PORTS OF AUCKLAND
TĀMAKI HERENGA WAKA

Interim Report

For the six months ended
31 December 2015

Operational Highlights

DECLARED DIVIDEND

$25.9 million compared to **$25.5 million** the previous year, up 1.79%

Total TEU volume is down (3.3%) on last year to

474,613

CRANE RATE (WATERLINE)

Up to average 36.4

MOVES PER HOUR

from an average 33.19 moves per hour in the same period last year

TOTAL SHIP CALLS (INCLUDING ONEHUNGA)

785

compared to 739 the previous year,

UP 46 OR 6.2%

CAR VOLUME

124,009

compared to 118,765 the previous year,

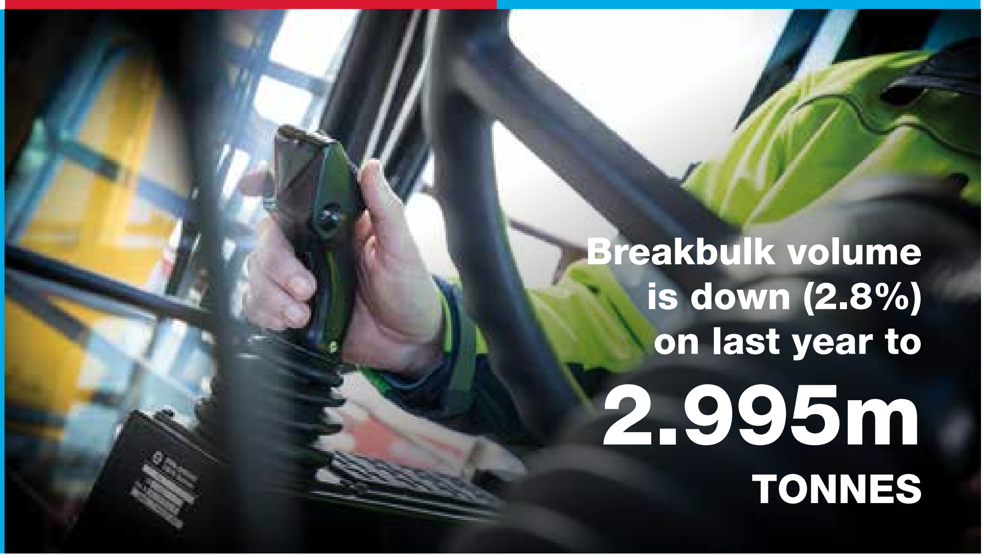
UP 5,244 OR 4.4%

CRUISE SHIP CALLS

31

compared to 27 the previous year,

UP 4



Breakbulk volume is down (2.8%) on last year to

2.995m TONNES

Welcome to Ports of Auckland interim report for the first half of the 2016 financial year. We are pleased to announce a solid interim result for the six months to 31 December 2015.

Liz Coutts Takes on Chair Role

Liz Coutts, a director since 2010, was elected the chair of the Board in December. Liz brings extensive experience as a director and chair to our Board, with a strong background in supply chain, manufacturing and primary industries including forest products, fishing and agriculture. The Board and Management have congratulated her on her appointment.

The operations of the port have been anything but plain sailing. We have been facing some headwinds created by global trade and shipping changes, which are discussed further.

Financial Performance

For the six months ended 31 December 2015, the reported unaudited net profit after tax (NPAT) of $31.6 million represents an 9.5% increase over last year's $28.9 million.

Total TEU volume is down 3.3% on last year to 474,613 and breakbulk volume (including vehicles) is down 2.8% on last year to 2.995m tonnes. The fall is largely due to a drop in demand for iron sand, while car volumes continued to grow, albeit at a slower rate. Car volumes were up 4.4% to 124,009 units.

Revenue was down 2.2% to $106.1 million, compared to $108.5 million in the same period last year. Despite the revenue decline, profit is up due to lower costs, primarily as a result of the timing of spending on repairs and maintenance.

Dividend

Ports of Auckland has declared a dividend of $25.9 million for the half year, compared to a declared dividend of $25.5 million for the same period last year. This represents 81.9% of the after tax profit for the period.

Freight Hub Network

Ports of Auckland has always been import dominant, a reflection of the fact we are located in New Zealand's biggest city. Balancing import and export volumes has been a Board strategic priority discussed in our previous reports and we have been building a network of freight hubs in the North Island to support this strategy.

In this six month period we have announced we are establishing a Bay of Plenty freight hub in Mount Maunganui, opened a new cold store for Polarcold in Wiri and started on the construction of a cross-dock at Wiri. In January 2016 we signed a conditional agreement to purchase land for a Waikato freight hub.

The key benefit of our freight hub network is that it can be used to balance freight flows and eliminate unnecessary movement of empty containers. By driving out waste from the supply chain we can lower the cost to importers and exporters. All our hubs are linked by rail, which also supports one of our sustainability targets to move more containers by rail.

Our North Island freight hub network now includes Wiri (South Auckland), the Manawatu, Bay of Plenty and now in development, the Waikato. More than half of New Zealand's freight movements occur between Auckland, the Waikato, and the Bay of Plenty.

The Board now intends to consider whether there would be benefits extending our network to the South Island, whether it would strengthen our position and benefit New Zealand importers and exporters through more competitive supply chain arrangements.

Container Terminal Automation

We have started the second round of consultation on the proposal to partially automate our container terminal. Automation is expected to lower costs while also increasing capacity and productivity – we will be able to handle more containers on the same land area.

Consultation will take around six weeks and a decision on whether or not to proceed with partial automation is expected to be made in April 2016.

$7,000

DONATED TO THE WILLIAM C DALDY RESTORATION FUND

Waitematā Port

Over many years we have been consolidating our operations to our location at the eastern end of the Waitematā Harbour, releasing land for a variety of public uses. A further step in this process will be the shift of Holcim cement handling from Onehunga to Waitematā. Holcim's new facility is almost complete, and we are now negotiating the sale of the Onehunga port to release further water side land.

The 20-year project to expand Fergusson Container terminal is in its final stages. Construction of a wharf along the north face of the terminal started in October 2015 and is due to be completed in early 2017. When complete it will give the container terminal a much needed third berth, with deep water, capable of taking the next generation of container ships expected to visit New Zealand.

Auckland Council, our owner, has established a stakeholder group to consider the port's long-term location. The Board supports this work and management are taking an active part in the process. No matter where the port is located, the Board's focus will remain on delivering operational excellence and maintaining our position as Australasia's most efficient port, serving New Zealand's importers and exporters and our largest city.

Ports of Auckland plays an active role in the Auckland and New Zealand community.

Our Community

Ports of Auckland plays an active role in the Auckland and New Zealand community. Over the Auckland anniversary weekend we opened up the port to the public and attracted over 60,000 Aucklanders to explore the port and experience a range of exhibits. This is the third year we have undertaken this community engagement we call SeePort. We are also lead sponsor for the Ports of Auckland Anniversary Day Regatta, an iconic sailing event which dates back to 1840.

Planning is underway for the Ports of Auckland Round the Bays fun run event in March. It will be the seventh year we have supported this community event that attracted nearly 30,000 participants and raised over $160,000 for charity last year.

We have partnered with SCOUTS NZ since 2014, providing sails for Sea Scouts, and sponsoring a regional development manager in Auckland. SCOUTS have participated in SeePort for the last two years, showcasing their organisation and especially their skill and safety around water. Our support for SCOUTS NZ is resulting in strong membership growth for this important organisation.

Our People

Many of our employees assist at the SeePort open days and take part in the Ports of Auckland Round the Bays event – this year our staff and family team will number over 1000! We are very appreciative of their support for Ports of Auckland.

As noted above we have started the second round of consultation on the proposal to partially automate our container terminal. If the project proceeds around 50 stevedoring roles will go. Our priority is to manage this transition in a way that keeps the impact on our existing staff to a minimum. Should the project proceed it would take around three years to implement, over which time we would be able to manage the reduction in roles through staff turnover and retirement. There may also be an opportunity for some staff to retrain for higher skilled roles and as trade through the port grows there will be a general uplift in staff numbers.

It is estimated that Ports of Auckland facilitates over 187,000 jobs in the Auckland region. By continuing to invest in technology which improves our efficiency we will be able to continue to support economic growth and job creation in Auckland and New Zealand.

60,000

VISITORS TO SEEPORT 2016

The Global Shipping Report

On a global scale, cellular container shipping capacity increased 8.5% in 2015 above 2014. CCFI (China Containerised Freight Index – an index of freight rates from China to various destinations) dropped 32% and vessel charter rates dropped 23% year on year. A total of 255 container vessels were ordered in 2015 for delivery over the next few years totalling over 2.3m TEU in capacity and estimated at US$20Bn, 98% higher than 2014. Approximately. 24% of the ship orders placed were for vessels in the 18,000-22,000 TEU range. Indications from various sources state Global Trade Growth is estimated to be between 1-3% YOY and to continue at this level for the next few years.

$2.3 million

ADDITIONAL TEU CAPACITY TO AN ALREADY OVERSATURATED MARKET

The health and safety of our people is of paramount importance to us, and we are pleased to report there have been no major issues during this Report period.

Global Trade, International Shipping and Outlook

Container shipping lines have been building larger ships in an effort to reduce unit costs, while trade growth has been low. The resulting over-capacity has caused rates to tumble as lines compete for market share. There is no end in sight, with lines' global losses estimated to exceed US$5 billion this year. Lines are looking to cut costs and are shedding staff, rationalising routes and undertaking mergers and take-overs. They are also looking to ports to reduce costs.

New Zealand is a small market in world terms, with something like a 30% excess of capacity on shipping routes. With Maersk having tied up a large share of export volumes as a result of their arrangement with Tauranga and Kotahi, there is fierce competition for inbound cargos. This has resulted in route rationalisation with some lines allocating vessel space to import cargoes for Australia rather than competing for New Zealand imports, and some lines leaving the New Zealand trade altogether. This has contributed to a 3% decline in POAL volumes year to date.

This struggle by lines to secure market share will continue into the second half and beyond.

Our strategy is to ensure we offer the best service possible and keep our costs low. As noted above we are building a freight hub network to squeeze costs out of the supply chain and we are looking at automation to help increase capacity and reduce on-port costs. We have also worked hard to improve our efficiency, delivering fast turnaround times for shipping lines and faster times to market for importers and exporters.

Liz Coutts
Chair

Tony Gibson
Chief Executive

Financial statements

Income statement

For the six months ended 31 December 2015

		GROUP	
	NOTES	**31 DECEMBER 2015 UNAUDITED $'000**	31 DECEMBER 2014 UNAUDITED $'000
Revenue	1	**106,140**	108,564
Expenses			
Employee benefit expenses	2	**(29,259)**	(29,137)
Other operating expenses	2	**(24,019)**	(30,764)
Depreciation and amortisation	5, 7	**(12,047)**	(10,358)
Finance costs	3	**(5,967)**	(5,593)
Total expenses		**(71,292)**	(75,852)
Trading profit before income tax		**34,848**	32,712
Share of profit from equity accounted investments		**698**	916
Profit / (loss) before income tax		**35,546**	33,628
Income tax expense	4	**(3,897)**	(4,725)
Profit / (loss) for the period		**31,649**	28,903

Statement of comprehensive income

For the six months ended 31 December 2015

		GROUP	
	NOTES	**31 DECEMBER 2015 UNAUDITED $'000**	31 DECEMBER 2014 UNAUDITED $'000
Profit / (loss) for the period		**31,649**	28,903
Other comprehensive income			
Cash flow hedges, net of tax		**(351)**	(1,763)
Net change in fair value of equity securities		**82**	(2,630)
Other comprehensive income net of income tax		**(269)**	(4,393)
Total comprehensive income for the period net of tax attributable to the owners of the Parent		**31,380**	24,510

These financial statements were approved by the Board on 15 February 2016.

Signed on behalf of the Board by:

E.M. Coutts
Director

W. Walden
Director

The notes and accounting policies form part of and are to be read in conjunction with these financial statements

Statement of financial position

As at 31 December 2015

		GROUP		
	NOTES	**31 DECEMBER 2015 UNAUDITED $'000**	31 DECEMBER 2014 UNAUDITED $'000	30 JUNE 2015 AUDITED $'000
Current assets				
Cash and cash equivalents		**412**	249	3,283
Trade and other receivables		**25,850**	31,998	22,763
Inventories		**4,486**	3,886	4,198
Non-current assets held for sale	6	**18,394**	-	-
Total current assets		**49,142**	36,133	30,244
Non-current assets				
Property, plant and equipment	5	**654,344**	624,506	666,634
Intangible assets	7	**19,133**	14,691	17,200
Investment properties	8	**114,083**	73,107	103,011
Equity securities		**23,506**	22,191	23,424
Investments and advances		**9,068**	9,467	9,615
Derivative financial instruments		**-**	121	-
Total non-current assets		**820,134**	744,083	819,884
Total assets		**869,276**	780,216	850,128
Current liabilities				
Interest bearing liabilities	9	**3,469**	34,801	52,929
Trade and other payables		**35,370**	18,752	36,640
Tax payable		**65**	15,312	1,499
Provisions		**9,175**	6,362	9,352
Derivative financial instruments		**1,025**	825	532
Deferred income		**20**	22	23
Other current liabilities		**19**	-	-
Total current liabilities		**49,143**	76,074	100,975
Non-current liabilities				
Interest bearing liabilities	9	**214,697**	154,915	160,000
Derivative financial instruments		**6,171**	3,663	6,177
Provisions		**1,351**	1,215	1,351
Deferred income		**634**	656	645
Deferred tax liabilities		**60,841**	55,060	59,662
Total non-current liabilities		**283,694**	215,509	227,835
Total liabilities		**332,837**	291,583	328,810
Net assets		**536,439**	488,633	521,318
Equity				
Share capital		**146,005**	146,005	146,005
Reserves		**111,280**	89,320	111,549
Retained earnings		**279,154**	253,308	263,764
Total equity		**536,439**	488,633	521,318

The notes and accounting policies form part of and are to be read in conjunction with these financial statements

Statement of changes in equity

For the six months ended 31 December 2015

GROUP	NOTES	ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP SHARE CAPITAL $'000	OTHER RESERVES $'000	RETAINED EARNINGS $'000	TOTAL EQUITY $'000
Balance at 1 July 2014		**146,005**	**93,713**	**253,709**	**493,427**
Profit / (loss) for the period		-	-	28,903	28,903
Other comprehensive income		-	(4,393)	-	(4,393)
Total comprehensive income		-	(4,393)	28,903	24,510
Other movements					
Equity dividends		-	-	(29,302)	(29,302)
Other movements		-	-	(2)	(2)
Total other movements		-	-	(29,304)	(29,304)
Balance at 31 December 2014 - Unaudited		**146,005**	**89,320**	**253,308**	**488,633**
Balance at 1 July 2015		**146,005**	**111,549**	**263,764**	**521,318**
Profit / (loss) for the period		-	-	31,649	**31,649**
Other comprehensive income		-	(269)	-	**(269)**
Total comprehensive income		-	(269)	31,649	**31,380**
Other movements					
Equity dividends		-	-	(16,259)	**(16,259)**
Total other movements		-	-	(16,259)	**(16,259)**
Balance at 31 December 2015 - Unaudited		**146,005**	**111,280**	**279,154**	**536,439**

The notes and accounting policies form part of and are to be read in conjunction with these financial statements

Statement of cash flows

For the six months ended 31 December 2015

	NOTES	GROUP 31 DECEMBER 2015 UNAUDITED $'000	GROUP 31 DECEMBER 2014 UNAUDITED $'000
Cash flows from operating activities			
Receipts from customers		**119,666**	130,091
Payments to suppliers and employees		**(72,839)**	(79,178)
Dividends received		**1,817**	1,617
Interest received		**29**	18
Interest paid		**(5,754)**	(5,490)
Income taxes paid		**(48)**	(74)
Net cash flows from operating activities		**42,871**	46,984
Cash flows from investing activities			
Purchase of subsidiary, net of cash acquired		**(2)**	(4)
Payment for intangible assets		**(3,080)**	(4,176)
Payments for property, plant and equipment		**(32,035)**	(15,959)
Advances to related parties		**(50)**	-
Proceeds from sale of property, plant and equipment		**144**	-
Repayment of loans by related parties		**-**	(490)
Net cash flows from investing activities		**(35,023)**	(20,629)
Cash flows from financing activities			
Proceeds from issue of shares			
Proceeds from borrowings		**160,000**	30,000
Repayment of borrowings		**(150,000)**	(27,500)
Dividends paid		**(16,259)**	(29,302)
Net cash flows from financing activities		**(6,259)**	(26,802)
Net cash flows		**1,589**	(447)
Cash at the beginning of the period		**(4,646)**	(4,105)
Cash at the end of the period		**(3,057)**	(4,552)

The notes and accounting policies form part of and are to be read in conjunction with these financial statements

Statement of cash flows (continued)

For the six months ended 31 December 2015

Reconciliation of profit after income tax to net cash flows from operating activities	NOTES	GROUP 31 DECEMBER 2015 UNAUDITED $'000	31 DECEMBER 2014 UNAUDITED $'000
Profit for the period		**31,649**	28,903
Adjusted for:			
Depreciation and amortisation		**12,047**	10,358
Movements in borrowings allocated to interest paid		**(320)**	31
Movement in deferred revenue		**(14)**	(11)
Net (gain) / loss on sale of investments		**2**	-
Net (gain) / loss on sale of other non-current assets		**(127)**	50
Change in operating assets and liabilities:			
Trade and other receivables		**(3,082)**	2,952
Trade and other payables		**(1,256)**	355
Income tax payable		**(1,435)**	5,485
Deferred tax liability		**1,315**	(834)
Other provisions		**(178)**	(121)
Inventory		**(3)**	-
Other operating assets		**(287)**	(8)
Movement in Associate and Joint Venture		**597**	219
Capital items included in working capital movements		**3,963**	(395)
Net cash flows from operating activities		**42,871**	46,984

The notes and accounting policies form part of and are to be read in conjunction with these financial statements

Notes to the financial statements

Reporting entity and nature of operations

The interim financial statements presented are those of Ports of Auckland Limited (the Company) and its subsidiaries, associates and joint ventures (the Group). Ports of Auckland Group is a designated profit-oriented entity, for the six months ended 31 December 2015.

Ports of Auckland own and operate New Zealand's largest container port, a major gateway for trade on the North Island's east coast and the regional Port of Onehunga on the west coast.

Statutory base

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

The address of its registered office is Ports of Auckland Building, Sunderland Street, Mechanics Bay, Auckland 1010.

Basis of preparation

The interim financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP). They comply with NZ IAS 34 Interim Financial Reporting and IAS 34 Interim Financial Reporting and consequently do not include all the information required for full financial statements. These condensed Group interim financial statements should be read in conjunction with the Ports of Auckland Limited Financial Statements for the year ended 30 June 2015.

The interim financial statements have been prepared in accordance with the External Reporting Board A1 Tier 1 For-profit entities.

The interim financial statements for the six month period ended 31 December 2015 and 31 December 2014 are unaudited. The comparative information for the year ended 30 June 2015 is audited.

The interim financial statements were approved by the Board of Directors on 15 February 2016.

Basis of measurement

The interim financial statements have been prepared on the historical cost basis, modified by the revaluation of property, plant and equipment, financial assets measured at fair value through other comprehensive income, derivative financial instruments and investment properties and are presented in New Zealand dollars which is the Company's functional currency and all values are rounded to the nearest thousand dollars ($'000).

Accounting policies

The accounting policies set out in these interim financial statements are consistent for all periods present in these financial statements.

Basis of consolidation

The consolidated financial statements include those of the Company and its subsidiaries, accounted for using the acquisition method, and the results of its associates and joint ventures, accounted for using the equity method.

All material intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Unrealised gains on transactions between the Group, associates and joint ventures are eliminated to the extent of the interest in the associates and joint ventures.

Subsidiaries, associates and joint venture companies

Subsidiaries are entities that are controlled either directly or indirectly by the Company.

Associates are those entities over which the Company holds a significant but not controlling interest. Joint ventures are entities whose activities are jointly controlled by the Group and the Group has rights to the net assets of the entity. Investments in associates and joint ventures are accounted for using the equity method and are measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets. Goodwill relating to associates and joint ventures is included in the carrying amount of the investment. Dividends reduce the carrying value of the investment.

The amount recognised in the income statement reflects the Group's share of earnings of associates and joint ventures.

Investments in associates and joint ventures are carried at the lower of the equity accounted amount and the recoverable amount. When the Group's share of accumulated losses in an associate or joint venture equals or exceeds its carrying value, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

Goods and services tax (GST)

The income statement has been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities is classified as part of operating activities.

Notes to the financial statements (continued)

Critical accounting estimates and assumptions

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 on-going basis. Actual results may differ from those estimates.

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.

Useful lives of property, plant and equipment

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.

Fair value of property, plant and equipment and investment property

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 requires an estimation of the amounts for which these assets could be sold in an orderly transaction between market participants at the measurement date. The determination of value for these assets has a significant impact on the total asset value reported and in the case of property, plant and equipment the depreciation expense recognised.

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.

1. Revenue

	GROUP	
	31 DECEMBER 2015 UNAUDITED $'000	31 DECEMBER 2014 UNAUDITED $'000
Revenue		
Port operations income	**103,250**	106,161
Rental income	**2,158**	1,863
Gain on disposal of property, plant and equipment	**144**	4
Dividend income	**559**	518
Interest income	**29**	18
Total revenue	**106,140**	108,564

2. Operating Expenses

	GROUP	
	31 DECEMBER 2015 UNAUDITED $'000	31 DECEMBER 2014 UNAUDITED $'000
Employee benefit expenses		
Salaries and wages	**28,153**	28,051
Restructuring costs	**16**	4
Pension costs	**1,090**	1,082
Total employee benefit expenses	**29,259**	29,137
Other operating expenses		
Contracted services	**8,442**	11,326
Repairs and maintenance	**6,780**	11,129
Fuel and power	**2,317**	3,014
Other expenses	**6,348**	5,187
Auditor's fees		
Audit fees	**132**	108
Other assurance services	**-**	-
Total other operating expenses	**24,019**	30,764

3. Finance costs

	GROUP	
	31 DECEMBER 2015 UNAUDITED $'000	31 DECEMBER 2014 UNAUDITED $'000
Finance costs		
Interest and finance costs	**5,967**	5,593
Total finance costs	**5,967**	5,593

4. Income tax

	GROUP	
	31 DECEMBER 2015 UNAUDITED $'000	31 DECEMBER 2014 UNAUDITED $'000
Income statement		
Current income tax		
Current year	**9,905**	10,944
Adjustment for prior years	**(1,558)**	332
Loss offset utilisation	**(5,044)**	(5,074)
Tax credit utilisation	**(722)**	(643)
Deferred income tax		
Temporary differences	**452**	(834)
Adjustment for prior years	**864**	-
Income tax expense	**3,897**	4,725
Statement of changes in equity		
Cash flow hedges	**(136)**	(686)
Income tax reported in equity	**(136)**	(686)

	GROUP	
Reconciliation of effective tax rate	**31 DECEMBER 2015 UNAUDITED $'000**	31 DECEMBER 2014 UNAUDITED $'000
Profit / (loss) before income tax	**35,546**	33,628
Tax at 28%	**9,953**	9,416
Adjustments		
Non-deductible expenses	**235**	742
Adjustment for prior years	**(693)**	332
Loss offset utilisation	**(5,044)**	(5,074)
Tax credit utilisation	**(722)**	(643)
Sundry items	**168**	(48)
Income tax expense	**3,897**	4,725

The Company utilises losses from the wider Auckland Council Group. A subvention payment and loss offset election with Watercare Services Limited will be made in March for the 2015 tax period.

Tax loss benefits are also utilised from Auckland Council Investments Limited and sub group entities, ATEED, Auckland Transport, Panuku Development Auckland Limited and Auckland Council.

These can give rise to prior year adjustments upon filing of the company's tax return.

5. Property, plant and equipment

	GROUP						
	FREEHOLD LAND $'000	**FREEHOLD BUILDINGS $'000**	**PLANT AND EQUIPMENT $'000**	**WHARVES $'000**	**PAVEMENT $'000**	**OTHER $'000**	**TOTAL $'000**
Net book value at 1 July 2014	**226,124**	**25,304**	**76,597**	**217,748**	**62,420**	**9,150**	**617,343**
Movement							
Additions	-	1,228	9,880	3,499	610	1,698	16,915
Disposals	-	(115)	(114)	-	-	(51)	(280)
Reclassifications	-	26	-	-	-	(26)	-
Depreciation charge	-	(322)	(5,835)	(1,664)	(696)	(955)	(9,472)
Movement to 31 December 2014	-	817	3,931	1,835	(86)	666	7,163
Balances							
Cost	226,124	29,997	203,522	221,554	72,992	41,339	795,528
Work in progress at cost	-	1,183	10,318	6,226	860	2,035	20,622
Accumulated depreciation	-	(5,059)	(133,312)	(8,197)	(11,518)	(33,558)	(191,644)
Net book value at 31 December 2014 - Unaudited	**226,124**	**26,121**	**80,528**	**219,583**	**62,334**	**9,816**	**624,506**
Net book value at 1 July 2015	**232,785**	**28,980**	**94,427**	**236,287**	**63,789**	**10,366**	**666,634**
Movement							
Additions	-	163	4,980	7,250	3,903	725	**17,021**
Disposals	-	-	-	-	-	(17)	**(17)**
Reclassifications	(7,770)	(1,145)	(26)	(8,465)	(872)	(116)	**(18,394)**
Depreciation charge	-	(385)	(6,910)	(1,803)	(697)	(1,105)	**(10,900)**
Movement to 31 December 2015	(7,770)	(1,367)	(1,956)	(3,018)	2,334	(513)	**(12,290)**
Balances							
Cost	225,015	27,971	226,322	216,996	73,421	37,073	806,798
Work in progress at cost	-	163	6,809	18,054	5,465	2,188	32,679
Accumulated depreciation	-	(521)	(140,660)	(1,781)	(12,763)	(29,408)	(185,133)
Net book value at 31 December 2015 - Unaudited	**225,015**	**27,613**	**92,471**	**233,269**	**66,123**	**9,853**	**654,344**
Net book value at 1 July 2014	**226,124**	**25,304**	**76,597**	**217,748**	**62,420**	**9,150**	**617,343**
Movement							
Additions	-	845	12,889	11,792	2,781	3,567	31,874
Acquisitions	-	-	17,714	-	-	212	17,926
Disposals	-	(115)	(721)	(1,812)	-	(101)	(2,749)
Impairment	-	-	-	(4,517)	-	-	(4,517)
Revaluations - Reserves	8,996	3,476	-	15,534	-	-	28,006
Revaluations - Revenue	14,473	(257)	-	859	-	-	15,075
Reclassifications	(16,808)	393	-	-	-	(393)	(16,808)
Depreciation charge	-	(666)	(12,052)	(3,317)	(1,412)	(2,069)	(19,516)
Movement to 30 June 2015	6,661	3,676	17,830	18,539	1,369	1,216	49,291
Balances							
Cost	232,785	28,988	233,656	225,483	74,461	36,496	831,869
Work in progress at cost	-	-	5,218	10,804	1,562	2,388	19,972
Accumulated depreciation	-	(8)	(144,447)	-	(12,234)	(28,518)	(185,207)
Net book value at 30 June 2015 - Audited	**232,785**	**28,980**	**94,427**	**236,287**	**63,789**	**10,366**	**666,634**

5. Property, plant and equipment (continued)

Property, plant and equipment additions include finance costs capitalised of $nil (2014: $nil). The average effective interest rate used is 0.0% (2014: 0.0%).

Impairment losses recognised in respect of property, plant and equipment during the financial period amounted to $nil (2014: $nil).

Ports of Auckland is negotiating with Panuku Development Auckland to sell the Port of Onehunga and make it available for public use to Aucklanders. As a result of this the reclassifications of $18,394k within property, plant and equipment comprise Onehunga Wharf and related assets transferred to non-current assets held for sale.

	GROUP		
Capital commitments	**31 DECEMBER 2015 UNAUDITED $'000**	31 DECEMBER 2014 UNAUDITED $'000	30 JUNE 2015 AUDITED $'000
Property, plant and equipment	**7,744**	9,190	10,771
Intangible assets - software	**-**	3,044	700
Freight hubs	**6,689**	22,217	10,609
Container terminal	**43,567**	-	-
Total capital commitments	**58,000**	34,451	22,080

Capital commitments include the development of the South Auckland Freight Hub with the addition of a cool store, purpose built for Polarcold, and site enablement works in preparation for cross-docking facilities and additional handling capacity at Wiri.

A new tug berth, capable of taking four tugs is being built between Bledisloe container and Jellicoe wharves. This central location offers greater efficiency and fuel savings for the tug operation. Construction started in December 2015 and is due for completion in November 2016.

Fergusson Northern berth has been under construction since October 2015 and is due to be completed in March 2017. The berth and the reclamation behind it is the final phase of the Fergusson Container Terminal expansion which began in 2001. Fergusson North will provide a third berth at the container terminal, and one with deep-water, capable of taking ships of up to 300m.

6. Non-current assets held for sale

Ports of Auckland is negotiating with Panuku Development Auckland to sell the Port of Onehunga and make it available for public use to Aucklanders. The carrying amounts of the assets at Onehunga are analysed as follows:

Category	**AMOUNT $'000**
Land	7,770
Buildings and Improvements	10,624
Total	**18,394**

7. Intangible assets

	GROUP		
	GOODWILL $'000	COMPUTER SOFTWARE $'000	TOTAL $'000
Net book value at 1 July 2014	**3,300**	**12,007**	**15,307**
Movement			
Additions	-	3,576	3,576
Disposals	(3,300)	(6)	(3,306)
Amortisation charge	-	(886)	(886)
Movement to 31 December 2014	(3,300)	2,684	(616)
Balances			
Cost	-	18,383	18,383
Work in progress at cost	-	12,093	12,093
Accumulated depreciation and impairment	-	(15,785)	(15,785)
Net book value at 31 December 2014 - Unaudited	**-**	**14,691**	**14,691**
Net book value at 1 July 2015	**-**	**17,200**	**17,200**
Movement			
Additions	-	3,080	**3,080**
Amortisation charge	-	(1,147)	**(1,147)**
Movement to 31 December 2015	-	1,933	**1,933**
Balances			
Cost	-	26,112	**26,112**
Work in progress at cost	-	4,959	**4,959**
Accumulated depreciation and impairment	-	(11,938)	**(11,938)**
Net book value at 31 December 2015 - Unaudited	**-**	**19,133**	**19,133**
Net book value at 1 July 2014	**3,300**	**12,007**	**15,307**
Movement			
Additions	-	6,819	6,819
Disposals	(3,300)	(29)	(3,329)
Amortisation charge	-	(1,597)	(1,597)
Movement to 30 June 2015	(3,300)	5,193	1,893
Balances			
Cost	**-**	25,975	25,975
Work in progress at cost	**-**	2,015	2,015
Accumulated depreciation and impairment	**-**	(10,790)	(10,790)
Net book value at 30 June 2015 - Audited	**-**	**17,200**	**17,200**

8. Investment properties

	GROUP		
	31 DECEMBER 2015 UNAUDITED $'000	31 DECEMBER 2014 UNAUDITED $'000	30 JUNE 2015 AUDITED $'000
At fair value			
Balance at 1 July	**103,011**	73,033	73,033
Capitalised expenditure at cost	**11,072**	74	13,626
Net gain / (loss) from fair value adjustment	**-**	-	(457)
Other changes	**-**	-	16,809
Balance at 31 December (30 June)	**114,083**	73,107	103,011

Capital expenditure for the period includes the development of the South Auckland Freight Hub with the addition of a cool store, purpose built for Polarcold, and site enablement works in preparation for cross-docking facilities and additional inland port capacity.

9. Interest bearing liabilities

	GROUP						
	31 DECEMBER 2015 UNAUDITED			31 DECEMBER 2014 UNAUDITED			30 JUNE 2015 AUDITED
	AVAILABLE $'000	**DRAWN $'000**	**UNDRAWN $'000**	AVAILABE $'000	DRAWN $'000	UNDRAWN $'000	DRAWN $'000
Current							
Unsecured							
Bank overdraft	**10,000**	**3,469**	**6,531**	10,000	4,801	5,199	7,929
Other bank loans	**-**	**-**	**-**	30,000	30,000	-	45,000
Total current interest bearing liabilities	**10,000**	**3,469**	**6,531**	40,000	34,801	5,199	52,929
Non-Current							
Unsecured							
Other bank loans	**440,000**	**214,697**	**225,303**	210,000	154,915	55,085	160,000
Total non-current interest bearing liabilities	**440,000**	**214,697**	**225,303**	210,000	154,915	55,085	160,000
Total interest bearing liabilities	**450,000**	**218,166**	**231,834**	250,000	189,716	60,284	212,929

A new revolving advances facility agreement was signed on 29 July 2015. Bilateral agreements were signed with ANZ Bank New Zealand Limited, Westpac New Zealand Limited, Commonwealth Bank of Australia and Bank of Tokyo Mitsubishi UFJ, Ltd. The duration period of the revolving advances facilities vary from two to five years.

10. Related parties

Related party outstanding balances	GROUP **31 DECEMBER 2015 UNAUDITED $'000**	 31 DECEMBER 2014 UNAUDITED $'000
Current receivables		
Auckland Council Group	**26**	21
Associates and joint ventures	**1,279**	904
Total current receivables	**1,305**	925
Non-current receivables		
Auckland Council Group	**-**	-
Associates and joint ventures	**3,488**	5,553
Total non-current receivables	**3,488**	5,553
Current payables		
Auckland Council Group	**12,083**	34
Associates and joint ventures	**91**	-
Total current payables	**12,174**	34
Non-current payables		
Auckland Council Group	**-**	-
Total non-current payables	**-**	-

No provisions for doubtful debts have been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

Related party transactions	GROUP **31 DECEMBER 2015 UNAUDITED $'000**	 31 DECEMBER 2014 UNAUDITED $'000
Auckland Council Group		
Services provided by Ports of Auckland Ltd	**272**	132
Services provided to Ports of Auckland Ltd	**900**	1,001
Net dividend paid to ACIL	**16,259**	29,302
Associates and joint ventures		
Services provided by Ports of Auckland Ltd	**1,402**	211
Services provided to Ports of Auckland Ltd	**351**	187
Net dividends received	**1,297**	1,135
Advances	**50**	490
Subsidiaries		
Services provided by Ports of Auckland Ltd	**320**	1,360
Services provided to Ports of Auckland Ltd	**-**	107
Advance repayments	**4,080**	-

11. Commitments

	GROUP	
	31 DECEMBER 2015 UNAUDITED $'000	31 DECEMBER 2014 UNAUDITED $'000
Operating lease commitments: Group as lessee *(i)*		
Within one year	**646**	46
Greater than one year but not more than five years	**1,996**	-
Total operating lease commitments	**2,642**	46
Operating lease commitments: Group as lessor *(ii)*		
Within one year	**8,104**	6,729
Greater than one year but not more than five years	**18,056**	13,965
More than five years	**43,470**	27,627
Total operating lease commitments	**69,630**	48,321

(i) The Group leases land and premises 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.

(ii) The majority of operating leases relate to investment property owned by the Group with lease terms between 2 to 17 years. Further operating leases relating to buildings within port operational boundaries, included in property, plant and equipment, owned by the Group have lease terms between 1 and 26 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

12. Events occurring after the reporting period

A conditional sale and purchase agreement for land situated in the Waikato was signed on 21 January 2016 with a purchase price of $23,000,000. Certain conditions within the sale and purchase agreement need to be satisfied by 31 March 2016.

An unimputed interim dividend of 17.76 cents per ordinary share, totalling $25,925,000 was declared on 15 February 2016 for payment on 26 February 2016, in accordance with dividend policy.