on or after 1 January 2009. The Group will comply with this revised Standard in the annual reporting period beginning on 1 July 2009.
- NZ IAS 23 (Amendment), Borrowing Costs (effective for annual periods beginning on or after 1 January 2009). It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. NZ IAS 23 is not expected to have a material impact on the Group as the Group is already capitalising borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset.
- NZ IAS 1 (Amendment), Presentation of financial statements (effective for annual periods beginning on or after 1 January 2009). The revised NZ IAS 1 requires an entity to present all owner changes in equity, separately from non owner changes in equity, in a statement of changes in equity. All non owner changes in equity (i.e. comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (an income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity. This is not expected to have a material impact on the Group.
- Improvements to New Zealand Equivalents to International Financial Reporting Standards 2008. This Standard is a result of the IASB's annual improvements process, and includes amendments to certain recognition, measurement, and presentation requirements of New Zealand Equivalents to International Financial Reporting Standards.

3 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures.

Risk management is performed by Group management who evaluate and hedge certain financial risks including currency risk and interest rate risk under a Treasury Policy that is approved by the Board of Directors.

The Group does not hold derivative financial instruments for speculative purposes.

(a) Market risk

(i) Currency risk

Currency risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the entity's functional currency, New Zealand dollars (NZD). The Treasury Policy requires that the Group enters into foreign exchange contracts for the purchase of major items of plant and equipment and that the full amount of the purchase must be hedged. Foreign exchange instruments approved under the Treasury Policy are forward exchange contracts and currency options.

Arrangements that meet the hedge accounting criteria are accounted for in accordance with the accounting policy set out in note 2. During the financial year the Group's foreign currency exposure included exposures to various currencies, the main currency exposure being Euros.

(ii) Price risk

The Group and the parent entity are exposed to equity securities price risk because of the investment held in Northland Port Corporation Limited, classified on the balance sheet as available-for-sale financial assets. Neither the Group nor the parent entities are exposed to commodity price risk.

The investments represent investments in listed market securities. The fair value of the securities is based on quoted market prices.

(iii) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long-term borrowings. Borrowings are at variable rates and thus expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The Group manages its cash flow interest-rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates.

As at the reporting date, the Group had the following variable rate borrowings and interest rate swap contracts outstanding:

	30 June 2008		30 June 2007	
	Weighted average interest rate %	**Balance $'000**	Weighted average interest rate %	Balance $'000
Bank overdrafts and bank loans	9.2%	355,815	8.6%	362,156
Interest rate swaps (notional principal amount)	7.1%	267,000	7.0%	277,000

Interest bearing loans are at floating interest rates and are repriced quarterly. Interest rate swaps are used to hedge the interest on these loans and are also repriced quarterly.

An analysis by maturities is provided in note 16 (a) and a summary of terms and conditions is in note 29.

(iv) Summarised sensitivity analysis

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk, foreign exchange risk and other price risk. It shows the effect on equity and profit before tax as at balance date from a movement in the relevant variables, while all other variables are held constant.

A sensitivity of 100 basis points movement (1%) in interest rates, and 10% movement in foreign exchange rates and equity prices have been applied respectively. These are considered reasonable given the current level of interest rates, foreign exchange rates and equity prices and the volatility observed both on a historical basis and market expectation for future movement.

Group		Interest rate risk				Foreign exchange risk				Other price risk			
		-1%		+1%		-10%		+10%		-10%		+10%	
30 June 2008	Carrying amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial assets													
Cash and cash equivalents	448	–	–	–	–	–	–	–	–	–	–	–	–
AFS investments	23,791	–	–	–	–	–	–	–	–	–	(2,379)	–	2,379
Derivatives – cash flow hedges	4,301	337	(4,494)	(32)	4,788	–	–	–	–	–	–	–	–
Financial liabilities													
Trade payables	15,950	–	–	–	–	(9)	–	10	–	–	–	–	–
Interest bearing liabilities	355,815	885	–	(885)	–	–	–	–	–	–	–	–	–
Total increase/ (decrease)		1,222	(4,494)	(917)	4,788	(9)	–	10	–	–	(2,379)	–	2,379

Group		Interest rate risk				Foreign exchange risk				Other price risk			
		-1%		+1%		-10%		+10%		-10%		+10%	
30 June 2007	Carrying amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial assets													
Cash and cash equivalents	4,631	(35)	–	35	–	–	–	–	–	–	–	–	–
AFS investments	29,415	–	–	–	–	–	–	–	–	–	(2,941)	–	2,941
Derivatives – cash flow hedges	8,714	213	(6,219)	(72)	6,883	–	–	–	–	–	–	–	–
Financial liabilities													
Derivatives – cash flow hedges	139	–	–	–	–	–	141	–	(114)	–	–	–	–
Trade payables	15,806	–	–	–	–	(142)	–	116	–	–	–	–	–
Interest bearing liabilities	362,156	1,055	–	(1,055)	–	–	–	–	–	–	–	–	–
Total increase/ (decrease)		1,233	(6,219)	(1,092)	6,883	(142)	141	116	(114)	–	(2,941)	–	2,941

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers from outstanding receivables. For banks and financial institutions only parties with a minimum long term Standard and Poors rating of A+ or above, or the Moody equivalent rating are accepted. Gross limits are set for financial institutions and the usage of these limits is determined by assigning product weightings to the principal amount of the transaction. Transactions are spread across a number of counterparties to avoid concentrations of credit exposure.

Trade receivables consist of a large number of customers, spread across diverse industries. Approximately 67% (2007: 72%) of trade receivables at balance date is reflected by the Group's ten largest customers.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group maintains customer relationships on a credit basis with recognised, creditworthy third parties. Customers who wish to complete transactions with the Group on a credit basis are subject to a credit assessment, which may include a review of their financial strengths, previous credit history with the Group, payment habits with other suppliers, bank references and credit rating agency reports. Trade receivables are also monitored on a permanent basis and impairment allowances made if risks are identified, so that the Group is not exposed to any additional significant default risks on trade receivables.

Derivative counterparties and cash transactions are limited to high credit quality financial institutions. The Group has policies in place that limit the amount of credit exposure to any one financial institution.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the spreading of debt maturities.

To help reduce liquidity risk, the Group manages its cash requirements by forecasting and utilising flexibility in its funding facilities. The Group aims to minimise its cost of capital through effective cash management. It also has a liquidity policy which targets a minimum level of committed funding facilities to net debt.

Liquidity risk is monitored by continuously forecasting actual cash flows and matching the maturity profiles of financial assets and liabilities.

Maturities of financial liabilities

The tables below analyse the Group's and the parent entity's financial liabilities, net and gross settled derivative financial instruments into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group – At 30 June 2008

	Less than 6 months $'000	6 – 12 months $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying Amount (assets)/ liabilities $'000
Non-derivatives							
Payables	15,950	–	–	–	–	15,950	15,950
Variable rate loans*	16,832	16,183	27,502	384,920	–	445,437	355,815
Total non-derivatives	32,782	16,183	27,502	384,920	–	461,387	371,765
Derivatives							
Net settled (interest rate swaps)	–	–	–	–	–	–	–
Gross settled							
– inflow	–	–	–	–	–	–	
– (outflow)	–	–	–	–	–	–	
Total derivatives	–	–	–	–	–	–	–

Group – At 30 June 2007

	Less than 6 months $'000	6 – 12 months $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying Amount (assets)/ liabilities $'000
Non-derivatives							
Payables	15,806	–	–	–	–	15,806	15,806
Variable rate loans*	15,799	15,652	26,397	45,596	366,642	470,086	362,156
Total non-derivatives	31,605	15,652	26,397	45,596	366,642	485,892	377,962
Derivatives							
Net settled (interest rate swaps)	–	–	–	–	–	–	–
Gross settled							
– inflow	1,409	–	–	–	–	1,409	
– (outflow)	(1,260)	–	–	–	–	(1,260)	
Total derivatives	149	–	–	–	–	149	139

Parent - At 30 June 2008

	Less than 6 months $'000	6 - 12 months $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years	Total contractual cash flows $'000	Carrying Amount (assets)/ liabilities $'000
Non-derivatives							
Payables	16,245	–	–	–	–	16,245	16,245
Variable rate loans*	16,832	16,183	27,502	384,920	–	445,437	355,815
Total non-derivatives	33,077	16,183	27,502	384,920	–	461,682	372,060
Derivatives							
Net settled (interest rate swaps)	–	–	–	–	–	–	–
Gross settled							
- inflow	–	–	–	–	–	–	
- (outflow)	–	–	–	–	–	–	
Total derivatives	–	–	–	–	–	–	–

Parent - At 30 June 2007

	Less than 6 months $'000	6 - 12 months $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years	Total contractual cash flows $'000	Carrying Amount (assets)/ liabilities $'000
Non-derivatives							
Payables	16,101	–	–	–	–	16,101	16,101
Variable rate loans*	15,799	15,652	26,397	45,596	366,642	470,086	362,156
Total non-derivatives	31,900	15,652	26,397	45,596	366,642	486,187	378,257
Derivatives							
Net settled (interest rate swaps)	–	–	–	–	–	–	–
Gross settled							
- inflow	1,409	–	–	–	–	1,409	
- (outflow)	(1,260)	–	–	–	–	(1,260)	
Total derivatives	149	–	–	–	–	149	139

** For floating rate instruments the amounts disclosed is determined by reference to the interest rate at the last repricing date.*

The Group has the right to postpone the expiry dates of the funding facilities by giving notice to the facility agent.
The Group is anticipating extending the maturity date of these funding facilities and therefore the principal of the funding facilities are not expected to fall due in the near future.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Financial instruments by category

Assets as per balance sheet

	Derivatives used for hedging $'000	Loans and receivables $'000	Available for sale $'000	Total $'000
Group				
At 30 June 2008				
Available for sale financial assets	–	–	23,791	23,791
Derivative financial instruments	4,301	–	–	4,301
Trade and other receivables	–	15,533	–	15,533
Cash and cash equivalents	–	448	–	448
	4,301	15,981	23,791	44,073
At 30 June 2007				
Available for sale financial assets	–	–	29,415	29,415
Derivative financial instruments	8,714	–	–	8,714
Trade and other receivables	–	21,667	–	21,667
Cash and cash equivalents	–	4,631	–	4,631
	8,714	26,298	29,415	64,427
Parent				
At 30 June 2008				
Available for sale financial assets	–	–	23,791	23,791
Derivative financial instruments	4,301	–	–	4,301
Trade and other receivables	–	15,533	–	15,533
Cash and cash equivalents	–	447	–	447
	4,301	15,980	23,791	44,072
At 30 June 2007				
Available for sale financial assets	–	–	29,415	29,415
Derivative financial instruments	8,714	–	–	8,714
Trade and other receivables	–	21,666	–	21,666
Cash and cash equivalents	–	4,630	–	4,630
	8,714	26,296	29,415	64,425

(d) Financial instruments by category

Liabilities as per balance sheet

	Derivatives used for hedging $'000	Measured at amortised cost $'000	Total $'000
Group			
At 30 June 2008			
Interest bearing liabilities	–	355,815	355,815
Derivative financial instruments	–	–	–
Trade and other payables	–	15,950	15,950
	–	371,765	371,765
At 30 June 2007			
Interest bearing liabilities	–	362,156	362,156
Derivative financial instruments	139	–	139
Trade and other payables	–	15,806	15,806
	139	377,962	378,101
Parent			
At 30 June 2008			
Interest bearing liabilities	–	355,815	355,815
Derivative financial instruments	–	–	–
Trade and other payables	–	16,245	16,245
	–	372,060	372,060
At 30 June 2007			
Interest bearing liabilities	–	362,156	362,156
Derivative financial instruments	139	–	139
Trade and other payables	–	16,101	16,101
	139	378,257	378,396

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, and are reviewed on an ongoing basis. Actual results may differ from those estimates.

Critical accounting estimates and assumptions

The following are the critical estimates and judgements management has made in the process of applying the Group's accounting policies and that have the most significant impact on the amounts recognised in the financial statements.

Impairment of goodwill and intangibles with indefinite useful lives

The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill and intangibles with indefinite useful lives are allocated.

Useful lives of property, plant and equipment

As described in note 2, the Group reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. The determination of the estimated useful lives has a significant impact on the timing of recognition of depreciation expense.

The Group revalues investment property annually and property, plant and equipment (specifically land, buildings and wharves) every three years. The valuation is performed by independent registered valuers. The revaluation exercise requires an estimation of the amounts for which these assets could be exchanged between willing parties in an arm's length transaction. The determination of value for these assets has a significant impact on depreciation expense recognised and total asset value reported.

Fair value of derivative financial instruments

The fair value of derivative financial instruments is determined by valuation experts using various valuation techniques. The fair value of interest rate swaps is calculated as the present value of estimated future cash flows. The fair value of forward foreign exchange contracts is determined using forward foreign exchange market rates at the balance date. Interest rate caps are valued using an option pricing model and assumptions based on market conditions existing at balance date.

5 SEGMENT INFORMATION

(a) Description of segments

Business segments

The company is organised into the following divisions by product and service type.

Port Operations
Encompasses the movement of commercial vessels within the ports and operating the container terminals, conventional wharves, civil, mechanical and electrical maintenance and information processing services.

Investment Property (discontinued operations)
In the prior financial year the investment property division managed Ports of Auckland's non-operational property holdings. The Group disposed of the Western Reclamation portfolio of assets to Auckland Regional Holdings by way of an in-specie distribution on 31 March 2007.

Other
Includes North Tugz Limited and United Containers Limited and the investment in Northland Port Corporation (NZ) Limited and other non-port operations. None of these activities constitutes a separately reportable segment.

Geographical segments

The company operates in one geographical area: the greater Auckland area.

(b) Primary reporting format – business segments

2008	Port Operations $'000	Other $'000	Total continuing operations $'000	Discontinued operation Investment Property (note 11) $'000	Inter-segment eliminations/ unallocated $'000	Consolidated $'000
Revenue from services	168,622	746	169,368	–	–	169,368
Intersegment sales (note (ii))	–	–	–	–	–	–
Total sales revenue	168,622	746	169,368	–	–	169,368
Shares of net profits of associates and joint venture partnership (note (iii))	–	3,376	3,376	–	–	3,376
Other income	728	2,027	2,755	–	–	2,755
Total revenue and other income	169,350	6,149	175,499	–	–	175,499
Segment result	52,832	4,946	57,778	–	–	57,778
Finance costs						(28,549)
Profit before income tax						29,229
Income tax expense						(8,114)
Net profit for the year						21,115
Segment assets	772,051	49,190	821,241	–	–	821,241
Segment liabilities	428,866	267	429,133	–	–	429,133
Investments in associates and joint venture partnership (note (iii))	–	5,998	5,998	–	–	5,998
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	33,735	–	33,735	–	–	33,735
Depreciation and amortisation expense	19,062	–	19,062	–	–	19,062

5 SEGMENT INFORMATION (CONTINUED)

(b) Primary reporting format – business segments (continued)

2007	Port Operations $'000	Other $'000	Total continuing operations $'000	Discontinued operation Investment Property (note 11) $'000	Inter-segment eliminations/ unallocated $'000	Consolidated $'000
Revenue from services	161,981	884	162,865	5,370	–	168,235
Intersegment sales (note (ii))	12	30	42	–	(42)	–
Total sales revenue	161,993	914	162,907	5,370	(42)	168,235
Shares of net profits of associates and joint venture partnership (note (iii))	–	1,658	1,658	–	–	1,658
Other income	1,113	5,653	6,766	25,526	–	32,292
Total segment revenue/income	163,106	8,225	171,331	30,896	(42)	202,185
Segment result	51,645	8,188	59,833	30,333	–	90,166
Finance costs						(24,205)
Profit before income tax						65,961
Income tax expense						(1,401)
Net profit for the year						64,560
Segment assets	683,093	55,417	738,510	16,739	–	755,249
Segment liabilities	427,589	2,990	430,579	1,485	–	432,064
Investments in associates and joint venture partnership (note (iii))	–	7,265	7,265	–	–	7,265
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	71,108	–	71,108	–	–	71,108
Depreciation and amortisation expense	16,669	–	16,669	2	–	16,671

(c) Notes to and forming part of the segment information

(i) Accounting policies

Segment information is prepared in conformity with the accounting policies of the entity as disclosed in note 2 and accounting standard NZ IAS 14 *Segment Reporting*.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, inventories, property, plant and equipment and goodwill and other intangible assets, net of related provisions. While most of these assets can be directly attributable to individual segments, the carrying amounts of certain assets used jointly by segments are allocated based on reasonable estimates of usage. Segment liabilities consist primarily of trade and other creditors, employee benefits and provisions.

(ii) Inter-segment transfers

Segment revenues, expenses and results include transfers between segments. Such transfers are priced on an ''arm's-length'' basis and are eliminated on consolidation.

(iii) Equity accounted investments

The company has an investment in a New Zealand associate United Containers Limited and a New Zealand joint venture North Tugz Limited that are accounted for using the equity method. These investments are included in other non-port operations because their activities are dissimilar to the other reportable business segment.

6 REVENUE

	Group 2008 $'000	Group Restated 2007 $'000	Parent 2008 $'000	Parent Restated 2007 $'000
From continuing operations				
Sales revenue				
Port operations income	168,622	161,981	168,622	161,981
Non-port operations income	746	884	679	819
	169,368	162,865	169,301	162,800
From discontinued operations				
Sales revenue				
Rental revenue	–	5,370	–	5,370
Total revenue	169,368	168,235	169,301	168,170

7 OTHER INCOME

	Group 2008 $'000	Group Restated 2007 $'000	Parent 2008 $'000	Parent Restated 2007 $'000
Net gain on disposal of property, plant and equipment	430	714	430	714
Fair value adjustment to investment property (note 20)	–	4,553	–	4,363
Dividend income - available-for-sale financial assets	2,027	1,097	2,027	1,097
Dividend income	6	9	3,399	1,439
Interest income	292	393	292	393
	2,755	6,766	6,148	8,006

8 EXPENSES

	Group 2008 $'000	Group Restated 2007 $'000	Parent 2008 $'000	Parent Restated 2007 $'000
Expenses, excluding finance costs, included in the income statement classified by function				
Cost of providing services	92,056	85,402	92,056	85,402
Other expenses	25,665	26,054	25,534	26,037
	117,721	111,456	117,590	111,439
Classification of these expenses by function				
Cost of providing services	92,056	85,402	92,056	85,402
Other expenses from ordinary activities				
Marketing	1,508	1,355	1,508	1,355
Occupancy	1,110	1,339	1,110	1,339
Administration	21,787	21,360	21,656	21,343
Other	1,260	2,000	1,260	2,000
	117,721	111,456	117,590	111,439
Depreciation				
Buildings	1,047	1,098	1,047	1,098
Plant and equipment	11,978	10,078	11,978	10,078
Other	2,125	1,767	2,125	1,767
Wharves	2,153	1,925	2,153	1,925
Pavement	1,095	1,017	1,095	1,017
Total depreciation	18,398	15,885	18,398	15,885
Amortisation				
Computer software amortisation	664	784	664	784
Total amortisation	664	784	664	784
Finance costs				
Interest and finance charges paid/payable	29,322	25,711	29,322	25,711
Interest rate swaps – cash flow hedges, ineffective portion	(275)	176	(275)	176
Interest rate swaps – fair value changes	163	–	163	–
	29,210	25,887	29,210	25,887
Amount capitalised (2008: 9.09% 2007: 8.09%)	661	1,682	661	1,682
Finance costs expensed	28,549	24,205	28,549	24,205
Net loss on disposal of property, plant and equipment	117	996	117	996
Rental expense relating to operating leases				
Operating lease payments	190	190	190	190
Sundry expenses				
Donations	34	5	34	5
Bad debts	84	21	84	21
Directors' fees	373	310	373	310
Net foreign exchange losses / (gains)	–	1,548	–	1,548
Employee benefits				
Employee benefits expense	52,230	46,964	52,230	46,964
Pension costs - defined contribution plans	2,222	2,234	2,222	2,234
Total employee benefits	54,452	49,198	54,452	49,198

9 REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the Group:

	Group 2008 $'000	Group Restated 2007 $'000	**Parent 2008 $'000**	Parent Restated 2007 $'000
(a) Assurance services				
Audit services				
Deloitte				
Audit and review of financial reports and other audit work	157	157	154	154
Total remuneration for audit services	157	157	154	154
(b) Advisory services				
Other services – IFRS conversion work	29	16	29	16
Total remuneration for advisory services	29	16	29	16
	186	173	183	170

10 INCOME TAX EXPENSE

	Group 2008 $'000	Group Restated 2007 $'000	Parent 2008 $'000	Parent Restated 2007 $'000
(a) Income tax expense				
Current tax	7,935	11,421	7,935	11,421
Deferred tax	731	(11,093)	746	(11,136)
Under (over) provided in prior years	(552)	1,073	(552)	1,073
	8,114	1,401	8,129	1,358
Income tax expense is attributable to:				
Profit from continuing operations	8,114	6,031	8,129	5,988
Profit from discontinued operations	–	(4,630)	–	(4,630)
Aggregate income tax expense	8,114	1,401	8,129	1,358
Deferred income tax (revenue) expense included in income tax expense comprises:				
(Decrease) increase in deferred tax liabilities (note 31)	731	(6,819)	746	(6,892)
Impact of future tax changes from 33% to 30%	–	(4,274)	–	(4,244)
	731	(11,093)	746	(11,136)
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Profit from continuing operations before income tax expense	29,229	35,628	29,310	35,162
Profit from discontinuing operations before income tax expense	–	30,333	–	30,333
	29,229	65,961	29,310	65,495
Tax at the New Zealand tax rate of 33% (2007 - 33%)	9,646	21,767	9,672	21,613
Tax effect of a change in tax rates	–	(4,274)	–	(4,244)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Expenditure not deductible for tax	258	309	225	309
Depreciation and amortisation	(145)	(5,755)	(114)	(5,818)
Non taxable income	(1,449)	(9,927)	(1,449)	(9,864)
Share of net profit of associates and joint ventures	(1,114)	(547)	–	–
Sundry items	918	(172)	(205)	(638)
Income tax expense	8,114	1,401	8,129	1,358

On 17 May 2007, the New Zealand Government announced in its annual budget that the corporate tax rate will be reduced from 33% to 30% effective 1 July 2008. Accordingly the deferred tax liability as at 30 June 2007 reflects this change.

	Group 2008 $'000	Group Restated 2007 $'000	Parent 2008 $'000	Parent Restated 2007 $'000
(c) Amounts recognised directly in equity				
Aggregate current and deferred tax arising in the reporting period and not recognised in the income statement but directly debited or credited to equity				
Net deferred tax – debited (credited) directly to equity (note 34)	3,376	3,661	3,376	3,661
	3,376	3,661	3,376	3,661

11 DISCONTINUED OPERATIONS

(a) Sale of Western Reclamation Portfolio

In the prior financial year on 31 March 2007 the Group disposed of the Western Reclamation portfolio of assets to Auckland Regional Holdings by way of an in specie distribution and the business disposed of was reported in this financial report as a discontinued operation.

The in specie distribution was based on an independent valuer's valuation report prepared by Seagar and Partners and Barratt Boyes Jefferies Limited dated 26 March 2007.

Other investment property assets were reclassified as assets held for sale as there were agreements in place to dispose of these assets.

Financial information relating to the discontinued operation for the prior financial period to the date of disposal is set out below. Further information is set out in note 5 – segment information.

(b) Financial performance and cash flow information

The financial performance and cash flow information presented is for the year ended 30 June 2007.

	Group 2008 $'000	Group Restated 2007 $'000	**Parent 2008 $'000**	Parent Restated 2007 $'000
Revenue	–	5,370	–	5,370
Expenses	–	(563)	–	(563)
Profit before income tax	–	4,807	–	4,807
Income tax expense	–	(1,586)	–	(1,586)
Profit after income tax of discontinued operations	–	3,221	–	3,221
Gain on sale of the division before income tax	–	25,526	–	25,526
Income tax expense	–	6,216	–	6,216
Gain on sale of the division after income tax	–	31,742	–	31,742
Profit from discontinued operations	–	34,963	–	34,963
Cash flow:				
Net cash inflow from ordinary activities	–	2,240	–	2,240
Net cash inflow (outflow) from investing activities	–	(2,334)	–	(2,334)
Net cash (outflow) from financing activities	–	94	–	94
Net increase in cash generated by the division	–	–	–	–

12 EARNINGS PER SHARE

	Group 2008 Cents	Group Restated 2007 Cents	Parent 2008 Cents	Parent Restated 2007 Cents
(a) Basic and diluted earnings per share				
Earnings per share from profit attributable to the shareholders of the company				
Basic and diluted earnings per share (cents)	19.9	60.9	20.0	60.5
(b) Basic and diluted earnings per share				
Profit from continuing operations attributable to the ordinary equity holders of the company	19.9	28.0	20.0	27.6
Profit from discontinued operation	–	32.9	–	32.9
Profit attributable to the ordinary equity holders of the company	19.9	60.9	20.0	60.5

(c) Reconciliations of earnings used in calculating earnings per share

	Group 2008 $'000	Group Restated 2007 $'000	Parent 2008 $'000	Parent Restated 2007 $'000
Basic and diluted				
Basic and diluted earnings per share are calculated by dividing the profit by the weighted average number of ordinary shares on issue during the period				
Profit from continuing operations	21,115	29,597	21,181	29,174
Profit from discontinued operation	–	34,963	–	34,963
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	21,115	64,560	21,181	64,137

(d) Weighted average number of shares used as the denominator

	Group 2008 Number	Group Restated 2007 Number	Parent 2008 Number	Parent Restated 2007 Number
Weighted average number of ordinary shares (thousands) used as the denominator in calculating basic and diluted earnings per share	106,005	106,005	106,005	106,005

13 CASH AND CASH EQUIVALENTS

	Group 2008 $'000	Group Restated 2007 $'000	Parent 2008 $'000	Parent Restated 2007 $'000
Cash at bank and in hand	3	3	3	3
Bank balances	445	1,106	444	1,105
Deposits at call	–	3,522	–	3,522
	448	4,631	447	4,630

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

	Group 2008 $'000	Group Restated 2007 $'000	Parent 2008 $'000	Parent Restated 2007 $'000
Balances as above	448	4,631	447	4,630
Bank overdrafts (note 26)	(440)	–	(440)	–
Balances per cash flow statement	8	4,631	7	4,630

(a) Fair value

The carrying amount for cash and cash equivalents equals the fair value.

14 RECEIVABLES AND PREPAYMENTS

	Group 2008 $'000	Group Restated 2007 $'000	Parent 2008 $'000	Parent Restated 2007 $'000
Trade receivables	15,815	21,976	15,815	21,975
Provision for doubtful receivables	(282)	(309)	(282)	(309)
Net trade receivables	15,533	21,667	15,533	21,666
Prepayments	645	521	641	519
	16,178	22,188	16,174	22,185

The fair value of trade receivables approximates their carrying values.

(a) Impaired receivables

As at 30 June 2008 current trade receivables of the Group with a nominal value of $225,000 (2007: $322,000) were impaired. The amount of the provision was $108,000 (2007: $80,000). The individually impaired receivables mainly relate to customers, which are in unexpectedly difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered.

14 RECEIVABLES AND PREPAYMENTS (CONTINUED)

The ageing of these receivables is as follows:

	Group 2008 $'000	Group Restated 2007 $'000	Parent 2008 $'000	Parent Restated 2007 $'000
3 to 6 months	225	322	225	322
	225	322	225	322

Past due but not impaired

As at 30 June 2008, trade receivables of $6,430,000 (2007: $13,237,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	Group 2008 $'000	Group Restated 2007 $'000	Parent 2008 $'000	Parent Restated 2007 $'000
Up to 3 months	6,430	13,237	6,430	13,237
3 to 6 months	208	216	208	216
	6,638	13,453	6,638	13,453

Movements in the provision for doubtful receivables are as follows:

	Group 2008 $'000	Group Restated 2007 $'000	Parent 2008 $'000	Parent Restated 2007 $'000
At 1 July	309	264	309	264
Provision for impairment recognised during the year	71	109	71	109
Receivables written off during the year as uncollectible	(82)	(15)	(82)	(15)
Unused amount reversed	(16)	(49)	(16)	(49)
At 30 June	282	309	282	309

The creation and release of the provision for doubtful receivables has been included in 'administration expenses' in the income statement. Amounts charged to the provision for doubtful receivables are generally written off when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets and are not past due.

(b) Bad and doubtful trade receivables

The company has recognised a loss of $84,000 (2007: $21,000) in respect of bad and doubtful trade receivables. The loss has been included in 'administration expenses' in the income statement.

(c) Credit risk

The Group has policies in place to ensure that the sale of services is made to customers with appropriate credit history. At 30 June 2008 67% (2007: 72%) of the trade receivables balance represented amounts owed by the Group's ten largest customers.

The Group has no history of defaults with these major customers.

15 CURRENT ASSETS – INVENTORIES

	Group 2008 $'000	Group Restated 2007 $'000	Parent 2008 $'000	Parent Restated 2007 $'000
Inventories				
- at net realisable value	1,997	2,082	1,997	2,082
	1,997	2,082	1,997	2,082

(a) Inventory expense

Write-downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2008 amounted to $642,000 (2007: $488,000). The expense has been included in 'other expenses' in the income statement.

16 DERIVATIVE FINANCIAL INSTRUMENTS

	Group 2008 $'000	Group Restated 2007 $'000	Parent 2008 $'000	Parent Restated 2007 $'000
Current assets				
Interest rate swaps - cash flow hedges ((a)(I))	408	96	408	96
Total current derivative financial instrument assets	408	96	408	96
Non-current assets				
Interest rate swaps - cash flow hedges ((a)(I))	3,893	8,618	3,893	8,618
Total non-current derivative financial instrument assets	3,893	8,618	3,893	8,618
Total derivative financial instrument assets	4,301	8,714	4,301	8,714
Current liabilities				
Forward foreign exchange contracts ((a)(ii))	–	139	–	139
Total current derivative financial instrument liabilities	–	139	–	139
Total derivative financial instrument liabilities	–	139	–	139
	4,301	8,575	4,301	8,575

(a) Instruments used by the Group

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest and foreign exchange rates in accordance with the Group's financial risk management policies.

All derivatives are designated as hedging instruments.

(i) Interest rate swap contracts – cash flow hedges

Bank loans of the company currently bear an average variable interest rate of 9.20% (2007: 8.58%). It is policy to protect part of the loans from exposure to increasing interest rates. Accordingly, the company has entered into interest rate swap contracts under which it is obliged to receive interest at variable rates and to pay interest at fixed rates.

16 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Swaps currently in place cover approximately 75% (2007: 76%) of the loan principal outstanding and are timed to expire as interest and loan repayments fall due. The fixed interest rates range between 5.70% and 7.95% (2007: 5.70% and 7.95%) and the maturity dates range between 31 August 2008 to 23 December 2013.

At 30 June 2008, the notional principal amounts and periods of expiry of the interest rate swap contracts are as follows:

	Group and Parent 2008 $'000	Group and Parent Restated 2007 $'000
Less than 1 year	**80,000**	10,000
1 – 2 years	**70,000**	80,000
2 – 3 years	**10,000**	70,000
3 – 4 years	**45,000**	10,000
4 – 5 years	**10,000**	45,000
Greater than 5 years	**52,000**	62,000
	267,000	277,000

The contracts require settlement of net interest receivable or payable on a quarterly basis. The settlement dates coincide with the dates on which interest is payable on the underlying debt. The contracts are settled on a net basis.

The gain or loss from remeasuring the hedging instruments at fair value is deferred in equity in the hedging reserve, to the extent that the hedge is effective, and re-classified into the income statement when the hedged interest expense is recognised. The ineffective portion is recognised in the income statement immediately. In the year ended 30 June 2008 $275,000 (2007: $176,000) was transferred to the income statement.

(ii) Forward exchange contracts – cash flow hedges

The Group is party to forward exchange contracts in order to manage foreign exchange risk. The Group's risk management policy is to hedge purchases of major items of plant and equipment in foreign currencies only.

These contracts are hedging highly probable forecasted purchases for the ensuing financial year. The contracts are timed to mature when the payment for the purchase of major component parts full due.

At 30 June 2008 the Group had no outstanding forward exchange contracts. During the current financial year the Group entered into Euro forward exchange contracts to buy the equivalent of $NZ10,441,000 for the purchase of additional items of plant and equipment (straddles).

At 30 June 2007 the Group had an outstanding forward exchange contract to buy foreign currency in the amount equivalent to $NZ1,409,000. During the prior financial year the Group entered into Euro forward exchange contracts to buy the equivalent of $NZ9,675,000 for the purchase of additional items of plant and equipment (straddles).

Where forward exchange contracts have been designated and tested as an effective hedge the portion of the gain or loss on the hedged instrument that is determined to be an effective hedge is recognised directly in equity. When the cash flows occur, the Group adjusts the initial measurement of the component recognised in the balance sheet by the related amount deferred in equity. The ineffective portion is recognised in the income statement immediately.

At balance date these contracts had a fair value of $Nil (2007: $139,000).

Where forward exchange contracts are not designated and tested as an effective hedge, the gain or loss on the forward contract is recognised in the income statement as 'other expenses'.

17 CURRENT ASSETS – CURRENT TAX RECEIVABLES

	Group 2008 $'000	Group Restated 2007 $'000	Parent 2008 $'000	Parent Restated 2007 $'000
Excess of tax paid for current period over amount due	1,741	1,135	1,741	1,135
	1,741	1,135	1,741	1,135

18 CURRENT ASSETS – NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	Group 2008 $'000	Group Restated 2007 $'000	Parent 2008 $'000	Parent Restated 2007 $'000
Investment properties	–	16,739	–	16,739
	–	16,739	–	16,739

Investment properties

In the prior financial year certain investment property assets were reclassified as held for sale as there were agreements in place to dispose of these assets. Cash settlements and an additional in specie distribution all occurred in the current financial year.

19 NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

Group and Parent	Freehold land $'000	Freehold buildings $'000	Plant and equipment $'000	Other $'000
At 1 July 2006				
– Cost	259,846	39,578	163,821	29,244
Accumulated depreciation	–	(1,120)	(87,300)	(22,303)
Net book value	259,846	38,458	76,521	6,941
Year ended 30 June 2007				
Opening net book value	259,846	38,458	76,521	6,941
Exchange differences	–	–	–	–
Revaluation surplus	–	–	–	–
Additions	1,334	324	45,260	4,639
Disposals	–	–	(1,675)	(33)
In specie distribution	(376)	(20)	–	(64)
Depreciation charge	–	(1,098)	(10,078)	(1,767)
Others	–	–	–	(10)
Assets reclassified	–	–	–	–
Closing net book value	260,804	37,664	110,028	9,706
At 30 June 2007 (Restated)				
– Cost	260,804	39,881	191,162	32,648
Accumulated depreciation	–	(2,217)	(81,134)	(22,942)
Net book value	260,804	37,664	110,028	9,706

Group and Parent	Wharves $'000	Pavements $'000	Total $'000
At 1 July 2006			
– Cost	158,340	57,754	708,583
Accumulated depreciation	(1,740)	(996)	(113,459)
Net book value	156,600	56,758	595,124
Year ended 30 June 2007			
Opening net book value	156,600	56,758	595,124
Exchange differences	–	–	–
Revaluation surplus	–	–	–
Additions	14,642	4,411	70,610
Disposals	–	–	(1,708)
In specie distribution	(5,673)	–	(6,133)
Depreciation charge	(1,925)	(1,017)	(15,885)
Others)	–	–	(10)
Closing net book value	163,644	60,152	641,998
At 30 June 2007 (Restated)			
– Cost	167,151	62,165	753,811
Accumulated depreciation	(3,507)	(2,013)	(111,813)
Net book value	163,644	60,152	641,998

Group and Parent	Freehold land $'000	Freehold buildings $'000	Plant and equipment $'000	Other $'000
Year ended 30 June 2008				
Opening net book value	260,804	37,664	110,028	9,706
Exchange differences	–	–	778	–
Revaluation surplus	67,126	8,516	–	–
Additions	760	(89)	23,080	1,887
Disposals	(50)	(103)	(144)	(17)
Impairment charge recognised in the income statement	–	(131)	–	–
Reversal of Impairment charge in the income statement	–	–	–	–
Depreciation charge	–	(1,047)	(11,978)	(2,125)
Assets reclassified	140	(1,223)	–	2,010
Closing net book value	328,780	43,587	121,764	11,461
At 30 June 2008				
– Cost	–	–	194,574	36,220
– Valuation	328,780	43,587	–	–
Accumulated depreciation	–	–	(72,810)	(24,759)
Net book value	328,780	43,587	121,764	11,461

Group and Parent	Wharves $'000	Pavements $'000	Total $'000
Year ended 30 June 2008			
Opening net book value	163,644	60,152	641,998
Exchange differences	–	–	778
Revaluation surplus	12,687	–	88,329
Additions	2,834	4,266	32,738
Disposals	–	–	(314)
Impairment charge recognised in the income statement	–	–	(131)
Reversal of Impairment charge in the income statement	46	–	46
Depreciation charge	(2,149)	(1,095)	(18,394)
Assets reclassified	(927)	–	–
Closing net book value	176,135	63,323	745,050
At 30 June 2008			
– Cost	–	66,431	297,225
– Valuation	176,135	–	548,502
Accumulated depreciation	–	(3,108)	(100,677)
Net book value	176,135	63,323	745,050

The property, plant and equipment balance above include work in progress $6,945,000 (2007: $43,992,000).

(a) Valuations of land, buildings and wharves

All Port Operations land, buildings and wharves were revalued to fair value at 30 June 2008. The valuation basis is fair value, being the amounts for which the assets could be exchanged between willing parties in an arms length transaction, based on current prices in an active market for similar properties in the same location and condition. The value was determined as at 20 May 2008 by independent registered valuers, Barratt-Boyes Jefferies Limited, associates of the New Zealand Institute of Valuers. The revaluation surplus net of applicable deferred income taxes was credited to the property plant and equipment revaluation reserve in shareholders' equity (note 34).

(b) Impacts of changes to prior period opening balances

The Group has clarified its accounting policy on investment property (refer note 20) and as a result of this clarification, two property holdings that were classified as property, plant and equipment in the year to 30 June 2007 have been reclassified as investment property in the year to 30 June 2008.

20 NON-CURRENT ASSETS – INVESTMENT PROPERTIES

	Group 2008 $'000	Group Restated 2007 $'000	Parent 2008 $'000	Parent Restated 2007 $'000
At fair value				
Opening balance at 1 July	25,925	276,054	24,225	274,544
Acquisitions	650	–	650	–
Capitalised subsequent expenditure	–	2,827	–	2,827
Classified as held for sale or disposals	–	(16,739)	–	(16,739)
Net (loss) gain from fair value adjustment	(1,173)	30,079	(1,073)	29,889
Transfer from property, plant and equipment	–	–	–	–
In specie distribution	–	(266,296)	–	(266,296)
Depreciation	(4)	–	(4)	–
Closing balance at 30 June	25,398	25,925	23,798	24,225

(a) Valuation basis

Investment properties were valued on 30 June 2008 by Barratt-Boyes Jefferies Limited as at 20 May 2008 and Colliers International NZ Limited as at 17 June 2008 (2007: Colliers International NZ Limited), registered valuers and associates of the New Zealand Institute of Valuers. The valuers have recent experience in the location and category of the investment being valued. The basis of the valuation of investment properties is fair value being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.

(b) Impacts of changes to prior period opening balances

For the year ended 30 June 2008, the Group has clarified its accounting policy on investment property to ensure the policy is appropriate for the small remaining portfolio of property leased to third party tenants and is aligned to the Group's long term plans for this property. As a result of this clarification, two property holdings that were classified as property, plant and equipment in the year to 30 June 2007 have been reclassified as investment property in the year to 30 June 2008. In accordance with NZ IAS 40, Investment Property is carried at fair value, representing open-market value determined annually by external independent valuers. Changes in fair values are recorded in the income statement.

The correction of this prior period error has been applied retrospectively. The impact of the correction of the prior period error at the beginning of the comparative period has been to reduce Property, Plant and Equipment by $11,563,000 and to increase Investment Property by $14,717,000 with a corresponding adjustment for the net effect of $3,154,000 against opening retained earnings. Profit for the year ended 30 June 2007 has been increased by $3,413,000. Investment Property as at 30 June 2007 has been increased by $18,130,000 (including the adjustment at the beginning of the comparative period). The change has had no material impact on deferred tax.

21 NON-CURRENT ASSETS – INTANGIBLE ASSETS

Group and Parent	Computer software $'000
At 1 July 2006	
Cost	8,624
Accumulated depreciation and impairment	(5,968)
Net book value	2,656
Year ended 30 June 2007	
Opening net book value	2,656
Development costs recognised as an asset	53
Additions	498
Disposals	(1)
Amortisation charge**	(784)
Closing net book value	2,422
At 30 June 2007 (Restated)	
Cost	9,144
Accumulated amortisation and impairment	(6,722)
Net book value	2,422

Group and Parent	Computer software $'000
Year ended 30 June 2008	
Opening net book value	2,422
Development costs recognised as an asset*	232
Additions	347
Disposals	–
Amortisation charge**	(664)
Closing net book value	2,337
At 30 June 2008	
Cost	9,723
Accumulated amortisation and impairment	(7,386)
Net book value	2,337

* Capitalised development costs are an internally generated intangible asset.

** Amortisation of $664,000 (2007: $784,000) is included in the 'administration expense' in the income statement.

22 NON-CURRENT ASSETS – OTHER FINANCIAL ASSETS

	Group 2008 $'000	Group Restated 2007 $'000	Parent 2008 $'000	Parent Restated 2007 $'000
Shares in subsidiaries (note 37)	–	–	1,022	1,057
	–	–	1,022	1,057

23 NON-CURRENT ASSETS – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Group 2008 $'000	Group Restated 2007 $'000	Parent 2008 $'000	Parent Restated 2007 $'000
Shares in associates (note 38)	3,828	3,958	3,260	3,260
Interest in joint venture partnership (note 39)	2,170	3,307	881	2,131
	5,998	7,265	4,141	5,391

(a) Shares in associates

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting and are carried at cost by the parent entity.

(b) Shares in joint venture partnership

The interest in North Tugz Limited a joint venture is accounted for in the consolidated financial statements using the equity method of accounting and is carried at cost by the parent entity.

24 NON-CURRENT ASSETS – AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group 2008 $'000	Group Restated 2007 $'000	Parent 2008 $'000	Parent Restated 2007 $'000
Listed securities				
Equity securities	23,791	29,415	23,791	29,415
	23,791	29,415	23,791	29,415

The investment included above represents an investment in Northland Port Corporation (NZ) Limited in listed equity securities that offer the Group the opportunity for return through dividend income and fair value gains. The Group holds 19.9% of the listed equity securities in Northland Port Corporation (NZ) Limited. The fair value of these securities is based on quoted market prices.

(a) Listed securities

The listed equity securities held by the Group are classified as available-for-sale financial assets and are stated at fair value. Unrealised gains and losses arising from changes in fair value of the listed equity securities classified as available-for sale financial assets are recognised in equity in the available-for-sale investments revaluation reserve. Where listed equity securities classified as available-for-sale are sold, the accumulated fair value adjustments are included in the income statement.

Northland Port Corporation (NZ) Limited continues to generate solid profits and maintains a positive net asset position and has not had any major business changes in the period – indicating the value of the business assets are not impaired.

25 CURRENT LIABILITIES – PAYABLES

	Group 2008 $'000	Group Restated 2007 $'000	Parent 2008 $'000	Parent Restated 2007 $'000
Trade and other payables	7,347	5,385	7,346	5,384
Accrued expenses	8,603	10,421	8,599	10,417
	15,950	15,806	15,945	15,801

The fair value of trade and other payables approximates their carrying value.

26 CURRENT LIABILITIES – INTEREST BEARING LIABILITIES

	Group 2008 $'000	Group Restated 2007 $'000	Parent 2008 $'000	Parent Restated 2007 $'000
Bank overdrafts	440	–	440	–
Total current interest bearing liabilities	440	–	440	–

(a) Interest rate risk exposures

Details of the Group's exposure to interest rate changes on interest bearing liabilities are set out in note 29.

(b) Fair value disclosures

Details of the fair value of interest bearing liabilities for the Group are set out in note 29.

Details of the security relating to each of the unsecured liabilities and further information on the bank overdrafts and bank loans are set out in note 29.

27 CURRENT LIABILITIES – PROVISIONS

	Group 2008 $'000	Group Restated 2007 $'000	Parent 2008 $'000	Parent Restated 2007 $'000
Employee benefits	6,359	6,866	6,359	6,866
Other provisions	2,075	2,233	2,075	2,233
	8,434	9,099	8,434	9,099

The amount included in other provisions represents a provision for environmental liabilities relating to contamination. The balance is expected to be utilised within 12 months.

(a) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	Other provisions $'000
Group and Parent – 2008	
Current	
Carrying amount at start of year	2,233
Amounts incurred and charged	(158)
Carrying amount at end of year	2,075

	Other provisions $'000
Group and Parent – 2007 (Restated)	
Current	
Carrying amount at start of year	2,247
Amounts incurred and charged	(14)
Carrying amount at end of year	2,233

28 CURRENT LIABILITIES - OTHER CURRENT LIABILITIES

	Group 2008 $'000	Group Restated 2007 $'000	Parent 2008 $'000	Parent Restated 2007 $'000
Advance from subsidiaries	–	–	300	300
	–	–	300	300

29 NON-CURRENT LIABILITIES – INTEREST BEARING LIABILITIES

	Group 2008 $'000	Group Restated 2007 $'000	Parent 2008 $'000	Parent Restated 2007 $'000
Unsecured				
Term and revolving advances facility - Set up transaction costs	(125)	(344)	(125)	(344)
Term and revolving advances facility - $100 million rolling seven year non-amortising term loan	100,000	100,000	100,000	100,000
Term and revolving advances facility - $150 million rolling five year non-amortising term loan	150,000	150,000	150,000	150,000
Term and revolving advances facility - $250 million rolling three year revolving credit facility	105,500	112,500	105,500	112,500
Total unsecured non-current interest bearing borrowings	355,375	362,156	355,375	362,156
Total non-current interest bearing liabilities	355,375	362,156	355,375	362,156

(a) Non-current interest bearing borrowings

At balance date, the Group and Parent have unsecured borrowings of $355,500,000 (2007: $362,500,000) under a term and revolving advances facility put in place on 19 December 2005.

The term and revolving advances facility consist of a $250,000,000 rolling three year revolving advances facility (Facility A), a $150,000,000 rolling five year non-amortising term loan (Facility B) and a $100,000,000 rolling seven year non-amortising term loan (Facility C). As at 30 June 2008, the undrawn amount under Facility A was $144,500,000 (2007: $137,500,000).

At 30 June 2008, the Group had in place a $500,000,000 (2007: $500,000,000) term and revolving advances facility as mentioned in the previous paragraph, that is subject to a negative pledge deed, dated 17 July 1995 and amended by way of Deed of Variation and Restatement dated 19 December 2005 and Variation Deed relating to the negative pledge deed poll date 18 May 2007. This is for the benefit of Westpac Banking Corporation, Bank of New Zealand and Commonwealth Bank of Australia.

The current and non-current borrowings are unsecured. The parent company borrows the under a negative pledge arrangement which requires certain certificates and covenants.

(b) Fair value

The carrying amounts and fair values of interest bearing liabilities at balance date are:

	Group and Parent 2008		Group and Parent Restated 2007	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
On-balance sheet				
Non-traded financial liabilities				
Bank overdrafts	440	440	–	–
Bank loans	355,375	355,375	362,156	362,156
	355,815	355,815	362,156	362,156

The fair value of interest bearing liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for liabilities with similar risk profiles.

The carrying amounts of the current and non-current liabilities approximate their fair values.

30 NON-CURRENT LIABILITIES – PROVISIONS

	Group 2008 $'000	Group Restated 2007 $'000	Parent 2008 $'000	Parent Restated 2007 $'000
Employee benefits	1,663	1,700	1,663	1,700
	1,663	1,700	1,663	1,700

31 NON-CURRENT LIABILITIES – DEFERRED TAX LIABILITIES

	Group 2008 $'000	Group Restated 2007 $'000	Parent 2008 $'000	Parent Restated 2007 $'000
The balance comprises temporary differences attributable to:				
Inventories	(738)	(426)	(738)	(426)
Provisions and prepayments	(4,123)	(4,399)	(4,123)	(4,399)
Depreciation & amortisation - plant, property and equipment	41,818	43,486	41,818	43,486
Depreciation & amortisation - investment property	309	1,809	36	1,485
Deferred income	2,875	3,211	2,875	3,211
Financial assets at fair value through profit and loss	–	11	–	11
Other temporary differences	(11)	(17)	–	–
Impact of future tax rate changes from 33% to 30%	–	(4,274)	–	(4,244)
	40,130	39,401	39,868	39,124
Amounts recognised directly in equity				
Revaluation of property, plant and equipment	6,333	–	6,333	–
Available-for-sale financial assets	(482)	1,326	(482)	1,326
Cash flow hedges	1,290	2,819	1,290	2,819
Impact of future tax rate changes from 33% to 30%	–	(382)	–	(382)
	7,141	3,763	7,141	3,763
Net deferred tax liabilities	47,271	43,164	47,009	42,887
Movements:				
Opening balance at 1 July	43,164	50,596	42,887	50,362
Charged/(credited) to the income statement (note 10)	731	(6,819)	746	(6,892)
Impact of future tax rate changes from 33% to 30% charged/(credited) to the income statement	–	(4,274)	–	(4,244)
Charged/(credited) to equity (notes 34 and	3,376	4,043	3,376	4,043
Impact of future tax rate changes from 33% to 30% charged/(credited) to equity	–	(382)	–	(382)
Closing balance at 30 June	47,271	43,164	47,009	42,887

32 IMPUTATION CREDITS

	Group 2008 $'000	Group Restated 2007 $'000	Parent 2008 $'000	Parent Restated 2007 $'000
Imputation credit account				
Balance at beginning of year	69,764	60,177	69,764	60,177
Tax payments, net of refunds	–	8,885	–	8,885
Dividends received during year	1,769	838	1,769	838
Prior period adjustment	(502)	(136)	(502)	(136)
Balance at end of year	71,031	69,764	71,031	69,764

33 CONTRIBUTED EQUITY

(Group and Parent numbers)

	Notes	Number of shares 2008 Shares	Number of shares Restated 2007 Shares	Group and Parent 2008 $'000	Group and Parent Restated 2007 $'000
(a) Share capital					
Ordinary shares	(b)				
Ordinary shares authorised and issued		106,005,192	106,005,192	106,005	106,005
Total contributed equity				106,005	106,005

(b) Ordinary shares

All ordinary shares on issue are fully paid and have an issue share price of $1 per share.

Changes to the Companies Act in 1993 abolished the authorised capital and par value concept in relation to share capital from 1 July 1994. Therefore the Group does not have a limited amount of authorised capital and issued shares do not have a par value.

All ordinary shares rank equally with one vote attached to each fully paid ordinary share and dividend rights.

34 RESERVES AND RETAINED EARNINGS

	Group 2008 $'000	Group Restated 2007 $'000	Parent 2008 $'000	Parent Restated 2007 $'000
(a) Reserves				
Property, plant and equipment revaluation reserve	81,996	–	81,996	–
Available-for-sale investments revaluation reserve	(1,124)	2,810	(1,124)	2,810
Hedging reserve - cash flow hedges	2,223	5,409	2,223	5,409
	83,095	8,219	83,095	8,219

	Group 2008 $'000	Group Restated 2007 $'000	Parent 2008 $'000	Parent Restated 2007 $'000
Movements:				
Property, plant and equipment revaluation reserve				
Balance 1 July	–	–	–	–
Revaluation - gross (note 19)	88,329	–	88,329	–
Deferred tax (note 31)	(6,333)	–	(6,333)	–
Balance 30 June	81,996	–	81,996	–

	Group 2008 $'000	Group Restated 2007 $'000	Parent 2008 $'000	Parent Restated 2007 $'000
Available-for-sale investments revaluation reserve				
Balance 1 July	2,810	(209)	2,810	(209)
Revaluations (note 24)	(5,623)	4,326	(5,623)	4,326
Deferred tax (note 31)	1,689	(1,307)	1,689	(1,307)
Balance 30 June	(1,124)	2,810	(1,124)	2,810

	Group 2008 $'000	Group Restated 2007 $'000	Parent 2008 $'000	Parent Restated 2007 $'000
Hedging reserve - cash flow hedges				
Balance 1 July	5,409	121	5,409	121
Revaluations (note 16)	(524)	9,206	(524)	9,206
Transfer to net profit	(4,708)	(1,564)	(4,708)	(1,564)
Transfer to plant, property and equipment	778	–	778	–
Deferred tax (note 31)	1,268	(2,354)	1,268	(2,354)
Balance 30 June	2,223	5,409	2,223	5,409

(b) Retained earnings

	Group 2008 $'000	Group Restated 2007 $'000	Parent 2008 $'000	Parent Restated 2007 $'000
Balance 1 July	216,226	440,807	213,687	438,691
Net gain from fair value adjustment on reclassified investment property	–	3,154	–	3,154
Balance 1 July – Restated	216,226	443,961	213,687	441,845
Net profit for the year	21,115	64,560	21,181	64,137
Dividends	(22,764)	(19,866)	(22,764)	(19,866)
In specie distribution	(5,571)	(272,429)	(5,571)	(272,429)
Balance 30 June	209,006	216,226	206,533	213,687

The comparative financial information has been restated to reflect the reclassification of two investment properties from property, plant and equipment to investment property and the associated changes in value through the income statement and balance sheet. The impact of this change is reflected above.

(c) Nature and purpose of reserves

(i) Property, plant and equipment revaluation reserve

The property, plant and equipment revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in note 2(q). The balance standing to the credit of the reserve may be used to satisfy the distribution of bonus shares to shareholders and is only available for the payment of cash dividends in limited circumstances as permitted by law.

(ii) Available-for-sale investments revaluation reserve

Changes in the fair value arising on translation of investments, such as equities, classified as available-for-sale financial assets, are taken to the available-for-sale investments revaluation reserve, as described in note 2(m). Amounts are recognised in the income statement when the associated assets are sold or impaired.

(iii) Hedging reserve - cash flow hedges

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity, as described in note 2(o). Amounts are recognised in the income statement when the associated hedged transaction affects the income statement.

35 DIVIDENDS

	2008 Cents	Restated 2007 Cents	2008 $'000	Restated 2007 $'000
Interim dividend for the year ended 30 June 2008	8.99	–	9,534	–
Final dividend for the year ended 30 June 2007	12.48	–	13,230	–
Interim dividend for the year ended 30 June 2007	–	8.49	–	9,000
Final dividend for the year ended 30 June 2006	–	10.25	–	10,866
Total dividends provided for or paid	21.47	18.74	22,764	19,866

36 RELATED PARTY TRANSACTIONS

(a) Parent entities

Ports of Auckland Limited is wholly owned by Auckland Regional Holdings.

Auckland Regional Holdings is a statutory entity, established by the Government to ensure independent, prudent management of regional assets. It has an independent board of directors and is a council-controlled organisation (CCO) accountable, through its Statement of Intent, to the Auckland Regional Council.

36 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Directors

The names of persons who were directors of the company at any time during the financial year are as follows: G J Judd, R L Challinor, R H Gower, E J Hobbs, P V Hubscher, J C Lindsay, T K McDonald, S M Paterson, G E Vazey and J B Madsen. During the financial period to 30 June 2008 J B Madsen and E J Hobbs were both appointed directors from 1 September 2007 and R H Gower was appointed as a director from 15 November 2007. The following directors resigned during the financial period to 30 June 2008: T K McDonald resigned 12 July 2007, R L Challinor and G E Vazey both resigned 31 August 2007.

(c) Other transactions with key management personnel or entities related to them

Information on transactions with key management personnel or entities related to them, other than compensation and transactions with other related parties is set out below.

During the current financial year the Group transferred the ownership of the remaining Western Reclamation asset, which was disclosed in the prior financial year 'non-current assets classified as held for sale' to Auckland Regional Holdings by way of an in specie distribution. The Western Reclamation portfolio of assets had an independent valuation report prepared by Seagar & Partners and Barratt-Boyes Jefferies Limited dated 26 March 2007. The transaction was completed on an arm's-length commercial basis.

In December 2005 the Group entered into a new term and revolving credit facility with a syndication of banks - Westpac Banking Corporation, Bank of New Zealand and Commonwealth Bank of Australia. G J Judd who is chairman of ASB Bank Limited and T K McDonald who is director / chairman of Bank of New Zealand did not participate in the decision to enter into the facility (T K McDonald resigned as a director from Ports of Auckland Limited 12 July 2007). The facility was established on an arm's-length commercial basis. The term and revolving credit facility set up in December 2005 has been utilised during the current financial year. (refer to note 20)

G E Vazey left the company on 31 August 2007 but still holds directorships with Northland Port Corporation (NZ) Limited and Northport Limited. During the current financial year the Group received dividends of $2,027,000 (2007: $1,098,000) from Northland Port Corporation (NZ) Limited.

J B Madsen was appointed as a director of North Tugz Limited on 31 March 2008. G E Vazey resigned as a director of North Tugz Limited on 31 March 2008. During the current financial year the Group received dividends of $2,655,000 (2007:$1,328,000) from North Tugz Limited.

J C Lindsay, S M Paterson and W R Thompson are directors of America's Cup Village Limited (ACVL) which is a 100% subsidiary company of Auckland Regional Holdings . A subvention payment of $6,206,000 (2007: $319,000) was paid to ACVL by the Group.

J C Lindsay and G E Vazey both resigned as directors from Sea + City Projects Limited on 26 February 2008. The Group is providing management services to Sea + City Projects Limited. Management fees charged during the current financial year were $390,000 (2007: $231,000). Included in the accounts receivable balance at 30 June 2008 is $28,000 (2007: $73,000) outstanding from Sea + City Projects Limited.

J B Madsen was appointed as a director of United Containers Limited on 1 January 2008. During the current financial year the Group purchased services from United Containers Limited for $975,000 (2007:$ 914,000) on an arm's length commercial basis. The Group received dividends from United Containers Limited during the current financial year of $738,000 (2007: $102,000).

(d) Key management and personnel compensation

Key management personnel compensation for the years ended 30 June 2008 and 2007 is set out below. The key management personnel are all the directors of the company and the direct reports to the Managing Director whom have the greatest authority for the strategic direction and management of the company.

	Group	Group Restated	**Parent**	Parent Restated
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Salaries and other short term employee benefits	**4,791**	3,418	**4,791**	3,418

37 SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2(b):

All subsidiaries are 100% owned and have a balance date of 30 June.

Name of entity	Country of incorporation	Class of shares	Equity holding 2008 %	Equity holding 2007 %
Ports of Auckland Investments Limited	New Zealand	Ordinary	100	100
Ports of Auckland Nominees Limited	New Zealand	Ordinary	100	100
Axis Intermodal Limited	New Zealand	Ordinary	100	100
Axis International Limited	New Zealand	Ordinary	100	100
Freemans Bay Properties Limited	New Zealand	Ordinary	100	100
West Tugz Pty Limited	Australia	Ordinary	100	100

38 INVESTMENTS IN ASSOCIATES

(a) Carrying amounts

Information relating to associates is set out below.

Name of company	Principal activity	Ownership interest 2008 %	Ownership interest 2007 %	Group 2008 $'000	Group Restated 2007 $'000	Parent 2008 $'000	Parent Restated 2007 $'000
United Containers Limited	Container Depot	27.5	27.5	3,828	3,958	3,260	3,260
				3,828	3,958	3,260	3,260

The above associate is incorporated in New Zealand.

The above entity has a balance date of 30 June.

	Group 2008 $'000	Group Restated 2007 $'000
(b) Movements in carrying amounts		
Carrying amount at the beginning of the financial year (including goodwill $593,000 (2007: $593,000))	3,958	2,836
Share of profits after income tax	608	499
Additions	–	725
Dividends received	(738)	(102)
Carrying amount at the end of the financial year (including goodwill $593,000 (2007: $593,000))	3,828	3,958

39 INTERESTS IN JOINT VENTURES

(a) Joint venture

The company has a 50% interest in North Tugz Limited, which is resident in New Zealand and the principal activity is marine towage.

The interest in North Tugz Limited is accounted for in the consolidated financial statements using the equity method of accounting and is carried at cost by the parent entity (refer to note 23). Information relating to the joint venture partnership is set out below.

			Carrying value of investment			
Name and principal activity	Ownership interest 2008	Ownership interest 2007	Group 2008 $'000	Group 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
North Tugz Limited	50%	50%	2,170	3,307	881	2,131
			2,170	3,307	881	2,131

(i) The entity has a 30 June year end.

(ii) This entity is not a controlled entity due to the provisions of a shareholder agreement.

	Group 2008 $'000	Group Restated 2007 $'000
(b) Movements in carrying amounts		
Carrying amount at the beginning of the financial year	3,307	6,626
Share of profits after income tax	2,768	1,159
Repayment of loan	(1,250)	(3,150)
Dividends received	(2,655)	(1,328)
Carrying amount at the end of the financial year	2,170	3,307

	Aggregate Balances 2008 $'000	Aggregate Balances Restated 2007 $'000	Group's Portion* 2008 $'000	Group's Portion* Restated 2007 $'000
Share of joint ventures' and associates' assets and liabilities				
Current assets	6,376	6,773	2,134	2,460
Non-current assets	44,344	44,832	19,157	19,502
Total assets	50,720	51,605	21,291	21,962
Current liabilities	4,626	8,112	1,693	2,610
Non-current liabilities	21,190	18,554	9,535	9,190
Total liabilities	25,816	26,666	11,228	11,800
Net assets	24,904	24,939	10,063	10,162

	Aggregate Balances 2008 $'000	Aggregate Balances Restated 2007 $'000	Group's Portion* 2008 $'000	Group's Portion* Restated 2007 $'000
Share of joint ventures' and associates' revenue, expenses and results				
Revenues	34,650	32,281	11,513	10,566
Expenses	(26,422)	(26,952)	(8,185)	(8,499)
Profit before income tax	8,228	5,329	3,328	2,067

* The Group owns 50% of the joint venture and 27.5% of the associate.

The associates and joint ventures had no contingent liabilities as at 30 June 2008 (2007: $Nil).

40 COMMITMENTS

(a) Capital commitments

	Group 2008 $'000	Group Restated 2007 $'000	Parent 2008 $'000	Parent Restated 2007 $'000
Property, plant and equipment	8,257	15,464	8,257	15,464
Commitments at the period end not provided for in the financial statements	8,257	15,464	8,257	15,464

(b) Operating lease commitments

	Group 2008 $'000	Group Restated 2007 $'000	Parent 2008 $'000	Parent Restated 2007 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	190	142	190	142
Later than one year but not later than five years	214	–	214	–
Later than five years	–	–	–	–
Total operating lease commitments	404	142	404	142

The Group leases land under a non-cancellable operating lease agreement. The lease reflects normal commercial arrangements with escalation clauses and renewal rights. On renewal, the terms of the lease are renegotiated.

The lease expenditure is charged to the income statement during the period and is disclosed in note 8.

41 CONTINGENCIES

(a) Contingent liabilities

The parent entity and Group had no contingent liabilities at 30 June 2008 (2007: $Nil).

42 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

On 18 August 2008, subsequent to year end the Board of Directors resolved to pay a final unimputed dividend of 6.78 cents per ordinary share, a total of $7,190,000. The dividend was paid on 21 August 2008.

43 RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Group 2008 $'000	Group Restated 2007 $'000	Parent 2008 $'000	Parent Restated 2007 $'000
Profit for the year	21,115	64,560	21,181	64,137
Depreciation and amortisation	19,062	16,671	19,062	16,671
Movements in associate and joint ventures	17	(228)	–	–
Fair value movements in derivatives	(957)	1,718	(957)	1,718
Movements in borrowings allocated to interest paid	219	227	219	227
Net (gain) loss on sale of non-current assets	(313)	282	(313)	282
Net impairment charge for property, plant and equipment	85	–	85	–
Fair value adjustment to investment property	1,173	(30,079)	1,073	(29,889)
Change in operating assets and liabilities:				
Decrease (increase) in receivables and prepayments	6,010	(4,416)	6,011	(4,413)
Decrease (increase) in other operating assets	85	(717)	85	(718)
Decrease (increase) creditors and provisions	(521)	1,304	(521)	1,302
Decrease (increase) in provision for income taxes payable	(606)	2,271	(606)	2,271
Increase (decrease) in provision for deferred income tax	731	(11,092)	746	(11,136)
Decrease (increase) in other provisions	(37)	(958)	(37)	(958)
Capital items included in working capital movements	1,959	394	1,959	395
Net cash inflow from operating activities	48,022	39,937	47,987	39,889

NOTES

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