Lyttelton Port of Christchurch

ANNUAL REPORT 2013

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WHO WE ARE

Lyttelton Port of Christchurch is New Zealand's third largest deep water Port. It provides a vital link in international trade routes and plays a key role in the global transport network.

As the South Island's biggest port, handling over 350,000 TEUs (20-foot equivalent units) of containerised cargo a year, LPC is the preferred trade gateway for the exports and imports of Canterbury and beyond, and is essential to the region's businesses and consumers.

The Port caters for a diverse range of containerised, bulk and breakbulk cargoes, and offers a full array of shipping services, 24 hours a day, 365 days a year.

At the Lyttelton Container Terminal, specialised cargo-handling and stevedoring services are provided for general and refrigerated containers (reefers). The facility offers heavy-duty berths with a maximum draught capability of 12.4 metres. The berth area is serviced by three ship-to-shore container cranes, and has a storage capacity of up to 7,500 containers and approximately 700 reefer plugs. The container terminal is fully serviced by rail.

Located six kilometres from the main Port, CityDepot is LPC's inland container port. It has the capacity to store up to 9,000 TEUs, and provides an extensive container repair, wash and storage facility in a centralised location. It is one of the most substantial off-wharf container operations in New Zealand, and offers both road and rail interchange.

LPC's coal facility is the largest in New Zealand and currently exports 2 million tonnes annually. Coal is received from the West Coast of the South Island and stockpiled in the coal yard in preparation for loading onto specialised vessels. The Port has storage for up to 335,000 tonnes of coal, with some stockpiles over 15 metres high and weighing up to 70,000 tonnes.

The timely berthing and safe handling of vessels is critical to the shipping industry. LPC provides full marine services, including tugboats to manoeuvre vessels in and out of berths, pilots to guide ships into and out of the Port, staff to assist with berthing and casting off, and security.

The Port has the South Island's only dry dock, which is regularly used by a wide variety of vessels for maintenance, repairs and repainting. Also within the Inner Harbour, LPC caters for bulk products such as petroleum, fertiliser, gypsum, cement, logs, conventional breakbulk (non-containerised cargoes), imported vehicles and the fishing industry.

The Company is by far the largest employer in the Lyttelton Harbour basin, with almost 500 staff with a wide variety of skill sets and backgrounds. LPC has approximately 800 shareholders and is listed on the New Zealand Stock Exchange. Christchurch City Council owns 79.57% of LPC's shares through Christchurch City Holdings Limited. Port Otago Limited owns 15.47%.

Over the years, the Port has undergone many changes to increase its cargo-handling capacity, and cater for the needs of cargo owners and the shipping industry. It has adapted to changes in vessel sizes and types, the containerisation of cargoes and cargo-handling methods.

The key to ongoing success is the ability to develop and expand to meet the existing and future needs of its customers and stakeholders.

A growing region

The Port continues to grow with the expansion of Canterbury, one of New Zealand's strongest regional economies. Exports, such as dry and reefer dairy, and frozen meat and vegetables, are forecast to keep rising. Imports are also rising, and are tipped to continue their upwards path over the long term as Christchurch rebuilds after the 2010-2011 earthquakes.

LPC is an integral part of the Christchurch Economic Development Strategy (CEDS), which provides a leadership and co-ordination role for projects that support a thriving and prosperous economy for greater Christchurch through integrated infrastructure networks.

24
hours a day

365
days a year

PLOTTING A COURSE

Opportunity is often found in disaster. The devastating Canterbury earthquakes of 2010 and 2011 created a number of operational difficulties and the Port is proud of the commitment displayed to ensure there was no impediment to the early stage of regional recovery and regional growth.

While in the short and medium term the earthquakes presented unprecedented challenges, they have also presented the opportunity to revisit, reanalyse and reset the strategic long-term direction for the Port.

Thank you to our customers for staying with us, and growing our volumes when the facilities have not always been ideal due to earthquake damage.

2013 HIGHLIGHTS

Lyttelton Port of Christchurch delivered another strong business performance, with a solid financial result and increased cargo volumes, as well as significant progress on earthquake remediation and planning for the Port's future.

- 4.5% rise in total container volumes to a record 351,217 TEUs.
- 9.2% rise in volumes at the Lyttelton Container Terminal to a record 345,940 TEUs.
- CityDepot handled a record number of containers.
- Te Awaparahi Bay reclamation grew to over 4 hectares.
- Two new breakbulk shipping services extended their services to Lyttelton.
- New Liebherr container crane ordered.
- Announcement of new service to USA and Europe.
- 5.81% rise in operating revenues to $110.7 million.
- Statutory profit after tax of $16.9 million.
- 11.2% increase in dry bulk imports.
- 30.9% increase in log exports.
- 24.6% increase in vehicle imports.

Four new state-of-the-art, diesel-electric Liebherr straddle carriers went into service, to increase productivity at the Container Terminal.

Strategy: Plotting a course

After the devastating Canterbury earthquakes, a new plan was required to remediate the Port and take advantage of new opportunities. We put in two hard years of detailed analysis and evaluation, and formulated the 30-year Port Remediation and Development Plan to take the Company forward. The Plan will be available for consultation with our wider community in late 2013.

Operations: Equipping for growth

New straddle carriers

During the year, we took delivery of four new Liebherr state-of-the-art diesel electric straddle carriers, which were assembled onsite. Four more straddles have been ordered and are expected to be in service by mid-2014.

Fourth ship-to-shore crane

To handle growing container volumes, a further significant commitment was made in ordering a fourth ship-to-shore gantry crane capable of handling larger container vessels. It has an outreach of 18 containers and is also expected to be in service in mid-2014. The arrival is timed to coincide with the Cashin Quay berth reinstatement programme and Container Terminal development work. The total investment for the new crane and four new straddle carriers is $17 million.

Infrastructure: Expanding the reclamation

The Te Awaparahi Bay reclamation further expanded during the year to over four of the total 10 hectares currently consented. The site is providing valuable space for cargo storage, and continues to provide an environmentally sensible option for disposing of clean hard fill from city earthquake demolitions.

Remediation: Repairs and improvements

Significant progress was made during the year on key Port projects. Insurance-related assessments and designs, as well as geotechnical investigations, were completed or progressed for the remediation of earthquake-damaged facilities. Maintenance dredging was completed. Land in the eastern Port was cleared for additional container-handling space, and extra yard area was provided at CityDepot.

The Te Awaparahi Bay reclamation grew to over four hectares, providing valuable cargo-storage space.

Resourcing: Powering up teams

To support our business growth, 97 new people were taken on during the year, primarily in container operations. Two new apprentices were taken on in our Mechanical Maintenance team. A Recovery Manager was appointed to the Executive Management Team to drive the Port's long-term Reinstatement and Development Plan.

Safety: Progress towards zero harm

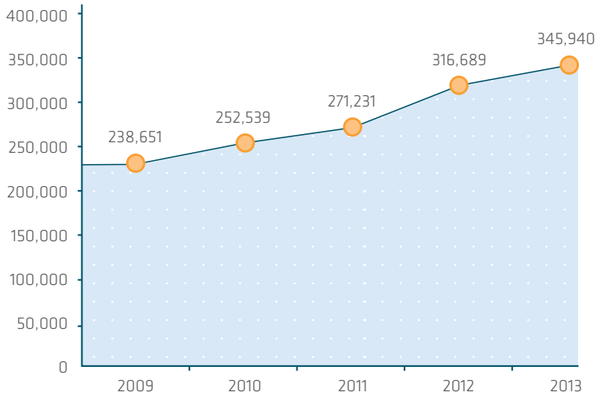
Thanks to our safety campaign, and to staff vigilance, injuries dropped significantly during the year. Lost-time injuries (LTIs) decreased by 12.5%. We retained our Tertiary status under ACC's Workplace Safety Management Practices Programme, after another robust biennial audit of our safety systems.

351,217 TEUs

A 4.5% rise in container volumes to a new record, and an increase in log exports and fuel, vehicle and dry bulk imports

Crane Rates
31.8
TEU/hour

LCT volumes (TEUs)



24.6%
increase in vehicle imports to 35,568 units

11.2%
increase in dry bulk cargo to 649,365 tonnes

30.9%
increase in log exports to 369,657 tonnes

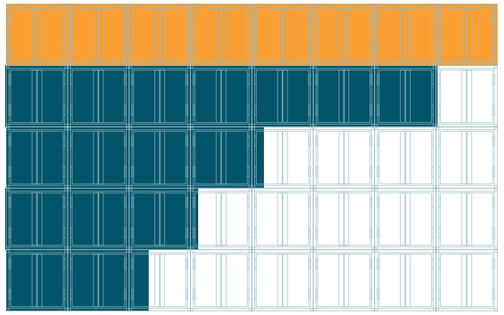
8.7%
Bulk fuel up 8.7% to 1,111,189 tonnes

42.4%
rise in cement imports to 164,623 tonnes

Coal volumes reached
2,014,949 tonnes

925
ship calls

Total container volumes



2013
351,217 TEUs

2012
336,182 TEUs

2011
290,842 TEUs

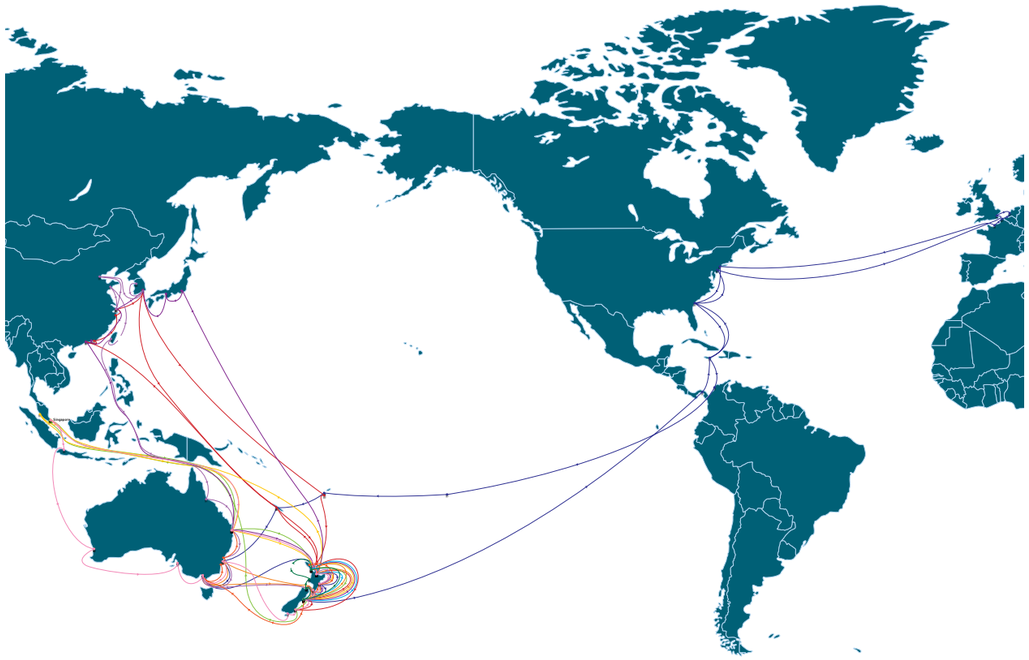
2010
273,789 TEUs

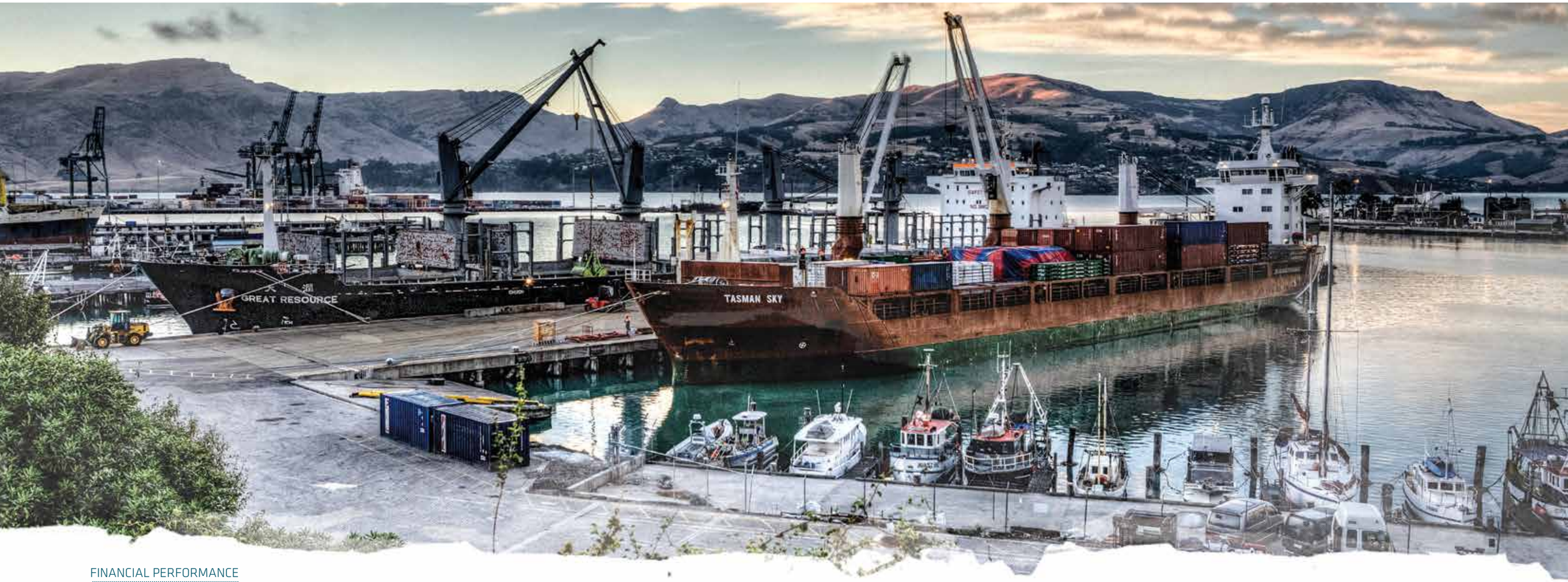
2009
259,933 TEUs

Berth Rates
60.7
TEU/hour

351,217 TEUS

Worldwide services through LPC





FINANCIAL PERFORMANCE

	30 June 2013 ($000)	30 June 2012 ($000)	Change (%)
Total revenue	110,657	104,546	5.8%
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	35,707	34,724	2.8%
Earnings before interest and taxation (EBIT)	24,796	23,796	4.2%
Earthquake-adjusted profit after taxation	15,146	17,041	(11.1%)
Earthquake impacts (net of taxation)	1,767	162	990.7%
Profit after taxation	16,913	17,203	(1.7%)
Total assets	270,677	273,536	(1.0%)
Shareholders' equity (percentage)	70.22%	62.88%	11.7%
Earnings per share (cents)	16.5	16.8	(1.8%)
Net asset backing per share (dollars)	2.65	2.67	(0.7%)

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

Annual Meeting

The Annual Meeting of Lyttelton Port Company Limited will be held at The George Hotel, 50 Park Terrace, Christchurch, on Friday 8 November 2013, commencing at 10.00am.

Annual Report

The Board of Directors is pleased to present the Annual Report of Lyttelton Port Company Limited for the year ended 30 June 2013.

For, and on behalf of, the Board:

Rodger Fisher
Chairman to 30 June 2013

Trevor Burt
Chairman from 1 July 2013

TRADE REVIEW

In another year of sustained volume growth, Lyttelton Port of Christchurch has again demonstrated its underlying strength and ability to perform operationally in difficult circumstances, as well as its vital support for the growth and economic prosperity of Canterbury, the South Island and the country in general.

Containers
Total container volumes reached another record high, with a 4.5% rise to 351,217 TEUs. Increased tranships contributed to the significant rise in both imports and exports.

Volumes through the Lyttelton Container Terminal achieved a new record at 345,940 TEUs, up 9.2% on last year, assisted by the movement of the Coastal Pacifica Service from the Inner Harbour to the Terminal.

Total imports rose 9.1% to 171,934 TEUs as goods destined for the rebuild of Christchurch are channelled through the Port. Imports are expected to remain strong as the rebuild gains momentum.

Exports increased 10.3% to 168,748 TEUs, thanks to strong dairy, meat and other dry and reefer volumes.

Export growth will continue, driven mainly by Fonterra's new Darfield milk powder processing plant. A new rail service linking Darfield and LPC began in April 2013, allowing Fonterra to transport directly to the Port via rail. From November 2013, CMA CGM and Marfret Compagnie Maritime will upgrade their joint direct service to the US and Europe, and will add Lyttelton as the only South Island call. This is expected to attract additional volume from throughout the South Island over the coming year.

CityDepot, our inland port located in Woolston, again handled record numbers of empty containers, with a corresponding increase in services such as surveys, repairs, wash, pre-trip inspections and storage. We expect growth to continue, with the establishment of the new Fonterra plant at Darfield and potential new volumes from further afield.

Record numbers of full containers are transitioning through CityDepot on our Fonterra Clandeboye rail service.

Coal
Coal exports achieved a throughput of 2,014,949 tonnes, falling 17.7% on last year's volumes. A large part of the drop off in volume can be attributed to Solid Energy's response to the extremely challenging global coal market, including the previously announced suspension of operations at the Spring Creek Mine.

Fuel
During the year we imported 1,111,189 tonnes of fuel in total, up 8.7% compared to 1,021,919 tonnes the previous year.

Vehicles
The vehicle trade experienced a significant increase of 24.6%, to a total 35,568 imported vehicles, including new and used cars, heavy vehicles and machinery. A contributing factor has been an increase in new-vehicle sales in the region, and the use of coastal shipping rather than trucking to bring imported vehicles south.

Dry bulk
Total dry bulk imports rose 11.2% to 649,365 tonnes for the year, thanks primarily to a 42.4% rise in cement imports from 115,567 to 164,623 tonnes, for the post-quake Christchurch rebuild. This increase is expected to continue. Meanwhile, fertiliser imports dropped 7.4% to 325,934 tonnes.

Logs
Strong off-shore demand for logs has seen exports rise 30.9% to a total of 369,657 tonnes. Market indications suggest we will see a softening during the next financial year.

Fishing
The fishing trade had a positive lift this year, with volumes up 11.5% to 28,917 tonnes. The loss of the Independent Fisheries cool store operations continues to affect the trade.

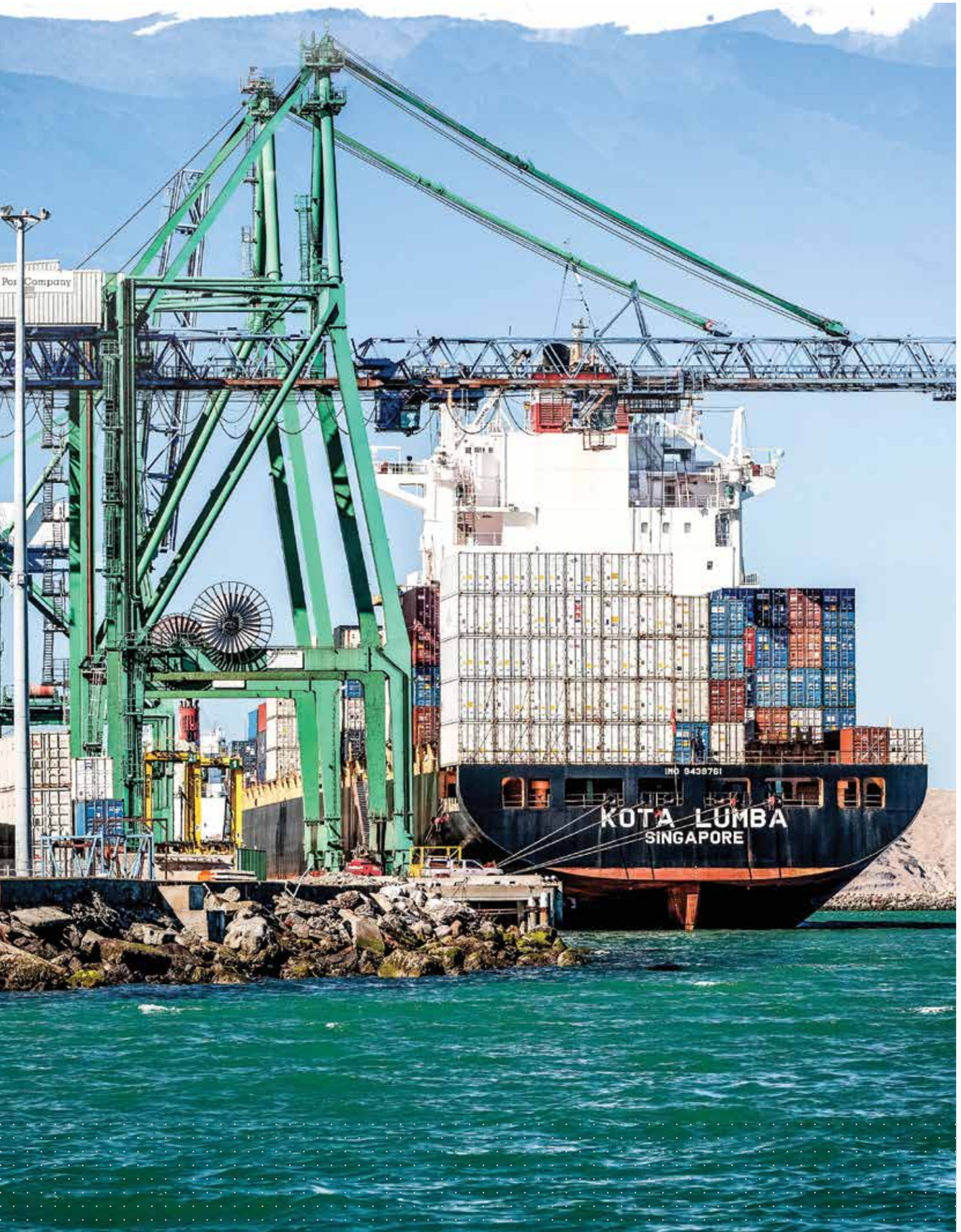
Ship visits
Total ship visits were 925, down 3.2%, mostly due to small fluctuations in different trades. Notably, however, breakbulk vessel calls rose due to the introduction of two new services, and while fertiliser vessel calls dropped, cement, log and vehicle vessel calls rose for the year. Container vessel calls remained the same as the previous year, although capacity increased with a number of larger vessels deployed on services.

10.3%

increase in total container exports to 168,748 TEUs

9.1%

rise in total container imports to 171,934 TEUs



REPORT FROM THE CHAIRMEN

Almost three years on from the Canterbury earthquakes, Lyttelton Port of Christchurch has achieved a significant milestone along the way to recovery, with a new long-term strategic plan developed and preparations underway to move forward.

Following the temporary repairs programme undertaken post the earthquakes, the past two years have been a time of taking stock. Detailed analyses of earthquake impacts on Port facilities and services have been undertaken, and new opportunities have been captured, resulting in a resetting of our long-term strategic direction. The substantial reinstatement and development works will ensure the Company can continue to contribute to the recovery of Christchurch, and facilitate economic growth and wellbeing throughout the South Island.

LPC achieved another highly commendable financial and trade result, demonstrating once again the Company's underlying strength in difficult circumstances. The result is testament to the continuing focus on customer service, marketing initiatives and operational planning, as well as the ongoing robustness of the Canterbury economy.

On behalf of the Board, our thanks are also extended to the Chief Executive, the Senior Management Team, and each and every staff member, as well as the contractors and advisors, for their excellent performance during the 2013 year. Sincere thanks go to our customers and business partners for their ongoing and unwavering support.

Financial result

The Company delivered another solid financial result, with increased operating revenue from the rise in volumes, a decreased earthquake-related spend, and receipt of insurance proceeds.

For the year to 30 June 2013, the statutory consolidated result, which includes earthquake effects, was an after-tax profit of $16.9 million. This compares with $17.2 million for the 2012 year, a decrease of 1.7%.

The earthquake-adjusted profit after tax was $15.1 million. This has decreased from $17.0 million due to the Company moving outside its Business Interruption indemnity periods

Rodger Fisher
CHAIRMAN
TO 30 JUNE 2013

Trevor Burt
CHAIRMAN
FROM 1 JULY 2013

REPORT FROM THE CHAIRMEN CONTINUED

for the loss of its cruise ship revenues of approximately $2.2 million. In addition, earthquake-related expenditure of under $250,000 per item is now included in the normalised result. Total earthquake-related expenditure meeting this threshold was approximately $446,000.

A reconciliation between the reported profit after tax for the year ended 30 June 2013 and the earthquake-adjusted profit is provided in the table below.

	30 June 2013 ($ million)	30 June 2012 ($ million)
Profit after tax	**16.9**	**17.2**
Add insured revenue	-	3.1
Add earthquake-related expenditure	8.0	15.2
Add depreciation on earthquake assets	4.7	-
Less insurance income	(16.1)	(18.4)
Add taxation	1.6	(0.1)
Earthquake-adjusted profit after tax	**15.1**	**17.0**

All items in the table above are extracted from the audited financial statements with the exception of Insured Revenue reported in 30 June 2012.

Operating revenue totalled $110.7 million, up 5.8% from $104.5 million the previous year.

A reduction in the insurance income accrual of $1.3 million for the year to 30 June 2013 has taken the total accrual to $27.7 million. The Company received an indemnity progress payment for six of its key harbour structures of $17.4 million in the year bringing the total monies received from its insurers to $53.1 million.

The after-tax result for the financial year reflects the continued underlying strength of the Company's business fundamentals, as well as its ongoing business growth. The Company is in good financial heart.

Dividend

The situation remains unchanged since our advice to the market in May 2013. Whilst further insurance payments have been received, matters with our insurers are not finalised and the total financial impact of the earthquake damage remains unclear. However, the resumption of dividend payments is expected in the first half of 2014.

The quantum of dividends will be determined by the Directors, having regard to:

1. working capital requirements;
2. capital expenditure requirements;
3. the timing of reinstatement and development projects;
4. the interests of shareholders; and
5. free cash flow available for distribution.

Insurance update

Insurance challenges remain complex but good progress was made during the year in all areas of Material Damage, Business Interruption, and Contract Works. LPC has a full team working on insurance matters.

The Company believes that its Material Damage policy entitles LPC to receive indemnity progress payments on earthquake damaged and destroyed assets that are covered for reinstatement.

During the year, LPC's insurers paid, as an indemnity progress payment under the Material Damage section of LPC's policy, a further $17.4 million towards the physical loss and damage suffered by six of its key harbour structures as a result of the earthquakes. This brought the total progress payments at 30 June 2013 to $53.1 million. In addition, $1.8 million was paid against LPC's business interruption claim after the financial year end.

The Company received feedback from its insurers on the draft Reinstatement and Development Plan overview. The insurers have agreed that a number of key assets are destroyed for insurance purposes, which has enabled LPC to proceed with greater confidence in progressing design work on rebuilding those assets. Reinstatement designs are underway for the Container Terminal CQ3 wharf, with construction planned to commence towards the end of 2013.

The insurance policy requires LPC to reinstate assets with reasonable dispatch. The Board remains confident that the Company is taking all necessary steps to put the plan into action as fast as reasonably possible. This is also in the interest of the Company and its stakeholders. Although the insurers have reserved their rights, they have confirmed they are proceeding on the basis that the assets are covered for reinstatement. As the Company reinstates its infrastructure, funds are expected to flow as the costs are incurred.

LPC is developing cost estimates on that basis. However, uncertainty remains over the extent to which this programme of works will be fully funded from insurance proceeds. The insurers have a view that there is a limit on their liability per asset, albeit in certain circumstances they reserve the right to contend that cover is on an indemnity basis. LPC does not accept either position. The full extent of this matter will not be known until the designs are fully developed and costed.

Many complex issues are expected throughout the course of the reinstatement of assets. However, LPC is committed to working constructively with its insurers to resolve matters promptly as they arise.

Plotting a course

A consequence of the damaging earthquakes of 2010 and 2011 has been the opportunity to revisit, reanalyse and reset the long-term strategic direction for the Port.

Senior Management and staff, along with the Company's expert advisors, have grasped this opportunity with enthusiasm. The result has been the formulation of our 30-year Reinstatement and Development Plan. The Plan covers capital projects for both reinstatement of Port assets in accordance with our insurance policies, and new development projects to ensure we have the Port facilities for anticipated future growth.

In the coming months, the Reinstatement and Development Plan will be taken through a wide consultation programme.

Health and safety

During the year, the Directors continued to take a direct interest in the Company's health and safety performance. The outcome of the Pike River Commission Report, and the Government's review of health and safety legislation, were timely reminders that New Zealand companies need to increase vigilance in ensuring all staff are safe in their work environments.

The Company has committed to a strategy to achieve a position of Zero Harm, through leadership, educating staff to take personal responsibility, and ensuring best-practice processes. The Zero Harm strategy is linked directly to the Company's operational vision to be a high-performing service organisation.

The Company has joined the Business Leaders' Health and Safety Forum. This national Forum, specifically set up for Chief Executives, promotes change in workplace health and safety performance through effective and inspired senior leadership, influence and shared learning.

A Health and Safety Report is presented to the Board by the Chief Executive at all Board meetings, and Health and Safety performance is the first item in Management Team meetings.

It is very pleasing that the Company retained its Tertiary Status under the ACC Workplace Safety Management Practice Programme after an official audit in October 2012. It is also very positive to be able to report that the accident severity rate of the lost-time incidents, as measured in days lost, has reduced by 63% in the last year.

Governance

This is Rodger Fisher's last report to shareholders as Chairman, having stepped down from 30 June 2013. At the Annual Meeting on 8 November 2013, he retires as a Director of the Company. On 1 July 2013 past-Deputy Chairman Trevor Burt became the Chairman.

Deputy Chairman for the past two years, Trevor Burt has been actively involved in governing LPC through a challenging time of earthquake emergencies, post-quake recovery, and continued strong business growth.

A professional director, Trevor Burt also has extensive experience in strategic leadership of large international organisations. Trevor joined the LPC Board in 2008, and in 2011 became Deputy Chairman. He served as Chair of the Audit and Finance Committee until 30 June 2013.

Outlook

Looking forward, the Company is in a strong position to deliver ongoing business growth, while at the same time reinstating earthquake-damaged facilities and undertaking development projects to meet the demands of long-term growth.

We will see further increases in container volumes, as primary produce and other exports grow, and as imports for the Christchurch rebuild continue to flow in.

An exciting year lies ahead for LPC. New shipping services are adding Lyttelton as their South Island call, and the Company will move forward on its long-term Reinstatement and Development Plan. With a new course plotted, the Company is well positioned for a successful future.

Rodger Fisher
Chairman to 30 June 2013

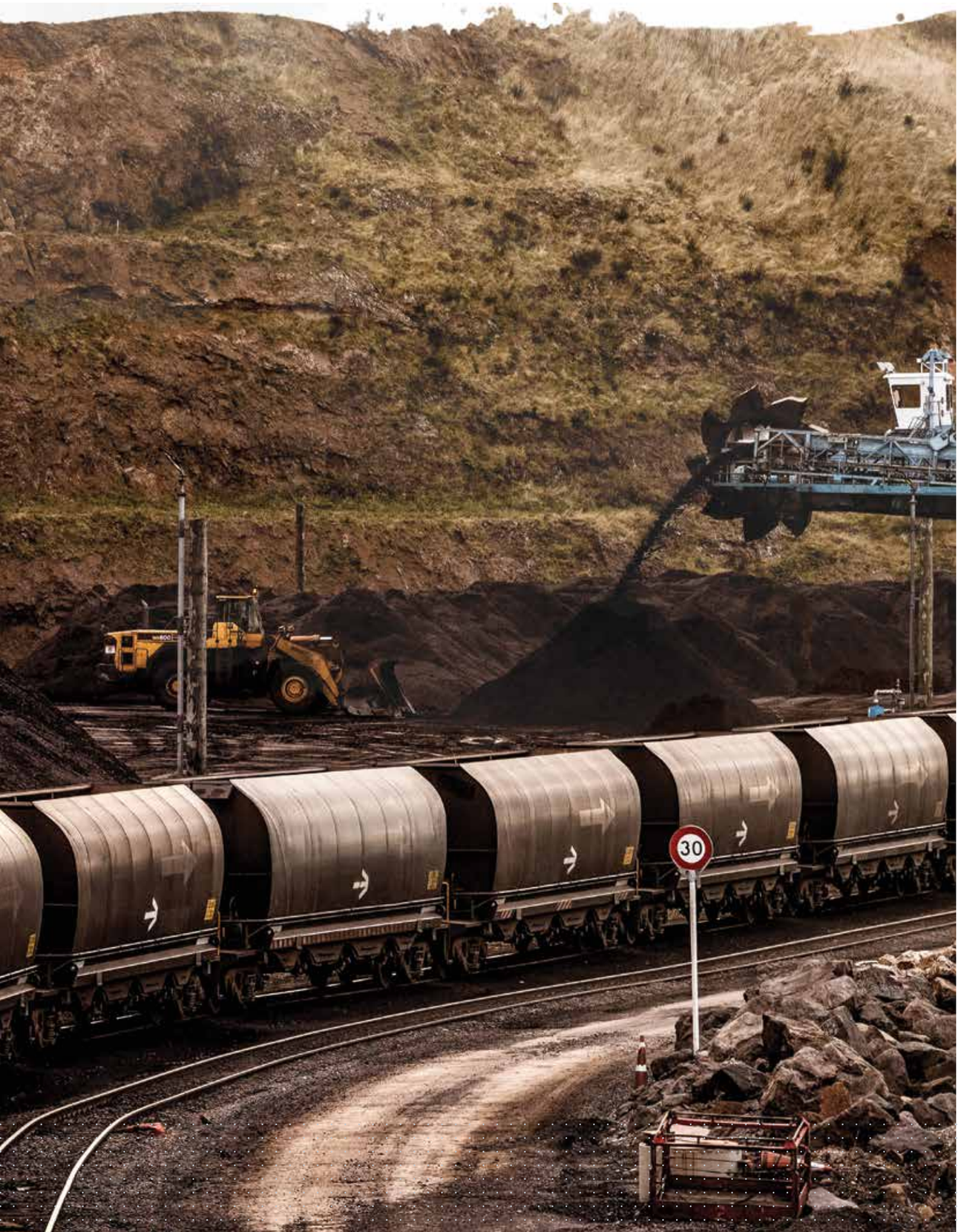
Trevor Burt
Chairman from 1 July 2013

A word of thanks

During his six years as Chairman and 10 years as a Director, Rodger Fisher has helped steer the Company through a period of sustained growth and significant challenges.

It has been a pleasure to work with Rodger, and on behalf of the Board, I wish to acknowledge the major contribution that he has made. He leaves the Company in good heart, and with a course set to ensure its increasing value as a strategic infrastructural asset critical to the robustness of the region and New Zealand.

Trevor Burt
Chairman



REPORT FROM THE CHIEF EXECUTIVE

The 2013 year has been another huge year for Lyttelton Port of Christchurch. Our teams delivered a strong business performance, made good progress with insurers on earthquake claims, and progressed our long-term strategic rebuild and development programme with an enormous amount of planning, evaluation and analysis.

Volumes in most trades rose, with containers reaching another record high, and new shipping services continuing to add Lyttelton as their South Island call.

We sincerely thank the importers and exporters throughout the South Island who entrust their cargoes to us. Our thanks also go to our road and rail transport partners for their support in ensuring the efficient movement of cargoes to and from the Port.

Record trade results

Container volumes rose 4.5% to a record 351,217 TEUs (twenty-foot equivalent units). Volumes moved through Lyttelton Container Terminal rose 9.2% to 345,940 TEUs.

Increased dairy volumes from new and expanding facilities in Canterbury and on the West Coast are a key factor in export growth, while the post-quake Christchurch rebuild continues to drive imports.

CityDepot, our inland port located in Woolston, handled record numbers of empty containers, while record full containers transitioned through CityDepot on our Clandeboye rail service.

Dry bulk imports increased a total 11.2% to 649,365 tonnes, with a 42.4% rise in cement and a decrease of 7.4% in fertiliser. Log exports rose 30.9% to 369,657 tonnes, while fuel imports grew 8.7% to over 1.1 million tonnes. Vehicles, including machinery, heavy vehicles, and new and used cars, rose 24.6% to 35,568 units.

Coal exports fell back 17.7% to just over 2 million tonnes as a result of Solid Energy's response to the extremely challenging global coal market, including the previously announced suspension of operations at the Spring Creek Mine.

Peter Davie
CHIEF EXECUTIVE

REPORT FROM THE CHIEF EXECUTIVE CONTINUED

New shipping services

During the year, two breakbulk shipping services extended into Lyttelton. Austral Asian Line (AAL) provides a direct conventional liner service between Lyttelton, Australia and North Asia. Swire Shipping began a monthly call to Lyttelton on its conventional Trans Tasman liner service.

To accommodate the increased breakbulk services, No. 7 Wharf and the associated yard area were further opened up for break-bulk storage, and receival and delivery. This was primarily achieved with the movement of Pacifica's conventional service into the Container Terminal.

From November 2013, a new container shipping service will begin. CMA CGM and Marfret Compagnie Maritime are increasing the frequency of their joint service from Australia and New Zealand to Europe and the United States, and will include Lyttelton as the only South Island port.

As well as new services, a number of shipping-line customers are increasing the size of their vessels, in line with the ongoing global trend.

Preparing to move forward

Later in 2013 LPC will be ready to share its Reinstatement and Development Plan, which will provide the community, customers and other stakeholders with background information, and provide a structure for LPC's vision to enable and facilitate South Island trade. The plan will substantially increase the social and economic benefits for Canterbury and the wider South Island.

LPC's long-term goals are to concentrate operations in the east, and to begin to open parts of the Inner Harbour for public and community access.

The plan incorporates marketing and operational requirements across both general and containerised cargo, the business implications of future revenue generation, seismic risks and cash flows.

After detailed assessments of quake-damaged assets, 25 reinstatement projects have been prioritised to be undertaken over the next six years at Cashin Quay, the Oil Berth and the Inner Harbour.

Significant capital commitments were made during the year in support of the long-term plan, including:

- Investment in and delivery of four state-of-the-art diesel electric straddle carriers.
- Ordering of a fourth Liebherr ship-to-shore container gantry crane, with an outreach of 18 containers.
- Ordering of four more straddle carriers.

We are serious about working in a sustainable way and have a Port-wide Environmental Management Strategy to reduce the environmental impacts of the consenting requirements in the Reinstatement and Development Plan. We continue to liaise closely with our Harbour neighbours, including Te Hapu o Ngati Wheke (Rapaki), and other stakeholders such as Environment Canterbury (ECan), in the interests of transparency and understanding.

Chief Executive Peter Davie launches the new Liebherr straddle carriers.

Growing reclamation

The Te Awaparahi Bay reclamation has now grown to over four hectares. At a time when the Port is squeezed for paved and hardstand space, the site is providing a valuable storage area for imported vehicles. Later in the year, we will begin to use the site for empty containers.

The reclamation, which is consented for 10 hectares, continues to provide an environmentally sensible option for disposing of clean hard fill from the city's earthquake demolitions.

Freight transport network

During the year, we have been actively involved in region-wide transport planning and forums in order to promote the enhancement of strategic freight transport links with the Port.

LPC was a co-signatory, along with all major regulatory authorities, to the new Greater Christchurch Transport Statement (GCTS). The GCTS provides a framework for a consistent, integrated approach to planning, prioritising, implementing and managing the transport network and services.

After making a submission on the Christchurch City Council's Three-Year Plan in April 2013, we remain in discussion with Canterbury Earthquake Recovery Authority (CERA), NZ Transport Authority, CCC and ECan regarding options for reopening the Sumner Road. The GCTS and the Christchurch Transport Plan, both adopted by CCC, outline the importance of Sumner Road both as part of the transport network, and for the recovery and long-term economic development of the city.

An excellent team

Once again, we owe the success of the past year to the commitment of our skilled, versatile, dedicated and can-do people. They keep our diverse Port facilities and services operating around the clock, while working around broken assets and repair works, and with ever-increasing cargo volumes in a limited Port yard space.

I personally thank each and every one of our staff, and our consultants and contractors, for the continued hard work in trying circumstances.

We continue to recruit the best people to help drive the Company forward. A total of 97 people were employed during the year, primarily in container operations but also in the Programme Management Office, which is focused on the planning and analysis associated with our Reinstatement and Development Plan.

After a sustained campaign to improve safety, it is pleasing to report a drop in serious-harm injuries on the Port. LTIs (lost-time injuries) dropped 12.5% to 21 for the year. In addition, our health and safety system passed another robust, independent audit under the ACC Workplace Safety Management Programme, and we maintained our Tertiary status. The Company has held this status for over 12 years.

Health and safety remains a strong focus. A Port is a heavy industry and serious accidents can have serious consequences. We fully report and investigate any accident in the workplace, and we are transparent, focused, and determined in our enduring commitment to Zero Harm. The Company participates in the Business Leaders' Health and Safety Forum.

Outlook

Further volume growth is expected in the year ahead, as the rural economies of Canterbury and the wider South Island power on, and as the Christchurch rebuild progresses. Lyttelton Port of Christchurch will continue to serve the region while steadily increasing capacity to cater for the needs of the global transport network.

The new and expanded container and conventional liner services will attract further cargoes to Lyttelton and offer enhanced connectivity for the South Island's importers and exporters.

Working constructively with our insurers, we will progress the claims over the next year, with the reinstatement of our assets a key priority. We look forward to starting the major rebuild works later in the calendar year.

Our focuses are: improving customer service, increasing productivity, progressing our insurance claims, and the reinstatement and development of the Port.

Peter Davie
Chief Executive

495 staff

staff turnover
12.5 per cent

48
average age of employees

97 new staff

50
Cargo handlers

19
Corporate admin

16
CityDepot

9
Maintenance

3
Marine

Nine houses treated or in progress under the Acoustic Treatment Programme since 2008

Container Terminal staff completed

1,949 training days

25 penguin nesting boxes were transported to Quail Island

Lost time injuries (LTIs) down
12.5%

Severity rate (measured in days lost) down
63%

Tertiary status under ACC Workplace Safety Management Programme retained for 12 years

Pilot Launch *LPC Rescue* delivered

3,500
plants to Quail Island

OUR PEOPLE

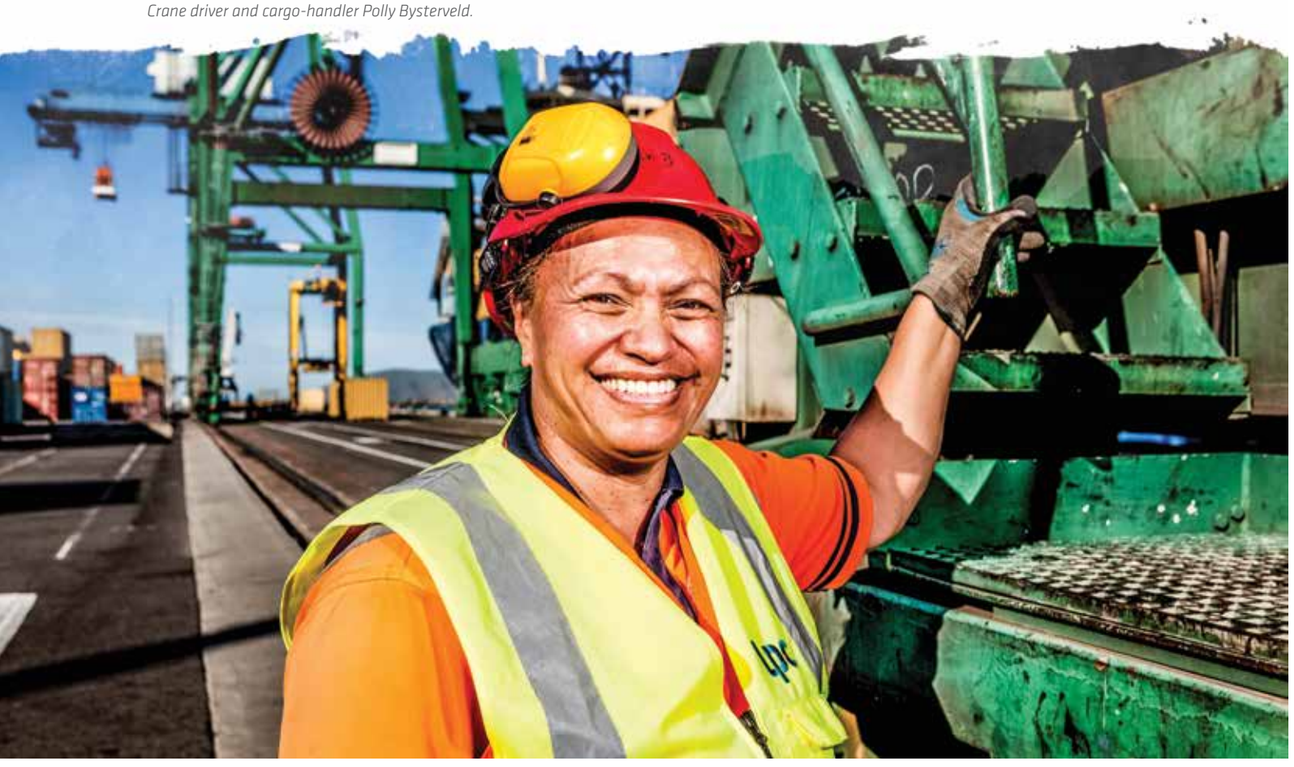
In a time of sustained business growth, our people continue to rise to the challenge of a busy, 24-hour Port environment, working around damaged facilities and ongoing repairs, and in many cases, still dealing with the aftermath of the earthquakes in their personal lives.

Health and safety

During the year, we committed to a Zero Harm strategy, emphasising strong leadership, personal responsibility, and best-practice processes. Zero Harm is integral to the Company's operational vision to be a high-performing service organisation, and is essential for achieving its vision of becoming the South Island's international trade gateway.

As a result of our combined efforts, recordable injuries dropped 11.8% to 45 for the year, and lost-time injuries (LTIs) reduced by 12.5%. Our collective focus saw the severity rate (measured in days lost) reduced by 63%, with almost 60% of the LTIs of five days' duration or shorter. Most of the injuries were in the slips, trip, sprains and strains categories. However, there was one serious-harm accident that occurred while lashing containers onboard a container ship.

Crane driver and cargo-handler Polly Bysterveld.



Each injury is recorded and investigated, and we take the learnings from each specific case and incorporate the necessary changes into our operations. Efforts will continue to work towards Zero Harm.

Health and safety highlights for the year include:

- Retention of our Tertiary status under the ACC Workplace Safety Management Programme, after a robust independent audit—for a total 12 years to date.
- Introduction of a Safety Observation Process for Board and Management.
- Commitment to the New Zealand Business Leaders' Safety Forum, in support of the national initiative to increase the collective knowledge and share the experiences of our business leaders. The ultimate aim is to reduce workplace accidents.
- Ongoing attendance at the Ports Health and Safety Forum, to promote health and safety within the Port industry.
- Inclusion of safety messages in staff communications, including newsletters and toolbox meetings. Safety is also the first agenda item on the weekly Senior Management Team and Operational Team meetings, and is reported to the Board.

Resourcing for growth

Increased cargo volumes, new shipping services, and the projection of ongoing trade growth necessitated an extended recruitment drive to ensure we continue to deliver customer service, and resource the planning, analytical and project management requirements of our long-term Port remediation and development plan.

A total of 97 new staff were hired during the year, and permanent and fixed-term staff now total 495. Turnover remained stable at 12.5%, and the calibre of our new recruits remained high.

Most new hires joined our container operations, with 50 new permanent part-time cargo handlers at Lyttelton Container Terminal, and 16 new staff hired at CityDepot, our inland container storage and repair facility at Woolston, in roles that include container servicing, fork-hoist operation and customer service.

In addition to new hires, there were a number of internal recruitments, including the transfer of permanent part-time cargo handlers to full-time, and several secondments and relieving roles filled. This internal movement demonstrates the value the Company places on staff for their expertise, dedication and flexibility. It also demonstrates the commitment to professional development and job enrichment.

Significant additional resourcing was provided for the Programme Management Office, which is tasked with delivering the post-quake reinstatement of damaged infrastructure, and long-term Port development projects.

Celebrating milestones - staff at the launch of the new Liebherr straddle carriers.

Training, up-skilling

As a major employer in the Canterbury region, Lyttelton Port of Christchurch has a strong commitment to training and development.

A total of 1,949 training days were completed at Lyttelton Container Terminal during the year. Training included health and safety, first-aid refresher courses, machinery handling, and induction programmes for new cargo handlers.

In notable developments, two apprentices were taken on in the Mechanical Maintenance team, and the Lyttelton Container Terminal's first female gantry crane driver completed training on all three cranes.

After finalising in the 2012 New Zealand CFO of the year award, Chief Financial Officer and Corporate Services Manager Kathy Meads was a recipient of the 2012 Prime Minister's Business Scholarship. She attended the prestigious London Business School Proteus course, which is designed for and attended by top professionals and leaders of international organisations.

The annual LPC Directors' University of Canterbury Scholarship was awarded to Brooke Hand. Each year, $10,000 is provided towards the first year of study at the university for an LPC staff member or a member of their immediate family. The award is funded jointly by the Company and by Directors.

Celebrating and rewarding

Many of our people have worked at the Port for much of their career. During the year, a number of longevity milestones were celebrated, among them the 50-year employment of cargo handler Noel Olsen, who continues to work at the Container Terminal.

As a thank you to everyone for their ongoing commitment and hard work, we hold mid-winter dinners for staff and partners, a staff barbeque at the Lyttelton Festival of Lights, and a Christmas picnic for staff and families, among other celebratory events.

COMMUNITY

As a large employer and facilitator of trade, Lyttelton Port of Christchurch plays a major role in the economic wellbeing of people and businesses throughout Canterbury and the South Island.

During 2013, LPC collected $110.7 million in revenues from operations; provided 495 jobs, a number of them to harbour residents; paid $42.4 million in salaries and wages; and spent $40.6 million on goods and services, much of this going to local suppliers.

With our central location, we are mindful of the impact our operations can have, and are committed to engaging with harbour users and local communities on matters of interest. The Company is actively involved in a number of local organisations.

Partnering programme

We have an active sponsorship programme that works in partnership to support the environment and communities. Contributions during the year include the following.

Our environment

Environmental sponsorships include funding and logistical support for the Otamahua/Quail Island Ecological Restoration Trust, with which the Company has signed a multiple-year agreement in recognition of the importance of their work.

Our community

A variety of assistance is provided annually for groups such as the Lyttelton and Harbour Basin Community Watch patrol programme, the Orton Bradley Spring Fair, the Lyttelton Tug Preservation Society, and local charities and sporting events.

Sponsorship was provided for the Lyttelton Urban Downhill race, which attracts talented riders from New Zealand and abroad, and for Diamond Harbour's SPRIG, which organised a sculpture festival and summer music at Stoddard Point.

The Lyttelton Harbour Festival of Lights is a major annual event for which the Company funds the popular Lyttelton Port of Christchurch Fireworks Extravaganza.

(Left) The annual LPC-funded Lyttelton Port of Christchurch Fireworks Extravaganza, a highlight of the Lyttelton Harbour Festival of Lights.

Supporting young people

Funding was provided for the Canterbury Youth Development Programme Trust, and for the local sporting endeavours of Lyttelton Rugby Club's junior section and the Lyttelton Netball Club's Future Ferns.

Supporting business

Once again, support for business was provided through the Company's long-term sponsorship of the Champion Canterbury Awards, which celebrate business excellence, passion and success. Aid was provided to drought-stricken North Island farmers by making available facilities for the storage and loading of hay bales from Southland farmers at the Curries Road site.

Our people in the community

Many of our people are active in the community. As members of the Lyttelton Fire Brigade, two staff members helped raise money for Leukaemia and Blood Cancer New Zealand by competing in the Firefighter Skytower Challenge in Auckland. Staff also built a garden for the Lyttelton Main School, served meals to residents at Ronald McDonald House, and participated in the City to Surf event.

Civil Maintenance team members Mark Anderson and Ivan Grooby with Room 3 children at Lyttelton Main School, beside the new raised gardens built from old wharf timbers.

ENVIRONMENT

Lyttelton Port of Christchurch is mindful of its responsibilities in regard to environmental management, and the need to balance commercial endeavours with environmental and community values.

The Company has an Environmental Manager responsible for overseeing environmental management, resource management and planning, implementation of mitigation measures, and regulatory compliance. The Company encourages a culture of responsible environmental management and environment improvement, and adopts best-practice techniques to reduce environmental impacts.

An Environmental Policy is in place that sets out the Company's commitment to minimise adverse effects of all our activities. Our Environmental Principles can be viewed on the LPC website, www.lpc.co.nz.

The Company is committed to engaging constructively with key stakeholders. During the year we worked to strengthen relationships with major stakeholder groups, including ECan and the local community. A stakeholder engagement programme will be launched in the latter part of 2013 for the Port's long-term earthquake remediation and development strategy.

Coal Operations Manager Chris Holt checks the dust monitor installed above the coal yard.

Among the Company's community programmes are several that support the environment. These include the Otamahua/Quail Island Ecological Restoration Trust, with which the Company has a multiple-year agreement.

The funding is used to support two part-time island workers who keep the island pest-free. During the year Port staff transported plants and penguin nesting boxes to the island on the *LPC Rescue*.

Throughout the year, environmental work continued in a number of key areas:

Consents planning
The major work for the 2013 year was the development of a comprehensive consenting plan in support of the Company's long-term strategy. The consenting plan will enable the implementation of rebuild and development projects from an environmental approvals perspective.

Dredging
The maintenance dredging consent renewal application was lodged, and the capital dredging consent application was prepared for lodgement.

LPC has carried out significant investigative work to gain a better understanding of the coastal processes in the harbour, including a comprehensive assessment of environmental effects.

As part of stakeholder consultation for the dredging programme, meetings were held with the Sumner, Lyttelton and Harbour communities including Lyttelton Harbour/Whakaraupo Issues Group, as well as Te Hapu o Ngati Wheke (Rapaki) and Te Runanga o Koukourarata (Port Levy). This was to inform them of the proposal, outline practical process information such as the timelines, and receive feedback and identify any gaps in the proposal.

Air and water
LPC has a number of environmental monitoring programmes, including air quality, stormwater, and marine ecology aspects. The programmes ensure we have a good understanding of the effects of Port operations, and the results are regularly reported to ECan.

In addition to closely monitoring any effects of our operations, we have detailed plans to manage construction effects and, in particular, the Te Awaparahi Bay Reclamation where we test soil and marine waters for potential contamination. During the year, a major environmental audit of the operations was conducted, and this supports us in continuous improvement.

Plants and penguin nesting boxes were transported to Quail Island during the year on the LPC Rescue.

The Company maintains an ongoing beach clean-up programme which covers all harbour beaches, to help enhance the environment in which we operate.

During the year, progress was made on investigating the impact of weather forecasting on Port operations, and on staff preparedness for challenging weather conditions.

Port noise
A lot of effort is put into minimising noise effects on the local community. In the past year we focused on the scrap metal export operations with excellent support from our customers and third-party stevedores who load the scrap vessels.

A Port Liaison Committee comprising voluntary community members, local council representatives, customers, Port users and LPC staff oversees the Port Mitigation Plan under which LPC funds acoustic treatment of eligible Lyttelton homes. During the year, progress was made on acoustic treatment for two properties.

Environmental excellence

The Company is committed to keeping pace with industry best-practice. In April 2013 the Environmental Manager attended a three-day port environmental conference at Darwin Port. The forum provided the opportunity to share and discuss operations-related environmental matters, including the assessment of environmental effects of dredging, port stormwater management, contaminated sites management, community consultation, and dust monitoring.

Technical and planning evidence was presented at the Christchurch City Council's Land and Water Plan hearings in February 2013, in order to contribute to the planning process and the formulation of practical rules around stormwater and contamination management.

INVESTOR RELATIONS

Correspondence with the New Zealand Stock Exchange

During the course of the year we have maintained open dialogue and entered into correspondence with the Exchange on an administration matter relating to the one-year extension of KPMG's audit appointment under Rule 3.6.3(f).

Market announcements to the New Zealand Stock Exchange

18 announcements were released through the Exchange. These comprised:

- Five with respect to the Annual Meeting, presentations and media release.
- Three on Company full-year and half-year result announcements.
- Two announcing the Annual Report and Interim Report.
- Two in relation to Directors and Board Changes.
- Four on General matters, including an insurance update, information on the Chief Executive's remuneration, the 2013-2014 cruise season, and the reduction in coal volumes.
- One Forecast announcement in relation to the full-year profit forecast.
- One Asset announcement regarding further investment at the Container Terminal.

	Date	Type
LPC Nominations for Directors	1 August 2013, 3.48pm	MEETING
LPC Announces Further Investment at Container Terminal	7 June 2013, 1.25pm	ASSET
Insurance Update	31 May 2013, 3.26pm	GENERAL
LPC Increased Full Year Profit Forecast	3 May 2013, 1.45pm	FORECAST
New Chairman Elected	5 April 2013, 10.26am	DIRECTOR
Lyttelton Port Company Half Year Report to 31 December 2012	26 March 2013, 9.50am	INTERIM
Board Changes	25 March 2013, 3.11pm	DIRECTOR
Prescribed Disclosure under Appendix 1 31 December 2012	4 March 2013, 10.33am	HALFYR
Containers Contribute to Strong Start of Year for LPC	28 February 2013, 5.05pm	HALFYR
Lyttelton Port Company Ltd – Chief Executive Remuneration	4 December 2012, 5.06pm	GENERAL
Chairman's Address from LPC Annual Meeting held 2 November 2012	2 November 2012, 2.27pm	ADDRESS
Resolutions From LPC Annual Meeting held 2 November 2012	2 November 2012, 1.39pm	MEETING
Update on 2013-2014 Cruise Season at LPC	18 October 2012, 11.42am	GENERAL
LPC Reduction in Coal Volumes	2 October 2012, 3.33pm	GENERAL
Notice of Annual Meeting	27 September 2012, 12.22pm	MEETING
Annual Report 2012	27 September 2012, 12.11pm	ANNREP
LPC Result for Year End 30 June 2012	29 August 2012, 3.23pm	FLLYR
LPC Nominations for Directors	1 August 2012, 2.58pm	MEETING

Lyttelton Port Company vs NZ40 & NZX50 Index

Source: Datastream

CORPORATE GOVERNANCE

Lyttelton Port of Christchurch strives for best practice in corporate governance.

Role of the Board

The Board is elected by Shareholders to create value and have overall responsibility for management of the Company.

The Board carries out its responsibilities by setting the Company's strategic direction, providing leadership to put this into effect, appointing a Chief Executive, agreeing targets and objectives, and monitoring performance. The Chief Executive has been delegated responsibility for the day-to-day management of the Company. He has an executive team of four to assist him.

Corporate decisions are made at Shareholder, Director or Management level, depending on statutory requirements, New Zealand Stock Exchange Listing Rules or Board Policy relating to the value of transactions.

Board composition

The Company's Constitution provides that the Board will consist of not less than six and not more than seven Directors. Shareholders nominate Directors and appoint them by way of ordinary resolution. This requires a simple majority of votes. At least two of the Directors must be ordinarily resident in New Zealand, and not more than two of them can be members or employees of a territorial local authority, regional council, united council or harbour board that owns shares or other forms of equity in the Company. The Constitution provides for the appointment of a Managing Director by the Board. If such an appointment is made, the Managing Director is an additional Director to the six or seven ordinary Directors and practice is that the role incorporates that of Chief Executive.

At least two of the six or three of the eight Directors must be independent.

One third of the ordinary Directors retire by rotation at each Annual Meeting. The basis for determining which Directors retire by rotation is length of service in office since last election or appointment. Retiring Directors are eligible for re-election.

The Directors elect a Chairman from among those non-executive Directors at the first Board Meeting following the Annual Meeting. The composition of Board Committees is determined at the same time.

Ethical standards

Directors observe and foster high ethical standards.

Diversity

The NZSX/NZDX Listing Rules require Issuers to provide in their Annual Report a quantitative breakdown as to the gender composition of the Issuer's Directors and Officers as at the balance date of the Issuer. However, the Listing Rules do not require an Issuer to adopt a diversity policy.

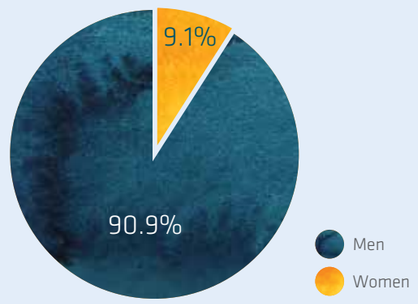
LPC does not have a diversity policy.

With respect to gender diversity, the Board considers that a merit-based approach is the only appropriate approach for selection and promotion of employees and executives, and for determining the composition of the Board, and as such has not set specific targets for gender diversity.

At 30 June 2013, the LPC Board consisted of six male Directors and no female Directors (30 June 2012: six male Directors and no female Directors).

The graph below provides information on the gender diversity of Board and Management as at 30 June 2013.

Gender diversity of the Board and Senior Management Team 30 June 2013



Conflicts of interests

At each of our 11 scheduled Board meetings, the first matter of business to address is the Directors' Declaration of Interests, the details of which are referred to later in this section. This seeks to ensure that there are no conflicts of interest between the Director and the Company. In the event of an actual or potential conflict, Board practice is that a Director declares his/her interest at the time of the discussion and absents him/herself from voting on the issue.

In the year under review, Director Brian Wood was not present during discussions regarding Solid Energy New Zealand, due to his position as Chairman of Buller Holdings Limited.

Fair dealing with customers, clients, employees, suppliers, competitors and other stakeholders

Directors value the relationships that the Company has with its officers and employees, and through them with customers, suppliers, competitors and other stakeholders, and is committed to professional and fair dealing with them.

Giving and receiving of gifts, facilitation payments and bribes

Company policy is to keep a gift register where all gifts of a cash or non-cash value over $50 received by a Director or employee, by virtue of their relationship with the Company, are recorded in a register. This is reviewed by the Chief Executive and annually by the Chairman. The Company does not condone the payment of 'bribes' or 'facilitation payments' in any form, in any circumstances.

Use of company property and information

All Directors are Non-executive Directors and only receive Director's fees and reimbursement of actual expenses incurred while on Company business. Directors have no rights to any Company property or information other than in their capacity as a Director.

CORPORATE GOVERNANCE CONTINUED

Compliance with laws and regulations
It is the intent that all Directors and employees of the Company comply with laws and regulations. A statement is provided six-monthly from Management to Directors certifying that, to the best of their knowledge, they comply with all laws and regulations. These declarations are supported by internal risk management processes.

Reporting of unethical decision making and/or behaviour (and consequences)
Directors strive to ensure ethical behaviour is maintained throughout the Company, by setting expectations of conduct of the Company's personnel. In the event of a significant contentious matter, Directors require that it be brought to the Board for their consideration.

Management has adopted a process of reporting any unethical or potentially unethical activity, identifying the issue, the parties involved and the magnitude of the issue if quantifiable. Directors have the power to take disciplinary steps in accordance with relevant labour legislation and, if appropriate, take remedial action for or with the third parties involved.

Board meetings
Each year there are 11 scheduled Directors' meetings. The Board is able to meet at other times if there is business to be conducted. Any two Directors have the power to summon a meeting of the Board and a quorum is three Directors.

To enable the Board to function effectively, Management provides formal Board papers one week in advance of Board meetings. These papers may be for information or proposing a recommendation in accordance with authorisation levels.

Committees of the Board
The Directors have established two standing Committees of the Board: Audit and Finance, and Remuneration. The terms of reference for each of the Committees and the need for Committees are reviewed regularly by Directors.

The Committees make recommendations to the Board and exercise the Board's decision-making powers only when they have been specifically delegated authority to do so. A quorum for the purposes of Committee meetings is three Directors.

Audit and Finance Committee
The Committee reviews the Company's financial statements and announcements. It also liaises with the external auditors on behalf of the Board, and reviews the Company's accounting policies, internal controls and related matters.

The Committee also reviews and considers issues relating to risk involving the protection of people and property in the achievement of the Company's business goals and impact on profitability. This includes considering the placement of an annual insurance programme and making appropriate recommendations to the Board.

Remuneration Committee
The Committee reviews the terms and conditions of company-wide employment contracts, the performance and remuneration of the Chief Executive and senior executives, and the design and operation of the incentive programmes, and makes appropriate recommendations to the Board.

Remuneration policy
The remuneration of Directors and executives is transparent, fair and reasonable. Shareholders by ordinary resolution from time to time set a total maximum amount payable for annual Directors' fees. These are divided among the Directors, as they consider appropriate. The process by which this is done is that each year Directors review the results of an independent professional Directors' Remuneration Survey against which to benchmark their fees. At such time as the Directors deem it appropriate, a proposal is put to Shareholders at the Annual Meeting for their consideration.

There is no provision in the Company's Constitution to allow additional remuneration beyond that approved by Shareholders to Directors for work undertaken in the capacity of a Director. However, it does allow the Board to award additional remuneration if a Director provides any special services or otherwise in the interests of the Company. It is Company policy not to make retirement payments to Directors without Shareholder approval.

Engineering Advisory Committee
This Committee comprises two Board Directors.

The purpose of the Committee is to assist Management with major technical engineering issues around the rebuild of the Port infrastructure. As a non decision making committee, the EAC does not have a fixed composition.

Meetings will be held when required, having regard to the rebuild programme. The Chief Executive and Infrastructure Manager will normally attend Committee meetings, and the Committee may have in attendance at its meetings other Executives, particularly those in the Infrastructure team.

The EAC's responsibilities are to work with the Port's Engineers to determine the optimum designs for the Port rebuild; to understand the key technical engineering parameters for a rebuild; and to oversee the Company's compliance with key engineering standards. The Committee is an advisory committee to the Board.

Board performance
Directors meet at least annually to review their collective performance at a meeting without Management present.

Directors' training
Directors are offered the opportunity and encouraged to attend Institute of Directors New Zealand and other relevant training courses. On completion, they are required to report back to the Board on the courses' content.

Board interaction with Management
Most contact is with the Chief Executive, whom the Directors hold accountable for the operational performance of the Company. In addition, Board Policy is to make site visits to view Company operations and to familiarise Directors with issues associated with the business. These visits usually involve interaction between Directors and Management, and direct access to employees when their particular area of expertise is required.

Directors' obligations
A Directors' Interests Register is maintained and reviewed at each Board meeting. It records the following information:

Directors' Interests
Particulars of notices given by Directors in regard to positions held in other companies.

Interested transactions
For each Director, a notice has been received to the effect that he/she is to be regarded as having an interest in any transaction between Lyttelton Port Company and any company in which he/she has declared an interest.

Share dealing by Directors
We have adopted a share trading procedure to ensure that no Director or employee, who has inside information about the Company, uses that information in selling or buying shares in the Company for personal gain. Directors' interests are disclosed in the Annual Report and details of any share trading are reported as they occur through the New Zealand Stock Exchange.

Directors' insurance and indemnity
The Company has arranged Directors' Liability Insurance that, together with a Deed of Indemnity, ensures that generally Directors will incur no monetary loss as a result of actions undertaken by them as Directors. Certain actions are specifically excluded, for example, criminal acts and the incurring of penalties and fines, which may be imposed in respect of breaches of the law.

Financial results
Directors receive and review financial reports monthly and the Company prepares formal financial statements to Shareholders twice annually. The first is included within the Interim Report for the six months to 31 December. These Interim Reports are subject to a limited scope review by external auditors. The full-year statements to 30 June and a report from the external auditor are included in this Report.

Before signing the formal financial statements to Shareholders, the Chief Executive and Chief Financial Officer confirm that the financial statements comply with New Zealand International Financial Reporting Standards and present a true and fair view of the financial affairs of the Company. Directors then make representations to the Auditors as to compliance. The representations are based on a suite of internal representations by Management.

External auditor
The Board ensures the quality and independence of the external audit process. Sections 19 of the Port Companies Act 1988, and 15 of the Public Audit Act 2001, provide that the Auditor General is the auditor of port companies and their subsidiaries.

Under Section 6 of the Port Companies Amendment Act 1990, this requirement remains until such time as at least 50% of the Company's equity is held by entities other than harbour boards, regional councils, territorial authorities and/or local body trading enterprises. The Auditor General may choose to delegate this authority, and has done so in the case of Lyttelton Port Company. KPMG has been contracted by the Auditor General to undertake the audit of the Company on his behalf for the year ended June 2013.

It is Board policy to meet with the external auditor at least twice a year independent of Management to discuss any areas of concern or recommendations for improvement.

MANAGEMENT PORTFOLIOS

Peter Davie
CHIEF EXECUTIVE

Peter Davie joined LPC as Chief Executive in 2003 and started his role with a strong focus on establishing relationships with customers and staff, and improving operating systems and performance. He has been heavily involved in the development of upgrading infrastructure and expanding container facilities. This has been critical since the start of the seismic era, where his focus has been on temporary repairs, the Port rebuild and insurance. Volumes through the container terminal have increased by 136% during the past nine years and general cargo also continues to rise. Staff relationships have measurably improved and the business continues to flourish.

Prior to LPC, Peter was involved in various port operations (including the first privatised port) in Australia as Chief Executive for seven years. Through these roles Peter has gained valuable insights into trends in international trade, and port practices and developments. Peter is Vice President of Business New Zealand and President of the Canterbury Employers' Chamber of Commerce. Peter has a Master of Commerce (Honours) in International Marketing and Business Policy from Canterbury University.

Kathy Meads
CHIEF FINANCIAL OFFICER AND CORPORATE SERVICES MANAGER

Kathy Meads joined LPC in October 2004. She has extensive senior financial experience, gained in CFO roles across a broad range of business sectors including Ngai Tahu Holdings Corporation Limited and Telecom New Zealand Limited. Through these roles Kathy has gained a breadth of experience in financial reporting, investment analysis, treasury management, risk, project management, and governance, which are invaluable as LPC continues to develop and face new challenges. In March 2011, Kathy took on an extended role of Corporate Services Manager in addition to her responsibilities as CFO. In March 2012, Kathy was one of four finalists in the 2012 New Zealand CFO of the year award. She was a recipient of the 2012 Prime Minister's Business Scholarship and attended the prestigious London Business School Proteus course, which is designed for and attended by top professionals and leaders of international organisations. Kathy has a Bachelor of Commerce, majoring in Accountancy, from Canterbury University.

Simon Munt
MARKETING MANAGER

Simon Munt joined LPC in October 2008 in the role of Customer Relationship Manager for the containerized side of the business. He has held the role of Marketing Manager since 2011. Simon comes from a strong shipping background having spent time in both operational and sales/marketing roles within the shipping-line business. Most recently this included sales and marketing roles with Maersk Line in both New Zealand and Australia, and prior to this operational roles with P&O Nedlloyd, again on both sides of the Tasman. He has also spent time with Scenic Circle Hotels in a national sales role. Simon has a Bachelor of Commerce, majoring in Human Resource Management, from Canterbury University.

Paul Monk
OPERATIONS MANAGER

Paul Monk joined LPC in June 2011. He brings a wealth of experience in operational and change management in businesses that operate 24/7 over 365 days a year. Former roles include senior operational management positions at the District Health Board, managing Christchurch Hospital and Diagnostic Services across all Christchurch hospitals, and management of a number of prisons, which was a challenging role with a strong focus on improving core operating systems and performance. Having worked at the Port previously, Paul has some hands-on operational experience and spent six years working for one of the waterfront unions in the mid 1980s. Paul has a Bachelor of Laws and Bachelor of Commerce from Canterbury University.

John O'Dea
RECOVERY MANAGER

John O'Dea joined LPC in April 2013 in the role of Recovery Manager. He brings strong experience in asset and project management of large-scale property portfolios and capital projects, and has considerable experience in managing the operational impacts of large-scale capital projects within an operating business environment. John has more than 20 years' experience in the construction and property industries, and has a Master of Property Studies from Lincoln University, as well as a Diploma in Construction Management. Former roles include Project Director and Commercial Manager within the Canterbury Earthquake Recovery Authority (CERA) and General Manager of Asset and Facilities for VBase Limited.

DIRECTORS' PORTFOLIOS

Rodger Fisher

CHAIRMAN TO 30 JUNE 2013

Rodger Fisher is a management consultant based in Auckland. Prior to this he spent more than 10 years as Managing Director of Owens Group Limited. Rodger is a Fellow of the Chartered Institute of Secretaries, the Chartered Institute of Transport, the Institute of Directors and the New Zealand Institute of Management. He is currently Chairman of Eurotech Group Limited, The Property Group Limited and Ultrafast Broadband Limited, and a Director of Tenon Limited. Rodger has been a Director of LPC since February 2003 and was elected Chairman of the LPC Board in November 2007, Chairman of the Remuneration Committee and ex-officio member of the Audit and Finance Committee. Rodger resigned from these roles as at 30 June 2013. He continues as a Director, and a member of both the Remuneration and the Audit & Finance Committees.

Trevor Burt

CHAIRMAN FROM 1 JULY 2013

Trevor Burt returned from overseas following a career with the global industrial gas company The BOC Group. Trevor held senior leadership roles with BOC in Australia, China and the USA. Following the acquisition of BOC by the German global engineering company Linde AG, Trevor joined the executive Board of Linde based in Munich. He has extensive experience in strategic leadership in large organisations and since returning to New Zealand has taken up governance roles including Chair of Ngai Tahu Holdings Corporation, and Director of PGG Wrightson Limited, MainPower New Zealand Limited and Silver Fern Farms Limited. He is a Commissioner of EQC and a member of the Institute of Directors. On 30 June 2013 Trevor was elected Chairman of the LPC Board and Chairman of the Remuneration Committee. He is an ex-officio member of the Audit and Finance Committee.

Dr Rod Carr

Dr Rod Carr hails from a commercial banking background and is currently the Vice-Chancellor of the University of Canterbury. Previously he was Managing Director at Jade Software Corporation. Rod has extensive experience with government bodies, and was recently elected Chairman of the Reserve Bank of New Zealand. Rod is also Chairman of the National Infrastructure Advisory Board, a Director of the Canterbury Employers' Chamber of Commerce and Trustee of the Christchurch Earthquake Appeal Trust. Dr Carr has a PhD MA (Wharton), MBA (Columbia), BCom (Hons), LLB (Hons) (Otago).

Lindsay Crossen

Lindsay Crossen comes from a civil engineering background. He has had an Executive leadership role in engineering contracting over the last two decades, is a Distinguished Fellow of the Institution of Professional Engineers New Zealand (IPENZ), and a Fellow of the New Zealand Institute of Management. Lindsay is Chairman of the New Zealand Board of Engineering Diplomas, Deputy Chairman of the National Infrastructure Advisory Board and a member of the CERA Risk and Audit Committee. He is also a Director of New Zealand Institute of Highway Technology and Crown Irrigation Investment Limited. Lindsay is a member of both the Remuneration and Engineering Advisory Committees.

Karl Smith

Karl Smith is Group Chief Executive for Gough Gough & Hamer Investments Limited. Prior to this he held Chief Executive roles with Crane Distribution New Zealand Limited and Invensys Energy Systems (New Zealand) Limited, and senior executive roles with PDL Holdings Limited, Progressive Enterprises Limited, and Citibank N.A. in New Zealand. Karl is an independent Director of Crusaders Limited Partnership, which is owned by the New Zealand Rugby Union. He has been a Ministerial Appointee to The Council of Christchurch Polytechnic Institute of Technology and was elected Director of Canterbury Employers' Chamber of Commerce. He holds a Bachelor of Commerce, and is a Chartered Accountant and member of the Institute of Directors. He was elected to the LPC Board in November 2011, and was elected Chairman of the Audit and Finance Committee on 30 June 2013.

Brian Wood

Brian Wood has had a career in senior leadership roles in both the public and private sectors and latterly consulting. His consulting roles included a period with the International Monetary Fund. He was previously Managing Director Asia Pacific of global civil engineering consultancy MWH Inc, and was responsible for overall leadership in New Zealand, Australia, Singapore, China, Taiwan, Vietnam and Brunei. Since stepping down from his role with MWH, he has a number of directorships and undertakes consulting assignments for several clients. He is currently Chairman of Buller Holdings Limited, Canterbury Linen Services Limited and Abley Transportation Consultants Limited. Brian is an accredited Company Director and a Fellow of The Institute of Directors in New Zealand and New Zealand Institute of Management. Brian is a member of both the Audit and Finance, and Engineering Advisory Committees.

DIRECTORS' INTERESTS

Rodger Fisher
CHAIRMAN TO 30 JUNE 2013

Appointed to the Board in February 2003 and elected Chairman in November 2007. Became Chairman of the Remuneration Committee and ex-officio member of the Audit and Finance Committee. Resigned these roles on 30 June 2013. Continues as Director, and member of the Remuneration Committee and the Audit and Finance Committee.

Interests
- Tenon Limited – Director
- The Property Group Limited – Director
- Eurotech Group Limited – Chairman
- Rodger Fisher Consulting Limited – Director
- Fisher Family Trust – Trustee
- Ultrafast Fibre Limited (UFL) – Independent Chairman (from 1 April)
- The First Management Group Limited – Advisory Board Member

Directors' fees paid: $80,967.

Trevor Burt
CHAIRMAN FROM 1 JULY 2013

Appointed to the Board in November 2008 and as Deputy Chairman in June 2011. Has been Chairman of the Audit and Finance Committee. On 30 June 2013, became Chairman Elect, Chairman of the Remuneration Committee and ex-officio member of the Audit and Finance Committee.

Interests
- MainPower New Zealand Limited – Director
- Breakaway Investments Limited – Director
- Hossack Station Limited – Director
- Canterbury Fresh Limited (In Liquidation) – Director
- Canterbury Fresh Processing Limited (In Liquidation) – Director
- Burt Family Trust – Trustee
- Ngai Tahu Holdings Corporation Limited – Chairman
- Landpower Holdings Limited – Director
- Silver Fern Farms Limited – Director
- Ngai Tahu Capital Limited – Director
- New Zealand Lamb Company Limited – Director
- Earthquake Commission – Commissioner
- Agria Asia Investments Limited – Director
- Agria (Singapore) Pty Limited – Director
- PGG Wrightson Limited – Director

Directors' fees paid: $56,033.

Dr Rod Carr

Appointed to the Board in November 2006.

Interests
- Joint Research Consultants (New Zealand) Limited – Director
- Waingawa Forest Corporation Limited – Director
- UC International College – Director
- Waingawa Forest Corporation Limited – Shareholder
- Waingawa Forestry Partners – Partner
- Waingawa Land Company – Partner
- CECC – Director
- Marshall Carr Family Trust – Trustee
- Home Trust – Trustee
- Wellington Drive Limited – Shareholder
- New Zealand Oil and Gas – Shareholder
- National Infrastructure Advisory Board – Chairman
- University of Canterbury Trust Funds – Vice Chancellor
- Canterprise Limited – Director
- Te Tapuae O Rehua Limited – Director
- Carnival Labs – Shareholder
- IP Investors Limited – Shareholder
- Canterbury Business Leaders Group – Member
- Future Canterbury Network – Member Christchurch
- Christchurch Earthquake Appeal Trust – Trustee
- Reserve Bank of New Zealand – Chairman

Directors' fees paid: $44,750.

Lindsay Crossen

Appointed to the Board in October 2010. Member of the Remuneration Committee.

Interests
- National Infrastructure Advisory Board – Deputy Chairman
- New Zealand Board of Engineering Diplomas – Chairman
- LC & JH Crossen Family Trust – Trustee
- New Zealand Institute of Highway Technology – Director
- Crown Irrigation Investment Limited – Director
- CERA Audit & Risk Committee – External Member
- Enable Services Limited – Management Contractor
- Fulton Hogan Limited - Shareholder

Directors' fees paid: $44,750.

Brian Wood

Appointed to the Board in June 2011. Member of the Audit and Finance Committee.

Interests
- Buller Holdings Limited – Chairman
- Westreef Services Limited – Chairman
- Buller Recreation Limited – Chairman
- Career Force Innovation Training Trust – Chairman
- Westport Harbour Limited – Chairman
- Canterbury Linen Services Limited – Chairman
- Abley Transportation Consultants Limited – Chairman

Directors' fees paid: $44,750.

Karl Smith

Appointed to the Board in November 2011. Elected Chairman of the Audit and Finance Committee on 30 June 2013.

Interests
- Gough Gough & Hamer Investments Limited – Group Chief Executive Officer
- Crusaders Franchise Limited – Director
- The Voyager Trust – Trustee

Directors' fees paid: $44,750.

Alan Grant
ADVISOR TO THE BOARD

Appointed Advisor to the Board in April 2012. Member of the Remuneration Committee.

Interests
- Craigellachie Dairy Farms Limited – Managing Director
- ANZCO Foods Limited – Director
- Alan Grant Trust – Trustee
- Alison Grant Trust – Trustee
- CMP Farmer Nominees Limited – Director

Advisor's fee paid: $44,750.

REPORT FROM THE DIRECTORS

Your Directors take pleasure in presenting the 2013 Annual Report, including the financial statements of the Lyttelton Port Company Limited for the year ended 30 June 2013.

Principal activities

During the year, the Company continued to be responsible for the overall management of the Port of Lyttelton. Our principal activities remain the provision of Port facilities, marine services and the handling of cargoes, including coal and containers.

There have been no changes in the Company's business in the period of review.

Financial result

During the year, the Company achieved a 15.6% increase in earnings before interest, taxation, depreciation and amortisation (EBITDA), to $43.8 million from $37.9 million. Net profit after taxation (NPAT) decreased 1.7% to $16.9 million from $17.2 million.

At 30 June 2013, Shareholders' Funds were $190 million and the return on average Shareholders' Funds for the year was 9.3%.

Auditors

KPMG, acting as agent for the Office of the Auditor General, was the auditor of Lyttelton Port Company Limited for the year ending 30 June 2013.

The remuneration for Auditors is disclosed in Note 6 to the Financial Statements.

Changes in capital

There have been no changes in capital in the current period. There are 102,261,279 total shares on issue.

Dividends

No dividend has been declared for the year.

Directors

In accordance with the Company's Constitution, two Directors will retire by rotation at this year's Annual Meeting. They are Lindsay Crossen and Rodger Fisher. Lindsay Crossen will offer himself for re-election to the Board.

Advisor to the Board

In April 2012 the Board appointed Alan Grant (retired Director) to the Remuneration Committee and as an Advisor to the Board of Directors. Alan brings his wealth of experience in an advisory capacity to support the best interests of LPC, and exercise the care, diligence and skills while occupying the role of a non-executive director of LPC. Alan attends all meetings of the Board and Remuneration Committee but does not purport to/or exercise any directive or determinative powers in relation to LPC or its business.

Remuneration of employees

Remuneration of staff paid in excess of $100,000 for the year ending 30 June 2013:

Total remuneration ($)	Number of employees
100,000 – 110,000	41
110,001 – 120,000	28
120,001– 130,000	18
130,001 – 140,000	12
140,001 – 150,000	5
150,001 – 160,000	1
160,001 – 170,000	1
180,001 – 190,000	1
190,001 – 200,000	7
250,001 – 260,000	1
270,001 – 280,000	1
440,001 – 450,000	1
1,040,001 – 1,050,000	1
Total	**118**

Senior Management Team remuneration

The Company has a Remuneration Policy that sets the framework for rewarding the Chief Executive and the Senior Management Team.

The policy aims to attract, retain and motivate high-calibre executives. The overall remuneration structure is designed to deliver rewards that are competitive in the labour market and to link remuneration to performance over the short, medium and long term.

LPC's executive remuneration recognises performance in the fixed remuneration component and the delivery of business growth goals in the short and long term performance-based remuneration components. The incentive schemes are assessed against performance within the financial year and are paid in the following financial year, if achieved.

The Board, through the Remuneration Committee, sets the remuneration structure for the Chief Executive and Senior Management Team. The Company's Senior Management Team's total remuneration is made up of a mixture of:

- fixed remuneration (FR);
- short-term incentive (STI); and
- long-term incentive (LTI).

Chief Executive remuneration

The FR is determined in relation to the market for comparable sized and performing companies and includes all benefits, allowances and deductions. The position in the market will normally be comparable to the median. Adjustments are not automatic and are determined by performance which is reviewed annually.

Short-term incentive

The Board assesses the Chief Executive's performance against financial, operational and leadership objectives.

The STI is set at 40% of FR. Thirty per cent of the STI is linked to Company financial performance with the actual opportunity in the range of 0% to 100%. Seventy per cent is based on achieving strategic objectives with the actual opportunity in the range of 0% to 100%. Objectives are set each year.

Long-term incentive

The LTI scheme is based on earnings per share growth over a rolling three-year period compared to benchmarks set for performance. This scheme completed its fifth and final cycle on 30 June 2013. The Remuneration Committee is in discussions with the Senior Management Team on a replacement LTI scheme.

The targets of the scheme operable at 30 June 2013 were:

Earnings per share	LTI entitlement (% of TFR)
8% compounding growth per annum	22.5%
10% compounding growth per annum	45.0%
16% compounding growth per annum	90.0%

As at 30 June 2013 $0.971 million has been accrued for LTI and STI for the Chief Executive and direct reports. The Chief Executive's total remuneration for the year ended 30 June 2013 was made up as follows:

	30 June 2013 ($000s)	30 June 2012 ($000s)
Fixed remuneration	474	454
Short term incentive	160	170
Long term incentive	413	397
Total remuneration	**1,047**	**1,021**

Particulars of the Directors' and Officers' transactions in shares of the Company

During the year the current Directors' and Officers' shareholding in the Company has not changed. As at 30 June 2013 no Director or Officer held shares in the Company.

Directors' attendance July 2012 to June 2013

As at 30 June 2013	Annual Meeting	Scheduled meeting	Unscheduled meeting	Audit and Finance Committee	Remuneration Committee
R Fisher	1	9	1	5	2
T Burt	1	11	1	5	2
R Carr	1	10		3	2
L Crossen	1	11	1	5	2
A Grant		10	1	4	2
K Smith	1	9	1	4	1
B Wood	1	10	1	5	2

Directors' loans

There were no loans by the Company to the Directors.

Use of Company information, assets and property

During the year, the Board did not receive any notices from Directors of the Company requesting the use of Company information received in the capacity as Directors, which would not otherwise have been available to them.

Directors, in their ordinary course of business, have no cause to, and do not, use Company assets or property, other than meeting room facilities for Board and Committee meetings.

REPORTING OUR FINANCIALS

Financial Calendar

2013
November
Annual Meeting

2014
February
Interim result announcement

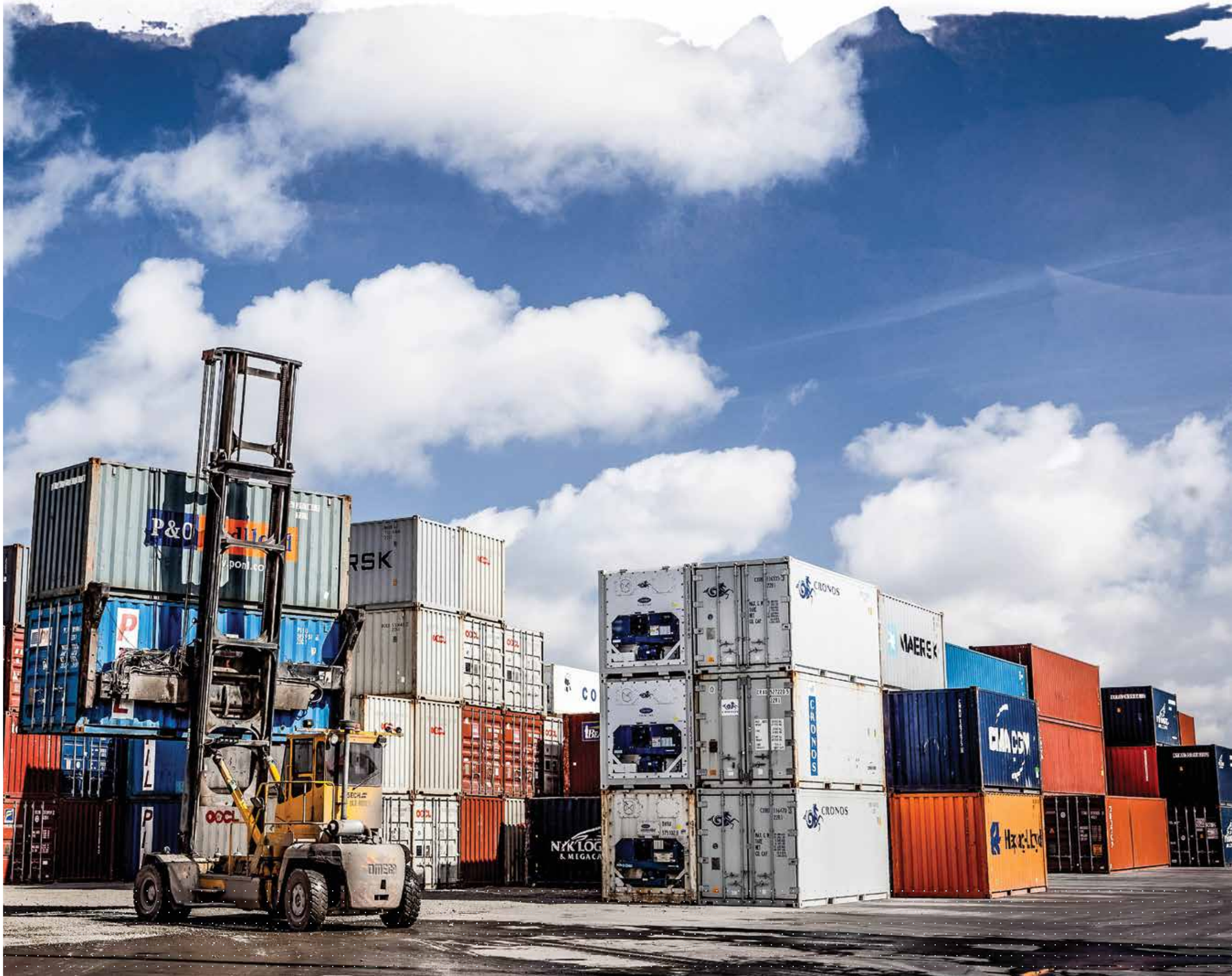
March
Publication of Interim Report,
and Interim Dividend payment

June
Financial year end

August
Full-year result announcement

September
Annual Report mailed to Shareholders

November
Annual Meeting



AUDIT REPORT

To the readers of Lyttelton Port Company Limited and Group's Financial Statements for the year ended 30 June 2013.

The Auditor-General is the auditor of Lyttelton Port Company Limited (the company and group). The Auditor-General has appointed me, Alex Skinner, using the staff and resources of KPMG, to carry out the audit of the financial statements of the company and group on her behalf.

We have audited the financial statements of the company and group on pages 48 to 80, that comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

Opinion

Financial statements

In our opinion the financial statements of the company and group on pages 48 to 80:

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

Other legal requirements

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

Our audit was completed on 29 August 2013. This is the date at which our opinion is expressed.

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

Basis of opinion

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

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

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

An audit also involves evaluating:

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

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

In accordance with the Financial Reporting Act 1993, we report that we have obtained all the information and explanations we have required. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board of Directors

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

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

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

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

Responsibilities of the Auditor

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

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

In addition to the audit we have carried out a review assignment, and provided the company with general accounting services, which are compatible with those independence requirements. Other than the audit and these assignments, we have no relationship with or interests in the in the company or any of its subsidiaries.

Alex Skinner
KPMG
On behalf of the Auditor-General
Christchurch, New Zealand

DIRECTORS' DECLARATION

In the opinion of the Directors of Lyttelton Port Company Limited, the financial statements and notes on pages 48 to 80:

- comply with New Zealand generally accepted accounting practice and give a true and fair view of the financial position of the Company and the Group as at 30 June 2013, and the results of their operations and cash flows for the year ended on that date; and
- have been prepared using appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and the Group, and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

The Directors consider that they have taken adequate steps to safeguard the assets of the Company and the Group, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as to the integrity and reliability of the financial statements.

The Directors are pleased to present the financial statements of Lyttelton Port Company Limited for the year ended 30 June 2013.

For and on behalf of the Board of Directors:

Trevor Burt
Director
29 August 2013

Karl Smith
Director
29 August 2013

STATEMENT OF FINANCIAL POSITION
as at 30 June 2013

In thousands of New Zealand dollars	Note	Group 2013	Group 2012	Company 2013	Company 2012
Assets					
Property, plant and equipment	9	215,164	216,901	194,572	196,212
Intangible assets	10	3,917	3,476	3,842	3,401
Loans and advances		526	566	526	566
Total non-current assets		**219,607**	**220,943**	**198,940**	**200,179**
Inventories		4,207	4,006	4,207	4,006
Insurance receivable	28	27,684	28,971	27,684	28,971
Trade and other receivables	12	14,988	14,321	14,943	14,268
Prepayments		1,121	713	1,121	713
Cash and cash equivalents		969	1,153	897	1,081
Loans and advances		86	57	86	57
Intercompany account balances	24	-	-	19,051	19,834
Income tax receivable		2,015	3,372	2,276	3,415
Total current assets		**51,070**	**52,593**	**70,265**	**72,345**
Total assets		**270,677**	**273,536**	**269,205**	**272,524**
Equity					
Share capital	13	21,457	21,457	21,457	21,457
Hedging reserve	13	(2,003)	(3,178)	(2,003)	(3,178)
Retained earnings		170,625	153,712	168,923	153,026
Total equity		**190,079**	**171,991**	**188,377**	**171,305**
Liabilities					
Loans and borrowings	15	30,570	55,925	30,570	55,925
Derivatives	19	2,577	3,983	2,577	3,983
Deferred lease income	17	2,770	3,637	2,770	3,637
Deferred tax liabilities	11	24,977	18,139	25,223	17,845
Other non-current liabilities		-	34	-	34
Total non-current liabilities		**60,894**	**81,718**	**61,140**	**81,424**
Trade and other payables	18	10,887	10,304	10,871	10,272
Employee entitlements		7,745	8,206	7,745	8,206
Derivatives	19	205	450	205	450
Deferred lease income	17	867	867	867	867
Total current liabilities		**19,704**	**19,827**	**19,688**	**19,795**
Total liabilities		**80,598**	**101,545**	**80,828**	**101,219**
Total equity and liabilities		**270,677**	**273,536**	**269,205**	**272,524**

STATEMENT OF COMPREHENSIVE INCOME
as at 30 June 2013

In thousands of New Zealand dollars	Note	Group 2013	Group 2012	Company 2013	Company 2012
Continuing operations					
Revenue		110,657	104,546	110,459	104,280
Employee expenses		(42,358)	(40,488)	(42,358)	(40,488)
Materials and consumables utilised		(25,668)	(22,646)	(25,668)	(22,646)
Depreciation and amortisation	5, 9, 10	(10,911)	(10,928)	(10,813)	(10,830)
Administrative and other expenses	6	(6,925)	(6,688)	(7,522)	(7,285)
Results from operating activities before the impact of the following earthquake related items		**24,796**	**23,796**	**24,099**	**23,031**
Earthquake related items					
Additional costs	28	(8,002)	(15,222)	(8,002)	(15,222)
Insurance income	28	16,103	18,379	16,103	18,379
Depreciation on earthquake assets		(4,664)	-	(4,664)	-
Net financing expenses	7	(3,578)	(3,567)	(3,578)	(3,567)
Profit before tax for the year		**24,655**	**23,386**	**23,958**	**22,621**
Income tax expense/(credit)	8	7,742	6,183	8,062	5,969
Profit for the year		**16,913**	**17,203**	**15,896**	**16,652**
Other comprehensive income					
Effective portion of changes in fair value of cash flow hedges - gross of tax		1,633	(576)	1,633	(576)
Income tax on other comprehensive income		(457)	161	(457)	161
Total comprehensive income for the period		**18,089**	**16,788**	**17,072**	**16,237**
Earnings per share from continuing operations					
Basic earnings per share (cents)	14	16.5	16.8	-	-

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2013

In thousands of New Zealand dollars	Group				Company			
	Share capital	Hedging reserve	Retained earnings	Total	Share capital	Hedging reserve	Retained earnings	Total
Balance at 1 July 2011	**21,457**	**(2,763)**	**136,509**	**155,203**	**21,457**	**(2,763)**	**136,374**	**155,068**
Total comprehensive income for the period								
Profit or loss	-	-	17,203	17,203	-	-	16,652	16,652
Other comprehensive income								
Net effective portion of changes in fair value of cash flow hedges	-	(415)	-	(415)	-	(415)	-	(415)
Total comprehensive income for the period	**-**	**(415)**	**17,203**	**16,788**	**-**	**(415)**	**16,652**	**16,237**
Transactions with owners recorded directly in equity								
Dividends to equity holders	-	-	-	-	-	-	-	-
Balance at 30 June 2012	21,457	(3,178)	153,712	171,991	21,457	(3,178)	153,026	171,305
Total comprehensive income for the period								
Profit or loss	-	-	16,913	16,913	-	-	15,896	15,896
Other comprehensive income								
Net effective portion of changes in fair value of cash flow hedges	-	1,176	-	1,176	-	1,176	-	1,176
Total comprehensive income for the period	**-**	**1,176**	**16,913**	**18,089**	**-**	**1,176**	**15,896**	**17,072**
Transactions with owners recorded directly in equity								
Dividends to equity holders	-	-	-	-	-	-	-	-
Balance at 30 June 2013	**21,457**	**(2,003)**	**170,625**	**190,079**	**21,457**	**(2,003)**	**168,923**	**188,377**

STATEMENT OF CASH FLOWS
for the year ended 30 June 2013

In thousands of New Zealand dollars	Note	Group 2013	Group 2012	Company 2013	Company 2012
Cash flows from operating activities					
Cash receipts from customers		109,072	101,728	108,869	101,343
Cash paid to suppliers and employees		(77,265)	(71,261)	(77,847)	(71,854)
Cash generated from operations		**31,807**	**30,467**	**31,022**	**29,489**
Insurance proceeds from the Canterbury earthquakes		17,394	-	17,394	-
Cash costs as a result of the Canterbury earthquakes		(8,002)	(15,222)	(8,002)	(15,222)
Interest paid	7	(3,863)	(3,792)	(3,863)	(3,792)
Interest received		109	231	109	231
Income tax paid		28	(274)	28	(275)
Net cash from operating activities	23	**37,473**	**11,410**	**36,688**	**10,431**
Cash flows from/(used in) investing activities					
Proceeds from sale of property, plant and equipment		46	59	46	59
Acquisition of property, plant and equipment		(11,486)	(25,911)	(11,486)	(25,911)
Acquisition of intangible assets		(863)	(270)	(863)	(270)
Advances from subsidiaries		-	-	785	980
Net cash used in investing activities		**(12,303)**	**(26,122)**	**(11,518)**	**(25,142)**
Cash flows from/(used in) financing activities					
Proceeds of borrowings/(repayments)	15	(25,355)	15,173	(25,355)	15,173
Net cash from financing activities		**(25,355)**	**15,173**	**(25,355)**	**15,173**
Net decrease in cash and cash equivalents		(185)	461	(185)	462
Cash and cash equivalents at 1 July		1,153	692	1,081	619
Cash and cash equivalents at 30 June		**969**	**1,153**	**897**	**1,081**

NOTES TO THE FINANCIAL STATEMENTS

1. Reporting entity

Lyttelton Port Company Limited (the "Company") is a company domiciled in New Zealand, registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange ("NZX"). The Company is an issuer in terms of the Financial Reporting Act 1993.

Financial statements for the Company (separate financial statements) and consolidated financial statements are presented. The consolidated financial statements of Lyttelton Port Company Limited as at and for the year ended 30 June 2013 comprise the Company and its subsidiaries (together referred to as the "Group").

Lyttelton Port Company is involved in providing and managing port services and cargo handling facilities.

2. Basis of preparation

(a) Statement of compliance
The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. The financial statements also comply with International Financial Reporting Standards ("IFRS").

The financial statements were approved by the Board of Directors on 29th August 2013.

(b) Basis of measurement
The financial statements have been prepared on the historical cost basis except for the following:

- derivative financial instruments are measured at fair value.

The methods used to measure fair values are discussed further in Note 4.

(c) Functional and presentation currency
These financial statements are presented in New Zealand dollars ($), which is the Company's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest thousand unless indicated otherwise.

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on amounts recognised in the financial statements are as detailed below:

- Note 3 (e) iv) – amortisation of intangibles
- Note 3 (d) (iii) – depreciation rates and estimation of useful economic lives
- Note 9 – carrying value of land, buildings and harbour structures
- Note 22 – contingencies
- Note 28 – insurance receivables

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. The accounting policies have been applied consistently by Group entities.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

(ii) Transactions eliminated on consolidation
Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(iii) Investments in equity securities
Investments in equity securities of subsidiaries are measured at cost in the separate financial statements of the company.

(b) Foreign currency

(i) Foreign currency transactions
Transactions in foreign currencies are translated to the functional currency of the Group (NZD) at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date.

(c) Financial instruments

(i) Non-derivative financial instruments
Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of cash flows.

Trade and other receivables
Trade and other receivables are stated at their cost less impairment losses.

Trade and other payables
Trade and other payables are stated at cost.

Other
Subsequent to initial recognition, other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

(ii) Derivative financial instruments
The Group uses derivative financial instruments to hedge its exposure to foreign exchange, commodity price and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value and transaction costs are expensed immediately. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the hedging relationship (see below).

Cash flow hedges
Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in equity is transferred to profit or loss in the same period that the hedged item affects profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement
Items of property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses

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

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

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

(iii) Depreciation
Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment from the date that they are available for use, except for capital work in progress. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

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

• buildings	5-50 years
• harbour structures and land improvements	3-50 years
• container cranes	30 years
• plant equipment and vehicles	3-30 years
• vessels	5-25 years
• seawalls	100 years

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

(iv) Derecognition
In the event that an asset or part of an asset is damaged and not expected to be able to be used to generate future economic benefits, then it is derecognised as an asset and the carrying value, or part thereof, is charged to profit or loss as 'assets written off'.

(e) Intangible assets

(i) Resource consents and easements
Resource consents and easements over land provide an enduring benefit for the Company and the Group's operations. These are recorded at cost and are amortised to profit or loss on a straight line basis over periods of 5-10 years (being the periods of assessed benefit). Resource consents and easements are stated at cost less amortisation provided to date.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

(ii) Other intangible assets
Other intangible assets including software that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Subsequent expenditure
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss when incurred.

(iv) Amortisation
Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of finite intangible assets, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

- computer software 3-10 years
- resource consents and easements 5-35 years

(f) Leased assets

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

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

(ii) Group as lessor
Assets leased under operating leases are recorded as Property, Plant and Equipment.

(g) Inventories

Inventories, consisting of fuel stocks, maintenance parts and consumable supplies are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated replacement cost in the ordinary course of business.

(h) Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any objective evidence of impairment.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in profit or loss.

(i) Impairment of receivables
The recoverable amount of the Group's receivables carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Receivables with a short duration are not discounted.

The Group considers evidence of impairment for receivables at both specific and collective level. All individually significant receivables are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics. In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than historical trends.

Impairment losses are recognised in profit and loss. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets
The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

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

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

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Employee benefits

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due. The Group is party to a multi-employer defined benefit pension plan in respect of certain individuals. The plan has in excess of 530 members as at 31 March 2012. The group has two employees included in these member numbers. As sufficient information is not available for the Group to account for this plan as a defined benefit plan, it is accounted for as a defined contribution plan, with obligations for contributions recognised as an expense in profit or loss when they are due. See Note 16 for additional information.

(i) Long-term employee benefits
The Group's net obligation in respect of long term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations.

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

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

(j) Provisions

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

(k) Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of allowances, trade discounts and volume rebates.

(i) Services
Revenue from services is recognised in profit or loss when the service is performed. Where services are in progress at the reporting date, revenue is recognised in profit or loss in proportion to the stage of completion of the service at that date.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

(ii) Rental income
Rental income from property is recognised in profit or loss on a straight-line basis over the term of the lease.

(iii) Deferred lease income
Deferred lease income is revenue received in advance which is recorded as a liability and amortised to income on a straight line basis over the period to which the lease income relates.

(l) Insurance claim recoveries
Insurance claim recoveries are recognised when received or when there is virtual certainty of receipt.

The income is considered virtually certain if the Company has an unconditional right to receive the compensation, and the asset can be measured reliably.

The insurance receivable is measured based on the Company's best estimate of the amount and timing of the expected cash flows discounted at the rate that reflects the credit risk of the insurer.

If the realisation is probable but not virtually certain or cannot be measured reliably, the asset is considered contingent and not recognised in the statement of financial position, but is disclosed in the notes.

(m) Lease payments
Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(n) Finance income and expenses
Finance income comprises interest income on funds invested and gains on derivative instruments that are recognised in profit or loss. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings and the ineffective portion of derivative instruments that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method, except with regards to borrowing costs on qualifying assets which are capitalised as part of the cost of those assets, as required by NZ IAS 23 Borrowing Costs.

(o) Dredging costs
Maintenance dredging costs are recorded as a prepayment and expensed over the period of benefit, which has been assessed as one to five years.

(p) Income tax expense
Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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

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

(q) Earnings per share
The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. There are no dilutive characteristics of any ordinary shares on issue.

(r) Segment reporting
Since 1 July 2012 the Group determines its operating segments based on the information provided to the Board of Directors who are the Group's chief operating decision maker.

The Group has one reportable business segment providing and managing port and associated facilities in Christchurch, New Zealand.

(s) New standards and interpretations not yet adopted
A number of new standards and interpretations are not yet effective for the year ended 30 June 2013, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the financial statements of the Group except for NZ IFRS 9.

NZ IFRS 9 Financial Instruments: Classification and Measurement will supersede NZ IAS 39 and specifies how an entity should classify and measure financial assets. The standard is effective for the year ended 30 June 2016. The Group has not yet determined the potential impact of this standard.

4. Determination of fair value

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Derivatives
The fair value of forward exchange contracts is based on broker quotes if available. If a broker quote is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

The fair value of interest rate swaps and fuel hedges are based on broker quotes.

(b) Non-derivative financial liabilities
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

5. Gain/(loss) on sale of property

		Group		Company	
In thousands of New Zealand dollars	Note	2013	2012	2013	2012
Net gain/(loss) on sale of property, plant and equipment (included in depreciation and amortisation)		22	-	22	-

6. Other expenses

The following items of expenditure are included in administrative expenses:

		Group		Company	
In thousands of New Zealand dollars	Note	2013	2012	2013	2012
Auditor's remuneration to KPMG comprises:					
Audit of financial statements		98	109	98	109
Other audit-related services		-	15	-	15
Other non-audit related services		43	-	43	-
Total auditor's remuneration		**141**	**124**	**141**	**124**

Other audit-related services include assistance with an internal control review. Other non audit related services included a secondment service provided.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7. Finance income and expenses

	Group		Company	
In thousands of New Zealand dollars	2013	2012	2013	2012
Interest income on other investments	109	231	109	231
Bank facility fees	(968)	(1,052)	(968)	(1,052)
Interest paid on bank advances	(3,206)	(4,455)	(3,206)	(4,455)
Less interest capitalised to property, plant and equipment	487	1,709	487	1,709
Net finance expenses	**(3,578)**	**(3,567)**	**(3,578)**	**(3,567)**

See Note 15 for the average effective interest rates on capitalised interest.

8. Income tax expense

	Group		Company	
In thousands of New Zealand dollars	2013	2012	2013	2012
Current tax expense				
Current period	3,496	-	3,278	-
Adjustment for prior periods	117	(186)	117	(186)
	3,613	**(186)**	**3,395**	**(186)**
Deferred tax expense				
Origination and reversal of temporary differences	4,129	6,581	4,667	6,367
Deferred tax rate adjustment	-	(212)	-	(212)
	4,129	**6,369**	**4,667**	**6,155**
Income tax expense from continuing operations	7,742	6,183	8,062	5,969
Total income tax expense/(credit)	**7,742**	**6,183**	**8,062**	**5,969**

Income tax has been calculated based on the tax rates and tax laws enacted or substantively enacted at balance date. Changes to tax law have been introduced to parliament subsequent to Balance Date which may have an effect on the tax treatment.

Reconciliation of effective tax rate - Group

In thousands of New Zealand dollars	2013 Rate	2013 Amount	2012 Rate	2012 Amount
Profit after tax	-	16,913	-	17,203
Total income tax expense	-	7,742	-	6,183
Profit before tax	-	**24,655**	-	**23,386**
Income tax using the Company's domestic tax rate	28.0%	6,903	28.0%	6,548
Non-deductible expenses	0.1%	15	0.1%	33
Tax exempt income reversal	2.9%	707	-	-
Non-deductible tax depreciation on buildings	-	-	-	-
Deferred tax rate adjustment	-	-	(0.9%)	(212)
(Over)/under provided in prior periods	0.5%	117	(0.8%)	(186)
Total income tax expense/(credit)	**31.4%**	**7,742**	**26.4%**	**6,183**

8. Income tax expense continued

Reconciliation of effective tax rate - Company

In thousands of New Zealand dollars	2013 Rate	2013 Amount	2012 Rate	2012 Amount
Profit for the period	-	15,896	-	16,652
Total income tax expense	-	8,062	-	5,969
Profit excluding income tax	-	**23,958**	-	**22,621**
Income tax using the Company's tax rate	28.0%	6,709	28.0%	6,333
Non-deductible expenses	2.2%	529	0.1%	33
Tax exempt income reversal	3.0%	707	-	-
Non-deductible tax depreciation on buildings	-	-	-	-
Deferred tax rate adjustment	-	-	(0.9%)	(212)
(Over)/under provided in prior periods	0.5%	117	(0.8%)	(185)
Total income tax expense/(credit)	**33.7%**	**8,062**	**26.4%**	**5,969**

Income tax recognised in equity

	Group		Company	
In thousands of New Zealand dollars	2013	2012	2013	2012
Derivatives	(457)	161	(457)	161
Total income tax recognised directly in equity (Note 11)	**(457)**	**161**	**(457)**	**161**

Imputation credits

	Group		Company	
In thousands of New Zealand dollars	2013	2012	2013	2012
Imputation credits at 1 July	23,739	23,628	23,739	23,628
New Zealand tax payments, net of refunds	2	111	2	111
Imputation credits attached to dividends paid	-	-	-	-
Imputation credits at 30 June	**23,741**	**23,739**	**23,741**	**23,739**
The imputation credits are available to Shareholders of the Company:				
Through the Company	23,741	23,739	23,741	23,739
Through subsidiaries	-	-	-	-

The above amounts represent the balance of the imputation account as at the end of the reporting period, adjusted for:

a) Imputation credits that will arise from the payment of the amount of the provision for income tax
b) Imputation debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
c) Imputation credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The consolidated amounts include imputation credits that would be available to the parent entity if subsidiaries paid dividends.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9. Property, plant and equipment

Group

In thousands of New Zealand dollars	Freehold land	Buildings	Land improvements & harbour structures	Plant, equipment & vehicles	Total
Gross carrying amount					
Balance at 1 July 2011	**63,585**	**9,118**	**109,666**	**136,157**	**318,526**
Additions	-	475	24,261	1,364	26,100
Disposals	-	(634)	(12)	(109)	(755)
Balance at 30 June 2012	**63,585**	**8,959**	**133,915**	**137,412**	**343,871**
Additions	-	511	7,114	5,860	13,485
Disposals	-	-	-	(213)	(213)
Balance at 30 June 2013	**63,585**	**9,470**	**141,029**	**143,059**	**357,143**
Accumulated depreciation					
Balance at 1 July 2011	**-**	**(4,022)**	**(46,487)**	**(66,656)**	**(117,165)**
Disposals	-	634	-	50	684
Depreciation expense	-	(524)	(2,834)	(7,131)	(10,489)
Balance at 30 June 2012	**-**	**(3,912)**	**(49,321)**	**(73,737)**	**(126,970)**
Disposals	-	-	-	142	142
Depreciation expense	-	(490)	(7,751)	(6,910)	(15,151)
Balance at 30 June 2013	**-**	**(4,402)**	**(57,072)**	**(80,505)**	**(141,979)**
Carrying amounts					
Net book value as at 30 June 2012	**63,585**	**5,047**	**84,594**	**63,675**	**216,901**
Net book value as at 30 June 2013	**63,585**	**5,068**	**83,957**	**62,554**	**215,164**

Included in the reconciliation above is "capital work in progress" of $22,210,269 (2012: $38,609,765).

During the course of the 2013 year there has been no change in the useful economic lives of major items of property, plant and equipment as per Management's assessment.

9. Property, plant and equipment continued

Company

In thousands of New Zealand dollars	Freehold land	Buildings	Land improvements & harbour structures	Plant, equipment & vehicles	Total
Gross carrying amount					
Balance at 1 July 2011	**43,341**	**8,000**	**109,133**	**136,157**	**296,631**
Additions	-	473	24,261	1,364	26,098
Disposals	-	-	(12)	(109)	(121)
Balance at 30 June 2012	**43,341**	**8,473**	**133,382**	**137,412**	**322,608**
Additions	-	511	7,114	5,860	13,485
Disposals	-	-	-	(213)	(213)
Balance at 30 June 2013	**43,341**	**8,984**	**140,496**	**143,059**	**335,880**
Accumulated depreciation					
Balance at 1 July 2011	**-**	**(3,067)**	**(46,333)**	**(66,655)**	**(116,055)**
Disposals	-	-	-	50	50
Depreciation expense	-	(510)	(2,750)	(7,131)	(10,391)
Balance at 30 June 2012	**-**	**(3,577)**	**(49,083)**	**(73,736)**	**(126,396)**
Disposals	-	-	-	142	142
Depreciation expense	-	(476)	(7,668)	(6,910)	(15,054)
Balance at 30 June 2013	**-**	**(4,053)**	**(56,751)**	**(80,504)**	**(141,308)**
Carrying amounts					
Net book value as at 30 June 2012	**43,341**	**4,896**	**84,299**	**63,676**	**196,212**
Net book value as at 30 June 2013	**43,341**	**4,931**	**83,745**	**62,555**	**194,572**

Included in the reconciliation above is "capital work in progress" of $22,210,269 (2012: $38,609,765).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

10. Intangible assets

Group

In thousands of New Zealand dollars	Software	Easements & resource consents	Total
Gross carrying amount			
Balance at 1 July 2011	**5,980**	**2,065**	**8,045**
Additions	87	183	270
Disposals	-	-	-
Balance at 30 June 2012	**6,067**	**2,248**	**8,315**
Additions	422	441	863
Disposals	-	-	-
Balance at 30 June 2013	**6,489**	**2,689**	**9,178**
Accumulated amortisation			
Balance at 1 July 2011	**(3,915)**	**(485)**	**(4,400)**
Amortisation expense	(403)	(36)	(439)
Disposals	-	-	-
Balance at 30 June 2012	**(4,318)**	**(521)**	**(4,839)**
Amortisation expense	(380)	(42)	(422)
Disposals	-	-	-
Balance at 30 June 2013	**(4,698)**	**(563)**	**(5,261)**
Carrying amounts			
Net book value as at 30 June 2012	**1,749**	**1,727**	**3,476**
Net book value as at 30 June 2013	**1,791**	**2,126**	**3,917**

Included in the reconciliation above is "capital work in progress" of $1,931,593 (2012: $1,085,300).

10. Intangible assets continued

Company

In thousands of New Zealand dollars	Software	Easements & resource consents	Total
Gross carrying amount			
Balance at 1 July 2011	**5,980**	**1,989**	**7,969**
Additions	87	183	270
Disposals	-	-	-
Balance at 30 June 2012	**6,067**	**2,172**	**8,239**
Additions	422	441	864
Disposals	-	-	-
Balance at 30 June 2013	**6,489**	**2,613**	**9,102**
Accumulated amortisation			
Balance at 1 July 2011	**(3,915)**	**(485)**	**(4,400)**
Amortisation expense	(403)	(36)	(439)
Disposals	-	-	-
Balance at 30 June 2012	**(4,318)**	**(521)**	**(4,839)**
Amortisation expense	(381)	(41)	(422)
Disposals	-	-	-
Balance at 30 June 2013	**(4,699)**	**(562)**	**(5,261)**
Carrying amounts			
Net book value as at 30 June 2012	**1,749**	**1,651**	**3,400**
Net book value as at 30 June 2013	**1,790**	**2,051**	**3,842**

Included in the reconciliation above is "capital work in progress" of $1,931,593 (2012: $1,085,300).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

11. Deferred tax assets and liabilities

Group	Assets		Liabilities		Net	
In thousands of New Zealand dollars	2013	2012	2013	2012	2013	2012
Property, plant and equipment	-	-	(20,076)	(15,871)	(20,076)	(15,871)
Employee entitlements	1,647	1,586	-	-	1,647	1,586
Derivatives	779	1,242	-	-	779	1,242
Insurance claim receivable	-	-	(7,288)	(7,492)	(7,288)	(7,492)
Losses	-	2,225	-	-	-	2,225
Other items	-	171	(39)	-	(39)	171
Tax assets/(liabilities)	**2,426**	**5,224**	**(27,403)**	**(23,363)**	**(24,977)**	**(18,139)**

There are no unrecognised deferred tax assets or liabilities for the Group.

Movement in temporary differences during the year - Group

In thousands of New Zealand dollars	Balance 1 July 2011	Recognised in profit or loss	Recognised in equity	Balance 30 June 2012	Recognised in profit or loss	Recognised in equity	Balance 30 June 2013
Property, plant and equipment	(12,348)	(3,523)	-	(15,871)	(4,205)	-	(20,076)
Employee entitlements	1,483	103	-	1,586	61	-	1,647
Derivatives	1,095	(14)	161	1,242	(6)	(457)	779
Insurance claim receivable	(3,178)	(4,314)	-	(7,492)	204	-	(7,288)
Losses	735	1,490	-	2,225	(2,225)	-	-
Other items	97	74	-	171	(210)	-	(39)
Tax assets/(liabilities)	**(12,116)**	**(6,184)**	**161**	**(18,139)**	**(6,381)**	**(457)**	**(24,977)**

Company	Assets		Liabilities		Net	
In thousands of New Zealand dollars	2013	2012	2013	2012	2013	2012
Property, plant and equipment	-	-	(20,321)	(15,577)	(20,321)	(15,577)
Employee entitlements	1,647	1,586	-	-	1,647	1,586
Derivatives	779	1,242	-	-	779	1,242
Insurance claim receivable	-	-	(7,288)	(7,492)	(7,288)	(7,492)
Losses	-	2,225	-	-	-	2,225
Other items	-	171	(40)	-	(40)	171
Tax assets/(liabilities)	**2,426**	**5,224**	**(27,649)**	**(23,069)**	**(25,223)**	**(17,845)**

There are no unrecognised deferred tax assets or liabilities for the Company.

11. Deferred tax assets and liabilities continued

Movement in temporary differences during the year - Company

In thousands of New Zealand dollars	Balance 1 July 2011	Recognised in profit or loss	Recognised in equity	Balance 30 June 2012	Recognised in profit or loss	Recognised in equity	Balance 30 June 2013
Property, plant and equipment	(12,551)	(3,026)	-	(15,577)	(4,744)	-	(20,321)
Employee entitlements	1,483	103	-	1,586	61	-	1,647
Derivatives	1,095	(14)	161	1,242	(6)	(457)	779
Insurance claim receivable	(3,178)	(4,314)	-	(7,492)	204	-	(7,288)
Losses	1,017	1,208	-	2,225	(2,225)	-	-
Other items	97	74	-	171	(211)	-	(40)
Tax assets/(liabilities)	**(12,037)**	**(5,969)**	**161**	**(17,845)**	**(6,921)**	**(457)**	**(25,223)**

12. Trade and other receivables

	Group		Company	
In thousands of New Zealand dollars	2013	2012	2013	2012
Trade receivables	14,988	14,321	14,943	14,268
	14,988	**14,321**	**14,943**	**14,268**

13. Capital and reserves

Share capital
At 30 June 2013 there were 102,261,279 shares on issue (2012: 102,261,279). All issued shares are fully paid and have no par value. The holders of ordinary shares are entitled to receive dividends as declared from time to time by the Directors and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Hedging reserve
The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Dividends
No dividends were declared and paid by the Group for the year ended 30 June 2013 (2012: Nil).

14. Earnings per share

The calculation of basic earnings per share at 30 June 2013 was based on the number of ordinary shares outstanding of 102,261,279 (2012: 102,261,279) and the profit attributable to ordinary shareholders of $16,913,000 (2012: $17,203,000) for the Group.

There were no ordinary shares issued in the period under review.

Earnings per share

In thousands of New Zealand dollars	2013	2012
Basic earnings per share (cents)	16.5	16.8
Diluted earnings per share (cents)	16.5	16.8

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

15. Loans and borrowings

This Note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Company's exposure to interest rate and foreign currency risk see Note 19.

	Group		Company	
In thousands of New Zealand dollars	2013	2012	2013	2012
Loans and borrowings – term	**30,570**	**55,925**	**30,570**	**55,925**
Average effective interest rates	6.87%	7.00%	6.87%	7.00%

Bank overdraft and term advances have been raised pursuant to a multi-currency facility agreement with Westpac Banking Corporation. Those funds have been lent against a negative pledge deed where Westpac ranks equally with other creditors. The facility is for $150 million with a renewal date of 19 December 2015. There was no difference between the face value and carrying amount of these loans and borrowings at 30 June 2013 or 30 June 2012.

16. Employee benefits

Lyttelton Port Company is a participating employer in the National Provident Fund DBP Contributors Scheme ('the Scheme') which is a multi-employer defined benefit Scheme. If the other participating employers ceased to participate in the Scheme, the employer could be responsible for the entire deficit of the Scheme (see below.) Similarly, if a number of employers ceased to participate in the Scheme, the employer could be responsible for an increased share of the deficit. Points to note about this scheme are:

i. The DBP Contributors Scheme ('the Scheme') is a multi-employer defined benefit scheme.
ii. Insufficient information is available to use defined benefit accounting as it is not possible to determine, from the terms of the Scheme, the extent to which the deficit will affect future contributions by employers, as there is no prescribed basis for allocation.
iii. The scheme had in excess of 530 members at 31 March 2012 (the latest date for which information is available). The Group had two employees included in this number and is therefore not a significant participant in the scheme.
iv. As at 31 March 2011, the date of the most recent acturial valuation, the scheme had a past service surplus of $37.582 million (16.4% of the liabilities). This amount is exclusive of Specified Superannuation Contribution Withholding Tax.
This surplus is for the entire scheme, not only LPC's participating employees.
v. This surplus was calculated using a discount rate equal to the expected return on the assets, but otherwise the assumptions and methodology were consistent with the requirements of NZ IAS 19.
vi. The Actuary to the Scheme has recommended the employer contributions were suspended with effect from 1 April 2011.
vii. The Group and Company recognised an expense of $Nil (2012: $Nil) in the year in respect of contributions made to this scheme. The expected contribution payable to the scheme by the Group and Company in the year to 30 June 2013 is $Nil.

17. Deferred lease income

On 11 September 2002 shareholders approved entry into a 15-year coal handling agreement with Solid Energy New Zealand Limited which provided for Lyttelton Port Company to receive a $13 million prepayment of agreement charges. Should Lyttelton Port Company fail to meet its material obligations in respect of the agreement and Solid Energy exercises its right of termination then the Company would be required to repay to Solid Energy a proportion of the value of its agreement charge prepayment up to a maximum of $13 million. Deferred lease income received is recognised in the Statement of comprehensive income on a straight line basis over the 15 year term of the agreement.

	Group and Company	
In thousands of New Zealand dollars	2013	2012
Balance at start of year	**4,504**	**5,371**
Deferred lease income recognised	(867)	(867)
Balance at end of year	**3,637**	**4,504**
Recognised as follows:		
Current	867	867
Non current	2,770	3,637
	3,637	**4,503**

18. Trade and other payables

	Group		Company	
In thousands of New Zealand dollars	2013	2012	2013	2012
Interest accrued	210	302	210	302
Other accruals	2,879	5,102	2,863	5,073
Other trade payables	7,798	4,900	7,798	4,897
	10,887	**10,304**	**10,871**	**10,272**

At balance date payables denominated in currencies other than the functional currency were as detailed in Note 19.

19. Financial instruments

Exposure to credit, liquidity, and market risks arise in the normal course of the Group's business.

Credit risk
Credit risk is the risk that the counterparty to an arrangement does not meet its obligations under the arrangement.

Management has a credit policy in place under which each new customer is individually analysed for credit worthiness and assigned a purchase limit before the standard payment and trading terms and conditions are offered. Purchase limits are reviewed on a regular basis.

In order to determine which customers are classified as having payment difficulties the Group considers duration and frequency of default and makes provision for specific balances considered to be impaired. The Group does not require collateral in respect of trade and other receivables.

The Group's exposure to credit risk is reflective of its customer base. As such it is concentrated to the default risk of its customers' industries. No more than 15 percent of the Group's revenue results from transactions with any one customer. Geographically there is no significant credit risk concentration outside of New Zealand.

Cash handling and derivative transactions are only carried out with counterparties that have an investment grade credit rating.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

19. Financial instruments continued

Liquidity risk
Liquidity risk represents the Group's ability to meet its contractual obligations. The Group evaluates its liquidity requirements on an ongoing basis. In general, the Group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has credit lines in place to cover potential shortfalls and meet capital expenditure requirements.

Market risk
Market risk is the risk that a movement in market prices impacts on the financial viability of the Group's business.

In accordance with its treasury policy the Group may enter into derivative arrangements in the ordinary course of business to manage foreign currency, interest rate and fuel price risks. A treasury management committee, made up of senior management supported by an independent advisor, provides oversight for risk management and derivative activities.

Foreign currency risk
The Group is exposed to foreign currency risk on purchases of capital equipment, operational supplies and bank accounts that are denominated in a currency other than the Company's functional currency, New Zealand dollars ($), which is the presentation currency of the Group. The foreign currencies in which transactions are primarily denominated are Australian dollars (AUD), U.S. dollars (USD) and Euro (EUR). The Group uses forward exchange contracts to hedge major foreign currency risk arising from payables or commitments in accordance with its policies. The Group's revenues are billed in NZD.

Interest rate risk
The Group's treasury policy requires that term borrowings are hedged within pre-approved thresholds by fixing the rates of interest in order to provide greater certainty. The Group uses interest rate swaps to manage these exposures.

Fuel price risk
The Group's treasury policy requires that fuel price exposures are assessed on a quarterly basis and may be hedged within pre-approved thresholds by fixing prices in order to provide greater certainty.

Quantitative disclosures

Credit risk
The carrying amount of financial assets represents the Group's maximum credit exposure.

The Group has not renegotiated the terms of any financial assets which would result in the carrying amount no longer being past due, or to avoid a possible past due status.

The majority of the Group's customers are New Zealand based agents or branches of international shipping lines servicing New Zealand importers and exporters. As such there are no concentrations of geographical risk outside New Zealand.

The status of trade receivables at the reporting date is as follows:

Group

In thousands of New Zealand dollars	Gross receivable 2013	Individually impaired 2013	Gross receivable 2012	Individually impaired 2012
Trade receivables				
Not past due	9,963	-	11,474	-
Past due 1-60 days	3,535	-	2,535	-
Past due 61-90 days	382	-	308	-
Past due more than 90 days	344	50	80	76
	14,224	**50**	**14,397**	**76**

19. Financial instruments continued

The table above shows the Group position at 30 June 2013. The same analysis for the Company at 30 June 2013 would differ only in that trade receivables not past due are $9,919,000 (2012: $11,421,000).

No trade and other receivables that were neither past due nor impaired are included in the higher risk category in the above table.

Other receivables include insurance recoveries of $27,684,000 (2012: $28,917,000). Cash receipts of $17,391,304 have been received in the year ended 30 June 2013 - refer Note 28 for more details. The credit risk is concentrated with the Group's three insurers.

The credit ratings of the Group's insurers are:

	30 June 2013
Vero New Zealand Ltd	A+
IAG New Zealand Ltd	AA-
QBE (International) Ltd (NZ Branch)	A+

Liquidity risk
The following table sets out the undiscounted contractual cash flows for all financial liabilities.

Group

In thousands of New Zealand dollars	Carrying value	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Group 2013							
Bank facility	30,570	32,601	406	406	813	30,976	-
Trade and other payables	10,887	10,887	10,887	-	-	-	-
Non-derivative liabilities total	41,457	43,488	11,293	406	813	30,976	-
Forward exchange contracts	256	256	256	-	-	-	-
Interest rate swaps	2,525	-	-	-	802	1,723	-
Total	**44,238**	**43,744**	**11,549**	**406**	**1,615**	**32,699**	**-**
Group 2012							
Bank facility	55,925	57,897	986	986	55,925	-	-
Trade and other payables	10,304	10,304	10,304	-	-	-	-
Non-derivative liabilities total	66,229	68,201	11,290	986	55,925	-	-
Forward exchange contracts	305	305	305	-	-	-	-
Interest rate swaps	4,128	4,128	145	-	-	1,806	2,177
Total	**70,662**	**72,634**	**11,740**	**986**	**55,925**	**1,806**	**2,177**

Company
The undiscounted contractual cashflows for all financial liabilities differ only in one respect to the table shown above for the Group.

Trade and other payables is $10,871,000 (2012: $10,272,000).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

19. Financial instruments continued

Market risk

Foreign currency exchange risk
The Company and Group's exposure to foreign currency risk can be summarised as follows:

Group and Parent

In thousands of New Zealand dollars	AUD	USD	EUR & GBP
2013			
Foreign currency risk			
Trade payables	28	16	1,717
Net balance sheet exposure before hedging activity	**28**	**16**	**1,717**
Estimated forecast purchases	**7**	**-**	**18,438**
Net cash flow exposure before hedging activity	-	-	-
Total exposure before hedging activity	**35**	**16**	**20,155**
Forward exchange contracts			
Notional amounts	(35)	-	(20,155)
Net unhedged exposure	**-**	**16**	**-**
2012			
Foreign currency risk			
Trade payables	-	-	-
Net balance sheet exposure before hedging activity	**-**	**-**	**-**
Estimated forecast purchases			
Net cash flow exposure before hedging activity	151	387	5,656
Total exposure before hedging activity	**151**	**387**	**5,656**
Forward exchange contracts			
Notional amounts	-	-	(5,064)
Net unhedged exposure	**151**	**387**	**592**

Fuel price risk
In line with Group Policy with respect to Fuel Price Hedging no hedges were entered into in the last year (2012: Nil).

19. Financial instruments continued

Interest rate risk – repricing analysis
The Group's exposure to repricing of its interest rate exposure can be summarised as follows:

Group

In thousands of New Zealand dollars	Total	5 months or less	6-12 months	1-2 years	2-5 years	More than 5 Years
Group 2013						
Cash and cash equivalents	969	969	-	-	-	-
Variable rate instruments and related derivatives						
Bank facility						
Tranche A	(30,570)	(30,570)	-	-	-	-
Effect of interest rate swaps	-	30,000	-	(12,000)	(18,000)	-
Total variable rate instruments and related derivatives	**(30,570)**	**(570)**	**-**	**(12,000)**	**(18,000)**	**-**
Total	**(29,601)**	**399**	**-**	**(12,000)**	**(18,000)**	**-**
Group 2012						
Cash and cash equivalents	1,153	1,153	-	-	-	-
Variable rate instruments and related derivatives						
Bank facility						
Tranche A	(55,925)	(55,925)	-	-	-	-
Effect of interest rate swaps	-	35,000	(10,000)	-	(15,000)	(10,000)
Total variable rate instruments and related derivatives	**(55,925)**	**(20,925)**	**(10,000)**	**-**	**(15,000)**	**(10,000)**
Total	**(54,772)**	**(19,772)**	**(10,000)**	**-**	**(15,000)**	**(10,000)**

The Company's exposure to repricing of its interest rate exposure does not differ to the above tables for the Group.

Capital management
The Group's capital includes share capital, reserves and retained earnings.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Group maintains a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Group's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

There have been no material changes in the Group's management of capital during the period.

Sensitivity analysis
In managing interest rate, fuel price and currency risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer-term, however, permanent changes in foreign exchange, fuel prices and interest rates will have an impact on profit.

At 30 June 2013 it is estimated that a general increase of one percentage point in interest rates would, allowing for the impact of interest rate swaps, decrease the Group's profit before income tax by approximately $5,700 (2012: $272,000), and increase the value of interest rate swaps by $885,471 (2012: $1,041,000) and increase the hedging reserve by $885,471 (2012: $978,000).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

19. Financial instruments continued

It is estimated that a general decrease of one percentage point in the value of the New Zealand dollar against other foreign currencies would have decreased the Group's profit before income tax by approximately $Nil for the period ended 30 June 2013 (2012: $Nil) in relation to operational purchases denominated in foreign currencies. The impact on equity would have been $2,500 (2012: $3,000). Forward exchange contracts held have been included in this calculation.

Interest rate hedges
The Group has a policy of hedging its exposure to changes in interest rates on borrowings. Interest rate swaps, denominated in New Zealand dollars, have been entered into to achieve an appropriate mix of fixed and floating rate exposure within the Group's policy. The swaps mature over the next nine years and have fixed swap rates ranging from 3.0 percent to 7.7 percent. At 30 June 2013 the Group had interest rate swaps with a notional contract amount of $30,000,000 (2012: $35,000,000). The Group classifies interest rate swaps as cash flow hedges.

The net fair value of swaps at 30 June 2013 was $2,525,000 (2012: $4,128,000) comprising assets of $162,000 (2012: $Nil) and liabilities of $2,687,000 (2012: $4,128,000).

Forecast transactions
The Group classifies its forward exchange contracts hedging forecast transactions as cash flow hedges. The net fair value of forward exchange contracts used as hedges of forecast transactions at 30 June 2013 was $256,000 (2012: $305,000), comprising assets of $Nil (2012: $Nil) and liabilities of $256,000 (2012: $305,000).

Classification and fair values - Group

In thousands of New Zealand dollars	Fair value - hedging instruments	Loans and receivables	Other amortised cost	Total carrying amount
2013				
Assets				
Loans and advances	-	612	-	612
Total non-current assets	**-**	**612**	**-**	**612**
Trade and other receivables	-	14,988	-	14,988
Insurance receivable	-	27,684	-	27,684
Loans and advances	-	-	-	-
Cash and cash equivalents	-	969	-	969
Total current assets	**-**	**43,641**	**-**	**43,641**
Total assets	**-**	**44,253**	**-**	**44,253**
Liabilities				
Loans and borrowings	-	-	30,570	30,570
Derivatives	2,577	-	-	2,577
Total non-current liabilities	**2,577**	**-**	**30,570**	**33,147**
Derivatives	205	-	-	205
Trade and other payables	-	-	10,887	10,887
Total current liabilities	**205**	**-**	**10,887**	**11,092**
Total liabilities	**2,782**	**-**	**41,457**	**44,239**

19. Financial instruments continued

The previous table shows the Group position at 30 June 2013. The same analysis for the Company at 30 June 2013 would differ only in that trade and other payables is $10,871,000 (2012: $10,272,000) and trade and other receivables is $14,943,000 (2012: $14,268,000).

The Group considers that there is no material difference between the fair values and the carrying values of items shown in the previous table, given that underlying loans and borrowings are at floating interest rates.

The only financial instrument that the Group and Company carry at fair value is derivatives. These are all value based on level 2 fair value hierarchy.

Classification and fair values - Group

In thousands of New Zealand dollars	Fair value - hedging instruments	Loans and receivables	Other amortised cost	Total carrying amount
2012				
Assets				
Loans and advances	-	566	-	566
Total non-current assets	**-**	**566**	**-**	**566**
Trade and other receivables	-	14,321	-	14,321
Insurance receivable	-	28,971	-	28,971
Loans and advances	-	57	-	57
Cash and cash equivalents	-	1,153	-	1,153
Total current assets	**-**	**44,502**	**-**	**44,502**
Total assets	**-**	**45,068**	**-**	**45,068**
Liabilities				
Loans and borrowings	-	-	55,925	55,925
Derivatives	3,983	-	-	3,983
Total non-current liabilities	**3,983**	**-**	**55,925**	**59,908**
Derivatives	450	-	-	450
Trade and other payables	-	-	10,304	10,304
Total current liabilities	**450**	**-**	**10,304**	**10,754**
Total liabilities	**4,433**	**-**	**66,229**	**70,662**

Estimation of fair values
The methods used in determining the fair values of financial instruments are discussed in Note 4.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

20. Operating leases

Leases as lessee
Non-cancellable operating lease rentals are payable as follows:

Classification and fair values - Group and Company

In thousands of New Zealand dollars	2013	2012
Less than one year	394	385
Between one and five years	1,226	1,537
More than five years	-	-
Total	**1,620**	**1,922**

During the year ended 30 June 2013 the Group recognised $404,000 as an expense in the Statement of Comprehensive Income in respect of operating leases (2012: $405,000).

Leases as lessor
The Group leases a range of land, buildings and equipment to a number of customers. A number of leases include rights of renewal for further periods including "in perpetuity". There were no contingent rents recognised as income in the year. The future minimum lease payments under non-cancellable leases are as follows:

	Group		Company	
In thousands of New Zealand dollars	2013	2012	2013	2012
Less than one year	5,233	5,476	5,233	5,476
Between one and five years	18,340	18,674	18,340	18,674
More than five years	30,028	34,562	30,028	34,562
Total	**53,601**	**58,712**	**53,601**	**58,712**

21. Capital commitments

	Group		Company	
In thousands of New Zealand dollars	2013	2012	2013	2012
Commitments for the purchase of property, plant & equipment	20,200	457	20,200	457

22. Contingencies

Dry dock contaminants
Contaminants arising from dry dock and slipway operations have been identified in seabed sediments in that area of the inner harbour. The Company has been working with Environment Canterbury and the Department of Conservation on the issues for a number of years. An interim monitoring and management plan is in place to manage any adverse effects and to minimise any disturbance of the contaminated sediments while further investigations are carried out into the environmental risks associated with the contamination. The Ministry for the Environment's Contaminated Sites Remediation Fund has contributed to ongoing investigation costs.

At this time the Directors have not determined what liability, if any, would accrue to the Company. In any event the Directors are confident that any liability attaching to the Company will not be a material liability.

Port noise working agreement
More information about this agreement is detailed in Note 27. The Directors have estimated that the maximum amount payable by Lyttelton Port Company under this agreement would be $1.2 million in total over the next eight years.

23. Reconciliation of the profit for the period with the net cash from operating activities

	Group		Company	
In thousands of New Zealand dollars	2013	2012	2013	2012
Profit for the period	**16,913**	**17,203**	**15,896**	**16,652**
Adjustments for:				
Depreciation	15,153	10,489	15,056	10,391
Amortisation of intangible assets	422	439	422	439
Loss/(gain) on sale of property, plant and equipment	(22)	-	(22)	-
Asset write-offs due to the Canterbury earthquakes	-	-	-	-
Insurance proceeds classified as investing activities	-	-	-	-
Fair value adjustment on derivatives	-	61	-	61
Deferred tax charge	6,413	6,406	6,952	5,909
Deferred revenue	(867)	(867)	(867)	(867)
	21,099	**16,528**	**21,541**	**15,933**
Add/(less) movements in working capital items				
Provision for tax payable	1,357	(394)	1,139	(112)
Change in inventories	(335)	(861)	(335)	(861)
Change in trade and other receivables	295	(20,329)	288	(20,449)
Interest payable	(92)	6	(92)	6
Change in trade and other payables including employee benefits	(1,764)	(743)	(1,749)	(738)
	(539)	**(22,321)**	**(749)**	**(22,154)**
Net cash from operating activities	**37,473**	**11,410**	**36,688**	**10,431**

24. Related parties

Parent and ultimate controlling entity
Christchurch City Holdings Limited is the controlling shareholder of Lyttelton Port Company Limited. The ultimate controlling shareholder is Christchurch City Council.

Transactions with key management personnel
Key management personnel compensation comprised:

	Group		Company	
In thousands of New Zealand dollars	2013	2012	2013	2012
Short-term employee benefits	1,806	1,861	1,806	1,861
Long-term incentives	538	517	538	517
Other Payments	-	87	-	87

The Group does not provide any non-cash benefits to Directors and executive officers in addition to their Directors fees or salaries.

Transactions with subsidiary companies
In 2013 Lyttelton Port Company Limited was charged an amount of $597,000 for property rentals by subsidiary company New Zealand Express (2005) Limited, (2012: $597,000). No charges were made by Lyttelton Port Company to its subsidiary New Zealand Express (2005) Limited.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

24. Related parties continued

The intercompany amount of $19,050,967 (2012: $19,834,000) represents balances owing from subsidiary companies. The advances are interest free and with no fixed term of repayment.

Transactions with controlling shareholder and other companies in the group
In the normal course of business the Group incurs expenses on an 'arms length' basis from its controlling shareholder and other companies in the group.

Other related parties
During the period Port Otago Limited (a shareholder in LPC) provided services to the Group to the value of $1,868,000 (2012: $1,927,000). These services were provided on an arm's length basis.

25. Group entities

	Country of incorporation	Interest (%)	
In thousands of New Zealand dollars		2013	2012
NZ Express (2005) Limited	New Zealand	100	100
Hopper No 4 Pty Limited	Australia	100	100
Curries Proprietary Limited	New Zealand	100	100

Hopper No 4. Pty Limited is non-trading and has no assets or liabilities.

26. Segmental reporting

The Group has two customers who exceed 10% of the Group's Revenue, totalling 21.6% of the Group Revenue. In 2012 the Group had one customer who exceeded 10% of the Group's Revenue, totalling 13.2% of the Group Revenue.

27. Port noise working party

Lyttelton Port Company Limited is party to a deed, along with Christchurch City Council, Environment Canterbury, Lyttelton Harbour Residents' Association and other interested parties (collectively the Port Noise Working Party), which committed the various parties to the process of seeking amendments to the District Plan to reflect the agreements reached between the parties on future port noise levels, future mitigation measures required on the part of Lyttelton Port Company Limited and land use restrictions on affected areas.

The agreements recognised the need for the Lyttelton Port Company and the community to co-exist and provided for the installation, at the Company's expense, of acoustic treatment for identified affected dwellings in accordance with desired District Plan amendments.

The desired District Plan amendments have been made operative provisions through a successful application to the Environment Court under section 293 of the Resource Management Act.

A Port Noise Liaison Committee, composed of representatives of the various parties, has been established to administer the terms of the new operative provisions in the District Plan.

No liability has been recognised in the financial statements for any future obligations under the agreement as it is considered to be a contingent liability. The Directors have estimated that the maximum amount payable by Lyttelton Port Company under this agreement would be $1.2 million in total over the next eight years.

28. Canterbury earthquakes

Since September 2010 the Canterbury region has experienced in excess of 12,500 earthquakes. The September 2010 to June 2011 earthquakes extensively damaged the Port and its infrastructure. The most damaging quakes occurred in September 2010, February 2011 and June 2011.

28. Canterbury earthquakes continued

The effects of these earthquakes were reflected in the financial statements for the years ending 30 June 2011 and 30 June 2012, and also in the current year to 30 June 2013. The assessment of the status of the insurance process is based on the Group's best estimate as a result of information available at balance date and to the date of signing these financial statements.

The effect of the earthquakes has resulted in the Group incurring costs associated with reinstatement of assets (Material Damage), Business Interruption and Contract Works. These costs have been expensed as incurred unless they are of a capital nature in which case they have been capitalised and are being depreciated over their expected useful economic life.

The Group has a number of insurance policies that will enable it to obtain reimbursement for some of these costs. The reimbursement will cover Material Damage, Business Interruption and Contract Works.

The Material Damage policy allows the Group to reclaim certain costs as the cost of reinstatement occurs. However, the Group believes it is entitled to lodge a claim for progress payments based on an indemnity value of either the repairs (if repairable) or of the asset (if determined to have been destroyed). This is dependent on the indemnity value being reliably established.

The Business Interruption policy allows the Group to reclaim certain costs and lost profits. The Contract Works policy allows the Group to claim certain costs associated with temporary repair costs.

Insurance receivable & claims paid
The decision to recognise an insurance receivable as at 30 June 2013 is based on significant judgments made by the Group as to the amounts due from its insurers which can be reliably measured based on the costs incurred and the revenue lost to date. These judgments have included independent assessments of whether assets are damaged or destroyed, what methodology can be applied to reliably measure the quantum of the claim and the Group's insurers' feedback to date.

Material Damage: The Group has a Material Damage claim with its insurers in relation to the reinstatement of its assets. The Group has generally elected to reinstate its damaged or destroyed assets, though significant physical works are yet to commence. The Group continues to work with a team of independent experts to assess the status of the assets covered by the policy (damaged or destroyed), calculate a reliable estimate of the cost of reinstatement, and to manage the insurance claim process. The Group is managing its claim for Material Damage in three separate tranches.

Tranche one: The Group has recognised a receivable for Material Damage relating to the indemnity valuation of its Tranche one assets (being six key harbour structures). Up to 30 June 2013 the Group has received $53.1 million of Material Damage progress payments against these Tranche 1 assets (including $17.4 million in the current year). When these assets are reinstated, LPC expects to be substantially reimbursed for the reinstatement costs to the extent they exceed the indemnity valuations.

In addition to the payment received the independent experts have assessed that there are an additional $6.3 million of costs that are considered to be receivable.

Tranche two: The Group has classified certain buildings as Tranche two assets for the purposes of its insurance claim. In order to recognise a receivable at balance date the Group would need to be able to form a judgment that they had been destroyed and that a payment was due from the insurers based on their indemnity value. In order to make an assessment of whether the buildings are destroyed the Group has considered a number of factors including the assessment of independent engineers and the feedback received to date from the Group's insurers. At 30 June 2013 the Group does not have sufficient evidence to reliably assess whether the buildings are destroyed and therefore has not recognised a receivable for their indemnity valuation.

Tranche three: Tranche three incorporates all other assets. Consistent with Tranche two assets the Group does not have sufficient evidence at 30 June 2013 to conclude the extent of damage to these assets. On this basis no receivable has been recognised.

Business Interruption: The Group has engaged a number of independent experts to consider the amount that is claimable as increased costs or lost revenue under the Business Interruption policy. There has been very limited feedback provided by the Group's insurers' loss adjusters to date. Based on this, the receivable at 30 June 2013 represents the Group's best estimate of these costs and lost revenue that it expects to be reimbursed for. A payment of $1.8 million was received from the Group's insurers post balance date, which will be allocated to Business Interruption (see Note 29 for more details of the subsequent event).

Contract works: The contract works receivable represents costs that have been incurred to secure the CQ1 temporary works, and

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

28. Canterbury earthquakes continued

make safe and suitable for continued use as a result of damage caused by the earthquakes on 13 June 2011. The amount of the receivable recognised by the Group is based on the assessment made by the independent experts.

It will take the Group a number of years to complete the reinstatement of its damaged and destroyed assets. The ultimate quantum of the material damage claim cannot currently be reliably measured on the basis that there is significant uncertainty around the range of possible outcomes and insufficient information to form a reasonable judgment.

The claim process is highly complex and over the next financial year, the Group will continue to collate the necessary engineering and financial information for the insurers and their assessors.

The Group has recognised a $27.7 million insurance receivable as at 30 June 2013 which represents a portion of what will be significant claims for both Material Damage, Business Interruption and Contract Works. All payments received from the insurer have been made on a 'non-specific" basis meaning that payment does not constitute acceptance of the claim by the insurer.

The table below summarises the status of insurance recoveries recognised in the accounts to date:

In thousands of New Zealand dollars	30 June 2012	30 June 2013	Total payments received	Total accrued
Claim Type				
Material damage	40,376	59,392	(53,086)	6,306
Business interruption	21,906	18,993	-	18,993
Contract works	2,385	2,385	-	2,385
Total	**64,667**	**80,770**	**(53,086)**	**27,684**

Derecognition of assets
Following each significant earthquake, LPC's key infrastructural assets are subject to independent technical and engineering assessments. If new significant damage is identified, the assets are assessed for whether they were partly or completely damaged and therefore needed to be derecognised. If the assets are destroyed then they would be derecognised. No additional assets were deemed to be destroyed and therefore no assets were derecognised in the year ended 30 June 2013 (2012: Nil).

On 2 November 2011, the Company elected to evacuate its administration building due to the risks highlighted in an engineering report. Further engineering assessments were commissioned to determine if remediation was possible and economically feasible. As noted above at 30 June 2013, the Group is unable to assess whether the building has been destroyed and therefore no insurance receivable has been recognised. As a result of this fact the Group has therefore taken the approach not to derecognise the asset. The building had a net book value of $1.1 million as at 30 June 2013.

Impairment of assets
The Group determined that the earthquakes on 23 December 2011 were an indicator of impairment as per NZ IAS 36 Impairment of Assets. In accordance with NZ IAS 36, the Group completed an impairment review to determine the recoverable amount of its remaining recognised assets as at 31 December 2011. There were no further indicators of impairment. The result of this analysis was that the recoverable amount remained above the book value and that no impairment of the asset carrying values had occurred. The Group has considered this assessment to remain valid for the year ending 30 June 2013.

Ongoing earthquake related expenditure
In addition to the $12.7 million of earthquake related additional costs noted in the Statement of Comprehensive Income, the Group has spent significant further amounts on asset repairs. Some of these activities were incomplete as 30 June 2013 and are included in capital work in progress as they met the recognition criteria under NZ IAS 16 Plant, Property & Equipment.

29. Subsequent events

Significant events after balance date were:

- The Group received a further progress payment from its insurers of $1,800,000 excluding GST. This payment will be allocated to the business interruption receivable.
- The Group extended the maturity of its $150 million bank facility from 19 December 2015 until 1 July 2016.

STATUTORY INFORMATION

20 Largest Shareholders as at 29 August 2013

Investor	Total units	% Issued capital
Christchurch City Holdings Limited	81,371,515	79.57%
Port Otago Limited	15,824,477	15.47%
Michael Walter Daniel & Nigel Geoffrey Burton & Michael Murray Benjamin	500,000	0.49%
Frank Stewart & Carol Blake Stewart	160,000	0.16%
New Zealand Central Securities Depository Limited	134,308	0.13%
Gordon Mervyn Kelly	127,000	0.12%
Louise Isabel Gobby & William Alexander Gillespie	112,000	0.11%
FNZ Custodians Limited	101,941	0.10%
Custodial Services Limited	85,250	0.08%
Matthew Charles Goodson & Dianna Dawn Perron & Goodson & Perron Independent T Limited	61,924	0.06%
Neville Stephen Garrett & Rosemarie Ann Garrett	60,000	0.06%
Michael Murray Benjamin	50,000	0.05%
Frederick George White	39,970	0.04%
Five Talents Limited	38,500	0.04%
Sids Engineering Limited	35,000	0.03%
Perfect Meat Solutions NZ Ltd	35,000	0.03%
Marguerite Ruth Johnson	33,150	0.03%
Custodial Services Limited	32,212	0.03%
David Harold Alexander Tennyson	32,000	0.03%
FNZ Custodians Limited	30,797	0.03%
Leonard Mathew Radonich & Anne Radonich & Phillip Ian Trappitt	30,000	0.03%
David Matthew De Lacey & David Leonard Gill	30,000	0.03%

Domicile of Shareholders as at 29 August 2013

Country of shareholder domicile	Number of shareholders	Number of shares	Percentage of shares
New Zealand	758	102,200,669	99.94%
Australia	12	26,250	0.03%
Hong Kong	1	5,000	0.00%
Japan	1	3,700	0.00%
Papua New Guinea	1	8,000	0.01%
United Kingdom	6	11,950	0.01%
United States	5	5,710	0.01%

Spread of Shareholders as at 29 August 2013

Investor range	Number of shareholders	Number of shares	Percentage of shares
1 - 1,000	222	155,584	0.15%
1,001 - 5,000	349	1,027,006	1.00%
5,001 - 10,000	121	977,699	0.96%
10,001 - 50,000	81	1,562,575	1.53%
50,001 - 100,000	3	207,174	0.20%
Greater than 100,000	8	98,331,241	96.16%

GLOSSARY

Aggregate (coal)
To blend coal varieties together.

Berth
The space allotted to a vessel at the wharf.

Breakbulk
General cargo, as opposed to cargo in containers. Also referred to as conventional cargo. Can include cargo in packages, pallets or bulk form (dry or liquid).

Bulk
Cargo moved in bulk form, such as coal, gypsum (dry bulk) or diesel (bulk liquid).

Coastal services
Shipping service between ports within New Zealand.

Container
Metal box structure of standard design, used to carry cargo in units. Containers can be 20 or 40 foot in length. The standard measure of a container is a TEU (20-foot equivalent unit). Containerships are specially designed to carry containers in slots or cells. Containers are stacked and restrained (lashed) at all four corners by rods. Some shipping lines charter container slots on vessels operated by different companies.

Container crane
Large gantry crane specially designed to stow (load) and discharge (unload) containers from a ship.

Container terminal
Facility designed to handle containers using special purpose equipment such as container cranes, straddle carriers and container stacking areas.

Draught
The depth below the water's surface of the lowest part of a ship or boat.

Dry dock
A narrow basin that can be flooded to allow a vessel to be floated in, then drained to allow the vessel to rest on a dry platform. Vessels enter dry dock for maintenance such as repairs and repainting.

EAM
Enterprise Asset Management. An EAM system allows for advance planning of asset maintenance.

Fendering
Fendering facilitates safe berthing of ships and protection of berthing assets. A fendering system acts like a shock absorber, protecting both the ship and wharf structure during berthing. It also enables berthing loads to be transferred throughout the wharf structure to minimise damage.

Hub port/service
A practice where shipping lines call at one port in a country or region, rather than at several ports. Alternative transport services (such as road) then carry goods to other centres.

JAS
Japanese Agriculture Standard. JAS is when the log is measured from the small end diameter to the full length of the log so a geometric centre of the log's taper function applies. A cylindrical volume.

Kilolitre
A metric unit of volume or capacity equal to 1,000 litres.

Lashing
Securing the containers stacked on the deck of a ship with wires or rods at all four corners.

LCT
Lyttelton Container Terminal.

Line handling
The task of securing mooring lines to the wharf when a vessel berths.

M3
An Enterprise Asset Management and Finance system implemented at LPC 1 July 2008. M3 provides high level asset planning, preventive maintenance scheduling and reporting functionality.

Marine services
On-water services such as piloting, towing and line handling for vessels as they arrive, depart or are moved between berths.

MoU
Memorandum of Understanding – a formal agreement between parties to work together to find resolution on an issue.

Navigation
The process of plotting or directing the course of a vessel. This includes assembling the required charts, calculating tide and current, weather, draught, and laying out track-lines.

Patent slip
An inclined plane (which extends well into the water) and a wooden cradle onto which a boat is attached and hauled out of the water for repair.

Piloting
Activity where a pilot guides a vessel within harbour limits to ensure navigational safety.

Provedore
A person or business which provides stores and supplies such as food and beverages to ships.

Receival and delivery (R & D)
Cargo receival into or delivery out of the port.

Reefer container or refrigerated container
Controlled-temperature container for chilled or frozen cargoes.

STEPS
Stop, Talk, Evaluate, Proceed Safely. An in-house Safe Behaviours programme.

Stevedore
Individual or company employed to load and unload a vessel.

Straddle carrier
Large machine that straddles a container, lifts and moves it within a container yard. Capable of straddling a single row of containers three-high.

TEU
Abbreviation for the measurement of a 20-foot equivalent unit. This is the international standard measure for containers.

Towage
Where a tug tows or manoeuvres a vessel into or out of a berth.

Turnaround time
Time taken for a vessel to arrive in port, unload, reload and depart. Also refers to the time taken for a truck to arrive in port and deliver or receive cargo.

DIRECTORY

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Trevor Burt, *Chairman*
Rodger Fisher
Rod Carr
Lindsay Crossen
Brian Wood
Karl Smith
Alan Grant, *Consultant to the Board*

Management Team
Peter Davie, *Chief Executive*
Kathy Meads, *Chief Financial Officer and Corporate Services Manager*
Paul Monk, *Operations Manager*
Simon Munt, *Marketing Manager*
John O'Dea, *Recovery Manager*

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