

South Port Annual Report 2009

profitability was influenced by slower product stock-turn arising from the depressed economic conditions which were evident from the third quarter of calendar 2008.

CARGO ACTIVITY

Cargo volumes in the 12 months ended 30 June 2009 were significantly impacted by a capacity reduction at the NZAS Tiwai Aluminium Smelter. This production drop-off was caused by the 2008 winter situation impacting on availability of power to the smelter, followed by the unexpected failure of a transformer in November 2008 which resulted in a significant drop in production.

goods on the second largest container shipping operator in the world, MSC. Since electing to establish a weekly Bluff call in May 2008, MSC has secured a niche position in the market via its Singapore connecting Capricorn Service. This new service offers an "industry standard" frequency plus global linkages and will greatly assist South Port's involvement and growth in the handling of containerised cargo. In early calendar 2009 an additional vessel was added to the Capricorn rotation taking the total number of ships to seven and enhancing the regularity and connection reliability of this service.

Open Country Dairy commenced production of milk powder at its Awarua plant (approximately 15 km from Bluff) in August 2008. This new customer utilises South Port's warehousing systems and a 4,500m² dedicated store located on the Island Harbour to distribute its products to a variety of global markets.

Medium term dry and cool storage contracts were concluded with Fonterra at the start of the 2009 financial year. The increased distribution, via Bluff, of product originating from the Fonterra Edendale plant has been greatly assisted through MSC's weekly presence at the Port. Cheese is being stored on modified racking in South Port's No. 2 cold store while various powdered product was warehoused in both the Company's No. 5 dry store and the newly constructed 5,900m² No. 4 dry store. The Company also assisted Fonterra during the period with meeting additional short-term warehousing requirements within the region.

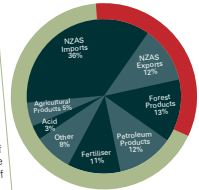
The forestry sector, like many other industries, has faced variable demand for its products over the past 12 - 15 months. Logs and woodchips showed stable volume declines although more recently China has been actively sorting logs.



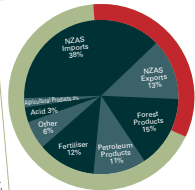
on the Island Harbour

FIVE

comparative cargo breakdown



2009 — IMPORTS 67% — EXPORTS 33%



2008 — IMPORTS 67% — EXPORTS 33%

Fertiliser manufacturers also suffered the backlash of harsher economic conditions and volumes were clearly back on Southland farms were clearly back on previous seasons. With increasing raw material costs and continuing pressure on dairy sector payout levels this is likely to be a continuing pattern.

Cold storage customer Sanford Bluff undertook a substantial expansion programme during the period for its salmon aquaculture operation on Stewart Island. It completed a total upgrade of farm cages and feeding equipment including the use of camera sensors for optimal feeding allocation. As a result it is targeting a lift in salmon production by 50% with the additional volume (+1,000 tonnes) expected to start coming on stream from December 2009 onwards.

INDUSTRY CONSOLIDATION/ DOMESTIC SEA-FREIGHT

A drop off in international trade and a carry over of historically high charter contracts has forced major shipping lines to consolidate and in a number



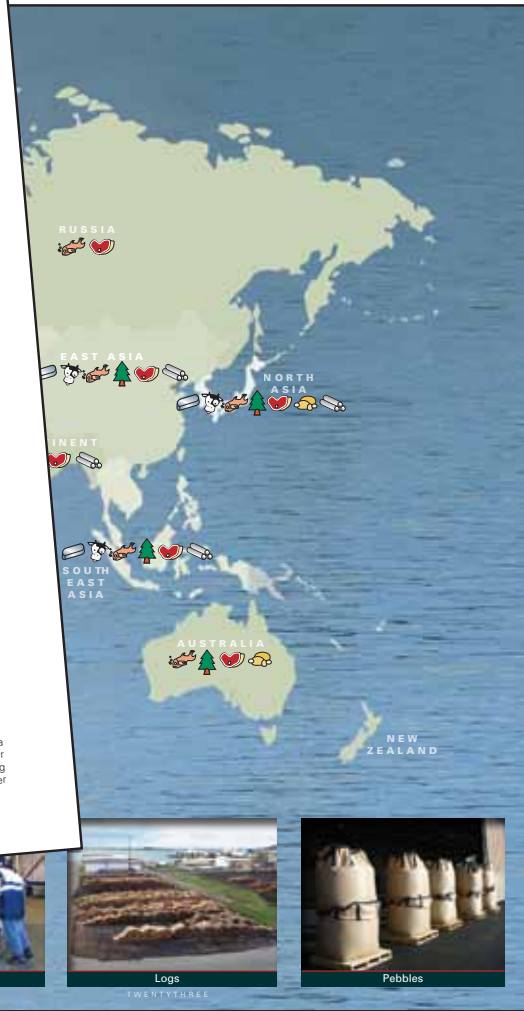
Frozen Fish



Logs



Pebbles



Statement of financial performance

PORT NEW ZEALAND LIMITED FOR THE YEAR ENDED 30 JUNE 2009

Note	Group			
	2009	2008	2009	2008
5	19,070	15,215	19,070	15,215
8	(12,334)	(9,612)	(12,334)	(9,612)
	6,736	5,603	6,736	5,603
	(2,045)	(1,632)	(2,045)	(1,632)
	4,691	3,971	4,691	3,971
	733	23	733	23
7	(14)	(86)	(14)	(86)
6	719	(63)	719	(63)
	274	131	274	131
	5,684	4,039	5,684	4,039
11	(1,566)	(1,527)	(1,566)	(1,524)
	4,118	2,512	4,118	2,515
19	\$0.157	\$0.096	\$0.157	\$0.096

Statement of movement in equity

PORT NEW ZEALAND LIMITED FOR THE YEAR ENDED 30 JUNE 2009

Note	Group			
	2009	2008	2009	2008
	4,118	2,512	4,118	2,515
	4,118	2,512	4,118	2,515
18	(2,951)	(2,033)	(2,951)	(2,033)
	(596)	442	(596)	442
	571	921	571	924
	27,129	26,208	27,066	26,142
18	27,700	27,129	27,637	27,066

TWENTYFIVE