



Northland Port
Corporation (NZ) Ltd

Interim Report

SIX MONTHS TO 31 DECEMBER 2004

Directory

Registered Office

Northland Port Corporation (NZ) Ltd
113 Bank Street
P O Box 848
Whangarei
New Zealand
Telephone 09 438 1279
Facsimile 09 438 7067
www.northlandportcorp.co.nz

Share Registrar

Computershare Investor Services Ltd
Private Bag 92119
Auckland 1030
New Zealand

Auditors

Controller and Auditor General
Under contract by Ernst & Young

Bankers

ASB Bank

Solicitors

Jones Young
Webb Ross Johnson

Directors

Mike Daniel, Chairman
Jim Hardie, Deputy Chairman
Robert Cooper
Michael Gross
Peter Hill
Rod McKay

Management

Jim Smellie, General Manager
Telephone 09 438 1278 (Direct)

Subsidiary Company

NPC Corporate Services Ltd
P O Box 848
Whangarei
New Zealand
Telephone 09 438 1279
Facsimile 09 438 7067

Associate Companies

Marsden Cove Ltd
P O Box 110
Orewa
New Zealand
Telephone 09 426 5079
Facsimile 09 426 8871

Northland Stevedoring Services Ltd
P O Box 1646
Whangarei
New Zealand
Telephone 09 438 8209
Facsimile 09 430 1289

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

Northport Ltd
P O Box 44
Ruakaka
New Zealand
Telephone 09 432 8740
Facsimile 09 432 8749

Northport Operating Ltd
P O Box 848
Whangarei
New Zealand
Telephone 09 438 1279
Facsimile 09 438 7067

Northport Services Ltd
P O Box 44
Ruakaka
New Zealand
Telephone 09 432 8740
Facsimile 09 432 8749

Chairman's Report

TRADING

Tax Paid profit for the six months was \$7.062 million compared with \$2.726 million for the previous corresponding period.

A little over \$7.0 million of the reported profit is attributable to the gain on the sale of assets with the main contributor being the profit from the sale of the Port Whangarei land plus small surpluses on other sales of assets and plant no longer required.

ASSOCIATE COMPANIES AND JOINT VENTURES

Northport Ltd

The slump in log trade continues to adversely affect Northport's performance. There are few commentators forecasting any short term recovery in demand nor any relief in the NZ dollar value or shipping costs. I can only repeat my comments in my address at our Annual General Meeting: "There is an inevitability that all the negative influences currently working against New Zealand's export of Pinus Radiata will change and we will see the dollar lose ground, shipping costs steady or drop and demand return. It is a question of when, not if, one or all of these cyclical occurrences return to positive territory for Northport. In the meantime the trees are growing and sooner or later they will come through our port in one form or another."

In January, Northport received \$3.0 million from Carter Holt being the value of the shortfall for the 2004 calendar year in terms of the throughput contract. The amount is not considered income and is posted as a prepayment in Northport's balance sheet.

The new transit store is now in use and has already facilitated new trade. The prospects of further trade growth through this additional facility are considered to be encouraging while trades other than logs continue at a healthy level.

Directors have yet to make a final decision on whether to proceed with the new Berth Funding proposals and final prices are expected to be with Directors shortly at which time an announcement will be made.

Marsden Cove Ltd

The New Year saw the Minister of Conservation sign the final consent for work to commence on the marina village and waterways joint venture with Hopper Developments.

The process took about twice the time and money budgeted, however during the approximate 18 month delay, demand and prices for the type of world best class development envisaged has increased markedly and shareholders stand to benefit from this in the medium term.

Total revenue generated from sales over the term of the project is now anticipated to exceed \$250 million, while the impact both on the economy and infrastructure of the region has yet to be fully appreciated by many.

Marsden Cove Ltd is now a very important investment to Northland Port Corporation.

North Port Coolstores (1989) Ltd & Northland Stevedoring Services UJV

Both of these operations continue to perform at very satisfactory levels of profitability.

NEW SHAREHOLDER

In December last year our main shareholder, the Northland Regional Council, sold part of its holding in your company to our neighbour, Ports of Auckland Ltd. Ports of Auckland Ltd now owns 19.9% of NPC while the Northland Regional Council remains the largest shareholder with a little over 52% of the shares.

MARSDEN POINT LAND BANK

Construction of a large bulk store on land leased from the Company (to be used mainly for fertiliser) will be completed by the end of April. There is strong interest being shown by a number of potential lessors seeking space for various projects most of which should result in throughput for Northport.

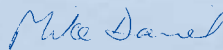
DIVIDEND

An interim dividend of 3.5 cents per share fully imputed is payable on 11 March 2005.

OUTLOOK FOR SECOND HALF

As mentioned earlier, the outlook for log throughput is dismal. This will have an ongoing negative effect on our 50% interest in Northport Ltd. We expect North Port Coolstores and Northland Stevedoring Services to perform satisfactorily.

No revenue is anticipated from Marsden Cove in the second half as the project gets into full development construction.



Mike Daniel
Chairman

Consolidated Statement of Financial Performance

For the Six Months Ended 31 December 2004

Year Ended 30 June '04 \$000	Note	Six Months Ended 31 Dec '04 \$000	Six Months Ended 31 Dec '03 \$000
Revenue			
730		339	392
196		522	130
886		93	–
4,236		1,947	2,050
706	1	595	789
79		68	23
6,833		3,564	3,384
Expenditure			
327		146	151
205		123	53
159	2	1,024	86
3,061		1,416	1,611
1,140		847	720
4,892		3,556	2,621
1,941		8	763
1,184		7,018	1,980
461		–	–
3,586		7,026	2,743
228		(36)	17
\$3,358		\$7,062	\$2,726

- Notes:**
- In accordance with FRS-38, the Group's share of Associate Companies' Retained Surplus is now incorporated in Total Revenue. The prior period comparative has been restated to reflect this change.
 - Included in Lease Costs for the current period is a sum of \$817,493 representing the present value of future lease payments in respect of property leased at Port Whangarei. This property is required to fulfill the Company's obligations to Northport Ltd for continued use of the Port Whangarei facilities until 30 June 2007 for which only token rental income is receivable from that Company. The adopted accounting treatment is in accordance with FRS-15.

Consolidated Statement of Movements in Equity

For the Six Months Ended 31 December 2004

Year Ended 30 June '04 \$000	Six Months Ended 31 Dec '04 \$000	Six Months Ended 31 Dec '03 \$000
43,301	83,662	43,301
3,358	7,062	2,726
45,090	–	–
Distributions to Owners:		
(3,940)	(2,074)	(2,696)
(4,147)	(4,147)	(4,147)
(24)	(11)	(20)
24	11	20
(8,087)	(6,221)	(6,843)
\$83,662	\$84,503	\$39,184

Consolidated Statement of Financial Position

As at 31 December 2004

As at 30 June '04 \$000		As at 31 Dec '04 \$000	As at 31 Dec '03 \$000
Equity			
10,461	Subscribed Equity	10,461	10,461
45,090	Revaluation Reserve	45,090	–
<u>28,111</u>	Accumulated Surplus	<u>28,952</u>	<u>28,723</u>
83,662		84,503	39,184
Term Liabilities			
–	Accrued Expenses - Term Portion	470	–
<u>2,550</u>	ASB Bank Facility	<u>5,000</u>	<u>3,250</u>
2,550		5,470	3,250
Current Liabilities			
–	Bank Overdraft	273	681
714	Creditors & Accrued Expenses	936	924
<u>54</u>	Provision for Taxation	<u>154</u>	<u>–</u>
768		1,363	1,605
<u>\$86,980</u>		<u>\$91,336</u>	<u>\$44,039</u>
Non-Current Assets			
46,158	Plant, Property & Equipment	46,817	12,537
26,215	Investments in Associated Companies	26,835	22,843
4,687	Other Investments	4,893	607
4,116	Advances	11,709	6,614
<u>178</u>	Deferred Tax Asset	<u>327</u>	<u>200</u>
81,354		90,581	42,801
Current Assets			
427	Cash & Deposits	292	85
621	Trade Debtors & Prepayments	463	1,015
–	Taxation Refundable	–	129
4,460	Plant, Property & Equipment (held for resale)	–	–
114	Other Investments (held for resale)	–	–
<u>4</u>	Stores & Materials	<u>–</u>	<u>9</u>
5,626		755	1,238
<u>\$86,980</u>		<u>\$91,336</u>	<u>\$44,039</u>

Consolidated Statement of Cash Flows

For the Six Months Ended 31 December 2004

Year Ended 30 June '04 \$000		Six Months Ended 31 Dec '04 \$000	Six Months Ended 31 Dec '03 \$000
Cash Flows from Operating Activities			
<i>Cash was provided from:</i>			
5,451	Cash from Customers	2,521	2,810
886	Proceeds from Dividends	–	–
198	Proceeds from Interest Received	38	132
<u>6,535</u>		<u>2,559</u>	<u>2,942</u>
<i>Cash was applied to:</i>			
(4,657)	Cash paid to Suppliers & Employees	(2,429)	(2,754)
(142)	Interest Paid	(122)	(37)
(28)	Income Tax Paid	(12)	(22)
<u>(4,827)</u>		<u>(2,563)</u>	<u>(2,813)</u>
<u>1,708</u>	Net Cash Inflow from Operating Activities	<u>(4)</u>	<u>129</u>
Cash Flows from Investing Activities			
<i>Cash was provided from:</i>			
1,168	Sale of Plant, Property & Equipment	5,508	892
6,241	Sale of Investment in Associate	–	–
–	Sale of Shares	1	–
–	Sale of Other Investments	115	–
1,524	Advances Repaid	–	–
<u>8,933</u>		<u>5,624</u>	<u>892</u>
<i>Cash was applied to:</i>			
(3,376)	Purchase of Plant, Property & Equipment	(992)	(2,370)
(450)	Purchase of Shares / Equity Contributions	–	(450)
(5,525)	Purchase of Capital Notes	–	–
(513)	Advances to Associate Companies	(1,265)	(392)
<u>(9,864)</u>		<u>(2,257)</u>	<u>(3,212)</u>
<u>(931)</u>	Net Cash Outflow from Investing Activities	<u>3,367</u>	<u>(2,320)</u>
Cash Flows from Financing Activities			
<i>Cash was provided from:</i>			
2,550	ASB Bank Facility	2,450	3,250
<i>Cash was applied to:</i>			
(8,088)	Dividends Paid	(6,221)	(6,843)
<u>(5,538)</u>	Net Cash Outflow from Financing Activities	<u>(3,771)</u>	<u>(3,593)</u>
(4,761)	Net Increase (Decrease) in Cash Held	(408)	(5,784)
5,188	Add Opening Cash Balance	427	5,188
<u>\$427</u>	CLOSING CASH BALANCE	<u>\$19</u>	<u>(\$596)</u>

Consolidated Operating Cash Flow Reconciliation

For the Six Months Ended 31 December 2004

Year Ended 30 June '04 \$000		Six Months Ended 31 Dec '04 \$000	Six Months Ended 31 Dec '03 \$000
3,358	Net Surplus	7,062	2,726
	<i>Add (Subtract) Non-Cash items:</i>		
327	Depreciation	146	151
7	Doubtful/Bad Debts	–	–
–	Non-Cash Interest Income	(485)	–
–	Non-Cash Dividend	(2)	–
38	Deferred Taxation	(148)	17
(706)	Share of Associate Companies' Retained Surplus	(595)	(789)
(42)	Other Non-Cash Items	–	–
(376)		(1,084)	(621)
7	Deferred Tax Asset Sold	–	7
	<i>Add (Subtract) Working Capital Items:</i>		
244	Movement in Debtors & Prepayments	158	(143)
26	Movement in Stores and Materials	4	22
163	Movement in Provision for Taxation	101	(21)
(71)	Movement in Creditors & Accrued Expenses	221	139
362		485	(3)
3	Non-Operating items included in working capital movements above	83	–
–	Movement in Non-Current Accrued Expenses	470	–
	<i>Less Items classified as investing activities:</i>		
(1,185)	Gain on Sale of Plant, Property & Equipment	(7,018)	(1,980)
(461)	Gain on Sale of Investment in Associate Company	–	–
–	Gain on Sale of Other Investment	(1)	–
(1,646)		(7,019)	(1,980)
\$1,708	Net Cash Flow from Operating Activities	(\$4)	\$129

These unaudited interim financial statements have been prepared in accordance with the accounting policies as stated in the published financial statements of 30 June 2004.

**Northland Port
Corporation (NZ) Ltd**

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