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NZX RELEASE

LPC RESULT FOR THE SIX MONTHS ENDED 31 DECEMBER 2011

TRADE GROWTH LEADS TO STRONG RESULT

Lyttelton Port of Christchurch has continued its strong performance and delivered a 55.5% increase in its earthquake-adjusted trading result for the six months to 31 December 2011 compared to the same period in 2010.

“This outstanding result was achieved in spite of earthquake damage continuing to restrict operational flexibility. The ongoing delivery of excellent customer service despite these challenges over the past 18 months has strengthened relationships and is supporting the growth of our customers’ revenues,” said LPC Chairman Rodger Fisher.

“The Company sincerely appreciates the continuing support shown by all our customers and the great efforts of our staff.”

It is a testament to our staff that our customers have continued to support the port with cargo flows increasing significantly over the last six months, particularly from the export sector. The customer base has also grown through the period with the addition of two new weekly container services, resulting in record container volumes.”

Financial Results

The Company achieved an earthquake-adjusted profit after tax of \$9.5 million for the six months ended 31 December 2011. This compares to a \$6.1 million earthquake-adjusted profit for the same period to 31 December 2010, an increase of 55.5%.

“This after-tax result is proof of the underlying strength of the business and reflects solid business growth, particularly in container volumes and bulk cargoes,” Mr Fisher said.

Revenues totalled \$51.8 million, up 9.4% from \$47.4 million in the previous comparative period. The Company continues to incur significant earthquake related expenditure, and is seeking to recover these costs from its insurers. The accrual of \$10.6 million at 30 June 2011 for insurance recoveries remains in place; however no further provision has been made for additional recoveries at this time.

The ongoing seismic activity between July 2011 and December 2011 was highlighted by the major events on 23 December 2011. However, the Company did not suffer any significant new infrastructure damage, with no further de-recognition or impairment required.

An extensive amount of temporary repairs have been undertaken in the six months, with the major projects being the repairs to the coal loader and supporting wharf, pavement repairs in the Container Terminal and CityDepot, and rock protection work in the coal yard.

A reconciliation of the reported profit after tax for the period and the earthquake-adjusted profit is provided in the table below:

| | 31 December 2011 \$ millions |
|---|---|
| Profit for the period | 2.8 |
| <i>Add</i> Loss of Earthquake-Related Revenue | 1.4 |
| <i>Add</i> Earthquake-Related Expenditure | 7.9 |
| <i>Less</i> Taxation | (2.6) |
| Earthquake-Adjusted Profit after Taxation | 9.5 |

Operational Performance

“Despite severe earthquake damage, the Company has achieved a record six-month performance,” LPC Chief Executive Peter Davie said. “Looking back, I can say that we achieved these excellent results by remaining focused on the business at hand, in spite of significant operational difficulties from earthquake damage. I continue to be amazed at the resilience of our people to cope with the day-to-day challenges.”

Increased volumes were achieved for containers, log exports and bulk imports compared to the six months to 31 December 2010. Total container volumes rose 11.9% to a record 165,231 TEUs, while containers moved through the Container Terminal rose 14.1%. Coal exports reduced 1.9%; however this is reflective of the significant temporary repairs undertaken on the coal loading infrastructure.

Log exports grew 19.7% to 161,020 tonnes. Our inland terminal, CityDepot, handled record numbers of empty containers, with a corresponding increase in the related container services.

In total, LPC moved 2.5 million tonnes of cargo through the Port in the six months compared to last year’s 2.4 million tonnes.

Summary of Financial Results:

| | <u>December 2011</u> (\$,000) | <u>December 2010</u> (\$,000) | <u>Percentage Change</u> Favourable / (Unfavourable) |
|---|----------------------------------|----------------------------------|--|
| Revenue | 51,825 | 47,387 | 9.4% |
| Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA) | 18,632 | 17,332 | 7.5% |
| Earnings Before Interest and Taxation (EBIT) | 13,252 | 10,736 | 16.6% |
| Earthquake-Adjusted Profit After Taxation | 9,532 | 6,131 | 55.5% |
| Earthquake Impacts (net of Taxation) | (6,708) | (16,226) | 58.7% |
| Net Profit After Taxation (NPAT) | 2,824 | (10,095) | 128.0% |
| Total Assets | 252,110 | 233,763 | 7.8% |
| Shareholders’ Equity (percentage) | 62.48% | 54.10% | 15.5% |
| Earnings Per Share (cents) | 2.8 | (9.9) | 128.0% |
| Net Asset Backing Per Share (dollars) | 1.54 | 1.18 | 30.5% |

Summary of Operational Performance Indicators:

| | <u>December 2011</u> | <u>December 2010</u> | <u>Percentage Change</u> Favourable / (Unfavourable) |
|---|--------------------------|--------------------------|--|
| Total Container Volumes (TEUs) | 165,231 | 147,600 | 11.9% |
| Total Containers through the Container Terminal | 157,457 | 137,969 | 14.1% |
| Coal Exports (tonnes) | 1,237,894 | 1,261,800 | (1.9%) |
| Log Exports (tonnes) | 161,020 | 134,400 | 19.7% |
| Bulk Fuel (tonnes) | 507,981 | 492,300 | 3.2% |
| Dry Bulk Imports (tonnes) | 319,824 | 306,400 | 4.4% |
| Ship Visits (number) | 480 | 490 | (2.0%) |

Summary of the Highlights for the Six Months

LPC's financial and operational highlights for the six months include:

- 55.5% rise in trading profit after tax (earthquake-adjusted) to \$9.5 million
- 9.4% rise in revenues to \$51.8 million
- Commencement of two new weekly container services
- 11.9% rise in total TEUs to a record 165,231, and 14.1% rise at the Container Terminal to 157,457 TEUs
- Te Awaparahi Bay reclamation now over 2 hectares
- Renewal of Collective Agreement covering two thirds of the workforce
- Port services up and running within 24 hours of 23 December 2011 earthquakes

Dividend

The payment of dividends has been suspended until the Directors are comfortable with progress being made on insurance matters.

"The situation remains the same as our advice to the market in November 2011. Whilst some insurance payments have been received, matters with our insurers are not yet finalised and the total financial impact of the earthquake damage remains unclear," Mr Fisher said. "The payment of dividends therefore remains suspended, although we see no reason why we would not revert back to our dividend policy once matters have been resolved."

Insurance update

We advised at the Annual Meeting in November 2011 that our insurers were disputing an \$11 million progress claim made in August 2011, which had grown to \$20 million with additional expenditure over the following months.

A total of \$35.7 million has been received in relation to the insurance claims to date. Total losses and costs committed to 31 December 2011 are in excess of \$50 million and it is important that this negative cash flow position is resolved. To that end, discussions are ongoing with insurers, and we are continuing to provide further information in support of both the Business Interruption and Material

Damage claims. However, our difference of opinion with insurers as to the extent to which our assets are insured for reinstatement as well as the extent to which repairs are temporary or permanent remain unresolved. We have committed significant resources to these matters and we remain confident that the cashflows will be restored as these issues are resolved.

In accordance with our policies, we are progressing the Material Damage claims on an asset by asset basis, as the restoration and/or reinstatement plans are finalised and rebuilding commences. The Company expects that the repair and rebuild programme will be completed over a number of years.

Outlook

Trade volumes are expected to continue their strong growth in the second half of the current financial year. The Company's current expectation for the full year earthquake-adjusted profit after tax is between \$16 million and \$18 million.

Mr Davie said, "The Port remains a critical component of Canterbury's strategic infrastructure and is essential in the rebuild of the region. The Company is maintaining an active engagement with Christchurch Earthquake Recovery Authority and both Local and Central Government to ensure the Port's perspective on transport related issues are well understood. The Company also continues to support its local communities through this challenging period."

Mr Fisher concluded, "We will continue our efforts on growing the business, alongside our major focus on progressing our insurance claims. We will keep the market informed as the year unfolds".

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