



NAPIER^o
PORT
Te Herenga Waka o Ahuriri

HALF YEAR REPORT

FOR THE SIX
MONTHS ENDED
31 MARCH 2023

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OUR PORT, HUBS AND INFRASTRUCTURE

Napier Port is New Zealand's fourth largest port by container volume. Located in Hawke's Bay on the East Coast, we are the gateway for the central and lower North Island's exports and operate a long-term regional infrastructure asset that supports the regional economy. Our strategic purpose is to collaborate with the people and organisations that have a stake in helping our region grow.

We are situated on the main transit route for international shipping services, and are connected to core national road and rail networks, and we are open for business 24 hours a day, 364 days a year.



SIX EXISTING WHARVES PROVIDING SEVEN COMMERCIAL BERTHS



50 HECTARES OF ON-SITE PORT LAND



SIX MOBILE HARBOUR CRANES



THREE TUGS



ONE LOG DEBARKER



OVER 300 EMPLOYEES



36,600 SQUARE METRES OF WAREHOUSING



1123 CONNECTION POINTS FOR REFRIGERATED CARGO



16 HECTARES OF CONTAINER TERMINAL SPACE



OVER 5.9 MILLION TONNES OF CARGO HANDLED ANNUALLY



10 HECTARES OF DEDICATED LOG STORAGE, WORKING 24/7



12.3 HECTARES OF LAND IN WHAKATŪ FOR FUTURE DEVELOPMENT



FLEET OF 39 HEAVY CONTAINER HANDLING MACHINES



TWO EXTERNAL CONTAINER DEPOTS AT THAMES STREET OFFERING FULL SERVICES TO INTERNATIONAL SHIPPING LINES



INLAND FREIGHT HUB IN MANAWATŪ WITH A 1.9 HECTARE CONTAINER YARD AND A WAREHOUSING FACILITY WITH ROAD AND RAIL CONNECTIONS TO NAPIER PORT

TRADE AND FINANCIAL RESULTS

\$62.3

MILLION
REVENUE

▲ 22.8%

\$21.9

MILLION
RESULTS FROM OPERATIONS

▲ 33%

\$8.7

MILLION
NET PROFIT

▼ 3.3%

\$3.4

MILLION
INTERIM DIVIDEND

1.7 CENTS
PER SHARE

\$20.6

MILLION
BULK CARGO
REVENUE

▲ 7.5%

1.5

MILLION
TONNES OF BULK
CARGO HANDLED

▼ 9.3%

119

THOUSAND
TEU CONTAINERS
HANDLED

▲ 5.7%

321

VESSEL CALLS

▲ 24.4%

CHAIR AND CHIEF EXECUTIVE'S REPORT

TRADING OVERVIEW

While Cyclone Gabrielle has delivered a challenge, we're pleased to report a strong start to the 2023 financial year, with growth in revenue and operating earnings demonstrating Napier Port's capability.

Te Whiti wharf is providing additional berth availability and helping to ease shipping congestion across New Zealand. New shipping services are calling Napier Port and the cruise industry has resumed.

Our cargo volumes and customer base in the central North Island accessed via Napier Port's road and rail service has been growing, and to maximise this potential we have strengthened our position and investment in the Manawatū Inland Port resulting in a 50% partnership with the Halls Group (Talley's Group of companies).

Following Cyclone Gabrielle, cargo volumes have been impacted due to damage to crops, exporters' premises and regional infrastructure, which softened our overall half year result.

However, as the region recovers and road and rail networks reopen to Napier Port, we will continue to see our long-term strategies deliver growth and value through customer solutions that connect cargo via a coordinated and networked infrastructure, shipping services and partnerships driving volumes through Napier Port and opening up new opportunities.

FINANCIAL RESULTS

Revenue for the half year rose 22.8% to \$62.3 million from \$50.7 million in the same period last year. Container services revenue for the half year increased 14.5% to \$34.5 million from \$30.2 million with a 5.7% increase in container volumes to 119,000 TEU (twenty-foot equivalent container unit).

Bulk cargo revenue for the half year increased 7.5% to \$20.6 million from \$19.2 million despite a 9.3% decrease in bulk cargo total volume. This followed changes in cargo mix and increased yields and log debarking operations revenue.

Cruise revenue for the first half was \$5.1 million. The reintroduction of cruise following the reopening of the international marine border saw 62 cruise vessel calls in the half year, compared to a single call in the prior year.

As a result of intense cost pressures in recent periods operating expenses increased 17.8% on the same period last year, however, these costs were comparable to the second half of the 2022 financial year.

The result from operating activities for the half year increased 33% to \$21.9 million from the \$16.4 million reported for the first half of the last financial year.

Underlying net profit, which excludes unrealised property revaluation gains, was \$7.5 million and increased from \$7.2 million in the same period last year. Following the completion of Te Whiti wharf last financial year, depreciation costs have increased, and the majority of finance costs are now reported in the income statement, rather than capitalised as an asset. Reported net profit after tax was down 3.3% to \$8.7 million from \$9.0 million in the same period a year ago.

CYCLONE GABRIELLE IMPACTS

The landing of Cyclone Gabrielle on 13-14 February resulted in damage and disruption to the Hawke's Bay region and its infrastructure. Many parts of the community and cargo customers have experienced damage and reduced output, which is expected to impact cargo volumes for the remainder of the financial year.

The cyclone highlighted the critical role Napier Port plays as a lifeline asset to the wider region. With minimal damage to our own infrastructure and being the only entry point into Napier post-cyclone, our teams were immediately able to support the emergency response by hosting the defence forces and bringing in essential supplies.

Following the cyclone restorative dredging was undertaken to reinstate the shipping channel and berth depths, both of which had experienced some infill from the storm and swell.

Key road access to Napier Port has been restored, with ongoing repair and replacement of regional and minor roads and bridges underway. A new coastal shipping service between Gisborne and Napier provides an additional access route for exporters in areas where road or rail is only partially restored.

The main rail line to the south and central North Island has been restored as far as Hastings, but the link between Hastings and Napier requires reinstatement. This work is expected to continue through to the first quarter of the next financial year.

The lack of direct to port rail access provides challenges for inbound pulp cargoes and our growing supply chain services operation; however, our team continues to support cargo flows to and from Napier Port and the central North Island hinterland via road and rail.

The forestry industry has re-established forest-based production, although it has seen some reduction in capacity due to short-term redeployments and some loss of industry transport capacity. Export market conditions for logs remains subdued.

Pan Pac operations are expected to be restarted around the end of this financial year in September, with a ramp up towards normal production levels during the next financial year.

The seasonal produce losses (pip fruit and other fresh produce) will result in a reduction of container traffic in the second half of our financial year. The extent of the potential future reduced output of planted areas, that will require remediation and replanting to restore production, remains uncertain.

Napier Port has business interruption insurance that is expected to provide a level of mitigation against the adverse trade effects following the cyclone. However, at this stage there is no certainty regarding the financial outcome of any claim. No insurance claim recoveries have been accounted for in the half year result.

Being primary sector based, our region is resilient and innovative, and we have seen that on display once again. With solidarity and respect, we see the efforts by businesses, community organisations, central and local government, neighbours and volunteers, groups of friends and Iwi pitching in to clean up and rebuild together. We are proud to join our community and stand beside them in this effort.

BALANCE SHEET AND DIVIDEND

Napier Port remains well funded with \$180 million of long-term funding facilities in place, of which \$46 million was available and undrawn at the end of the half year period. With the completion of Te Whiti wharf Napier Port does not have any material capital commitments.

Despite the strong first half result and in recognition of the uncertainty regarding near term trading and an expectation of reduced full year earnings, the Board has resolved to pay a fully imputed interim dividend of 1.7 cents per share, which is reduced from the 2.8 cents per share paid at the same time last year.

The Board will review the full financial year performance and outlook when considering any final dividend following the end of the financial year. The record date for the interim dividend entitlement is 9 June and the payment date will be 22 June.

OUTLOOK

Napier Port's strong performance in the first half demonstrated our capability and the growth potential of the region and strategic position of our port.

Given the crop losses and damage to primary processing, trading in the second half will be subdued, and we expect a return to traditional export flows next year recognising some trade impairments will create drag into the new financial year.

This outlook is underpinned by strong forward bookings for the summer cruise season in the new financial year.

We are confident our region will rebuild. Demand for its food and fibre exports continues to grow, while our region is a world leader in primary sector innovation and research.

The commitment of Napier Port's people to each other, our company, and our region has again stood up to a challenge. We will continue to support customers and the community whilst recovery takes place.

Ngā mihi nui,



BLAIR O'KEEFFE
Chair



TODD DAWSON
Chief Executive





HAWKE'S BAY WELCOMES BACK CRUISE

Cruise returned to Napier Port in grand style with Ovation of the Seas the first cruise ship to call, and it was also the Ovation's first New Zealand port of call for the journey. Ovation is one of the world's largest cruise ships carrying 4,500 passengers and crew, so there was no easing back after a two-year hiatus caused by the pandemic.

Hawke's Bay genuinely celebrates and supports cruise. Tourism operators, retailers, business associations, transport operators and many others ensure the best possible experience for visitors and local communities alike.

Sixty-two cruise ships called during the half year with an additional two completing the season in April. Additional highlights were the booking of two triple cruise days and an overnight stay by Celebrity Eclipse. Napier Port is now able to berth cruise vessels on five of our six wharves - 2, 3, 4, 5 and Te Whiti - providing greater flexibility and availability for cruise lines. Future forecasting is strong and Napier remains a popular choice of destination for passengers and cruise lines.

"My husband and I recently visited Napier when our ship Celebrity 'Eclipse' docked there.

I am writing to congratulate the people of Napier for being so welcoming, so co-operative when seeking information, so organised with shuttle buses to and from the ship and for the friendly staff in your office...

Napier really impressed me with the clean streets, the gardens, your 'war memorial' and many other assets you have highlighted there. Napier will certainly be on our list to 're-visit'".

The Kellers, Australia

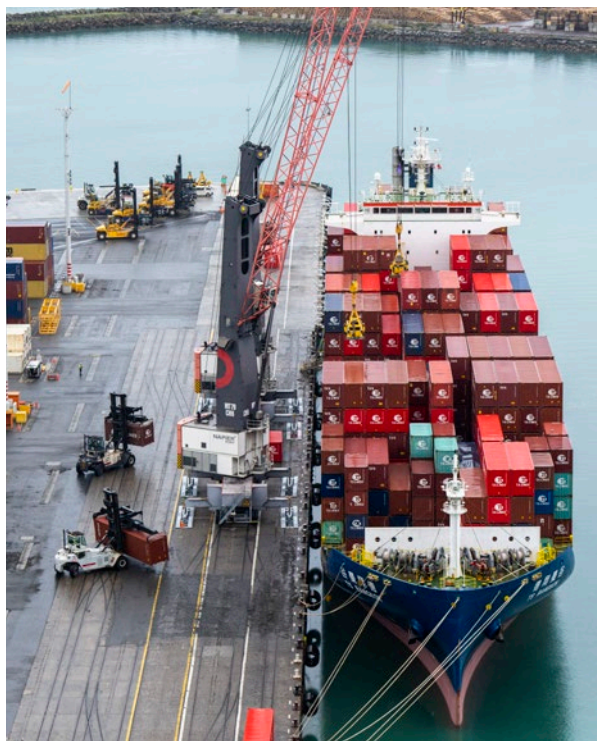


TE WHITI WHARF IS FREEING UP BERTH AVAILABILITY AND ENABLING NEW SHIPPING SERVICES TO NAPIER PORT

An asset for both Hawke's Bay and New Zealand, Te Whiti is easing congestion and expanding port capacity across the North Island.

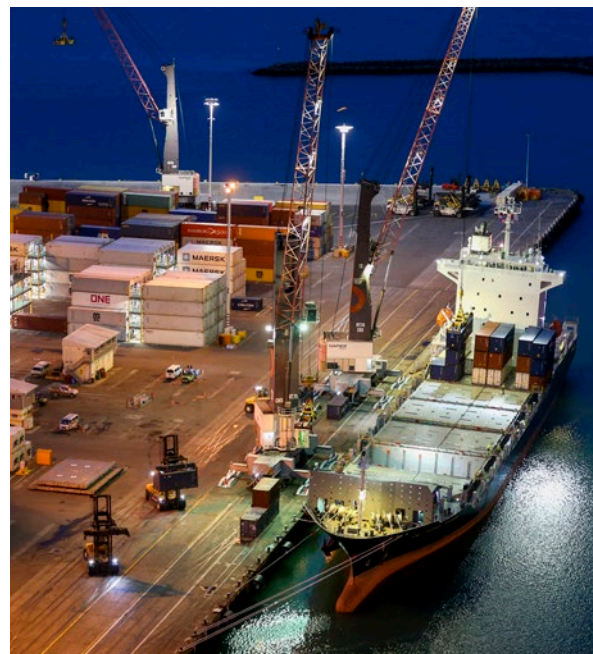
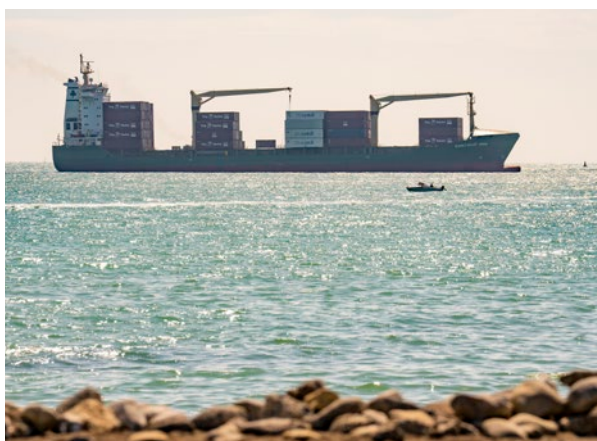
We are pleased to report that Te Whiti wharf is already delivering benefits - unlocking congestion, reducing ship moves inside the port, creating more berth availability for ships, and also reducing the time vessels are spending at anchor waiting to enter Napier Port.

Shift movements across the whole port have reduced by fifty percent, resulting in greater efficiencies for our own operations, shipping lines, customers and transport operators.



As a result, we've been able to welcome three new shipping line services to Napier Port, providing more shipping options for import and export customers.

- T.S. Lines NZE service began in January, connecting our region's exporters with a weekly direct Napier to China service.
- ZIM Integrated Shipping Services commenced a direct service from Napier to Melbourne on their New Zealand to Australia shipping loop, starting in January 2023. This new trans-Tasman service varies between weekly and fortnightly depending on seasonal demand and is a boost for our region's exporters and importers, connecting Hawke's Bay to the world.
- The ANZ Shuttle, Trans-Tasman service, operated by CMA CGM Group commenced just after the end of the half year period, in early April.



SITE-TO-SEA SERVICES

Napier Port's logistics team works closely with customers to provide a cost effective, reliable and efficient supply chain between sites and the port. Because we have visibility of the containerised imports and exports before a vessel arrives, we can optimise the landside network and coordinate landside transport options with customers. Key to our success is strong partnerships with others. We work closely with KiwiRail and we also strengthened our investment in Manawatū Inland Port, becoming equal partners with Halls Group (Talleys).

Prior to Cyclone Gabrielle, our customer base was growing with uptake in the central North Island delivering more volume into port. Immediately following the cyclone, there was a modal shift with rail converted into road transport. As the rail network is repaired, the shift of cargo back to rail is incrementally happening.

The main rail line has been restored as far as Hastings, but the link between Hastings and Napier requires reinstatement. This work is expected to continue through to the first quarter of the next financial year.

A LIFELINE ASSET FOR OUR REGION

In the immediate aftermath of the cyclone, Napier Port was the only entry point to Napier as the roading and rail networks were compromised from all sides. With our own assets and infrastructure experiencing very minor damage, we remained operational, and urgent supplies were able to come into the region.

Napier Port became a community base for the ongoing response, including hosting both the NZ Army and Navy vessels, and we supported other lifeline services to re-open by providing electricity generators.

Our people joined the Hawke's Bay Civil Defence Emergency Management Unit, volunteering in specialist roles including health and safety, human resources, emergency management, and GIS/CAD design helping to map affected areas.

We worked closely with the local councils to restart cruise three weeks after the cyclone. Passengers were welcomed back with a Karakia, given information about the cyclone and offered the opportunity to donate to a regional relief fund.

On 6 April, our team stood with our region for Hawke's Bay Together day, dressing in black and white, our regional colours, donating to the relief funds and joining in solidarity and support with our community.

The launch of a three-month coastal shipping service between Gisborne and Napier is supporting cargo owners to access Napier Port's international shipping services. Napier Port is providing ship planning services, facilitating empty containers for exporters, and then exchanging the cargo on to the larger vessels destined for international markets. Coastal shipping is alleviating pressure on the roading network while it's under repair and provides additional resilience for the East Coast.



NAPIER PORT HOLDINGS LIMITED

CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 31 MARCH 2023

	Notes	31 March 2023 Unaudited \$000	31 March 2022 Unaudited \$000
Revenue	5	62,255	50,712
Employee benefit expenses		22,185	18,868
Property and plant expenses		7,576	6,501
Other operating expenses		10,624	8,902
Operating expenses		40,385	34,271
Result from operating activities		21,870	16,441
Depreciation, amortisation and impairment expenses		8,105	6,414
Other (income) and expenses		11	(2)
Fair value gain on investment property		(1,225)	(1,800)
Profit before finance costs and tax		14,979	11,829
Net finance costs	6	3,328	21
Profit before income tax		11,651	11,808
Income tax expense	7	2,961	2,824
Profit for the period attributable to the shareholders of the Company		8,690	8,984
EARNINGS PER SHARE:			
Basic earnings per share		0.044	0.045
Diluted earnings per share		0.043	0.045

The above statement of financial position should be read in conjunction with the accompanying notes.

NAPIER PORT HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 MARCH 2023

	31 March 2023 Unaudited \$000	31 March 2022 Unaudited \$000
Profit for the period attributable to the shareholders of the Company	8,690	8,984
OTHER COMPREHENSIVE INCOME		
<i>Items that will be reclassified to profit or loss:</i>		
Changes in fair value of cash flow hedges	(189)	3,291
Cash flow hedges transferred to profit or loss	(715)	19
Deferred tax on changes in fair value of cash flow hedges	253	(927)
<i>Items that will not be reclassified to profit or loss:</i>		
Changes in fair value of cash flow hedges	-	(180)
Deferred tax on changes in fair value of cash flow hedges	-	50
Revaluation of sea defences	-	29,980
Deferred tax on revaluation of sea defences	-	(1,855)
Other comprehensive income for the period, net of tax	(651)	30,378
Total comprehensive income for the period attributable to the shareholders of the Company	8,039	39,362

The above statement of financial position should be read in conjunction with the accompanying notes.

NAPIER PORT HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 MARCH 2023

	Share Capital \$000	Revaluation Reserve \$000	Hedging Reserve \$000	Share-based Payment Reserve \$000	Retained Earnings \$000	Total Equity \$000
Balance at 1 October 2022	246,209	97,519	4,642	729	42,878	391,977
Profit for the period	-	-	-	-	8,690	8,690
Other comprehensive income	-	-	(651)	-	-	(651)
Total comprehensive income for the period	-	-	(651)	-	8,690	8,039
Dividends	17	-	-	-	(9,398)	(9,381)
Share-based payments	-	-	-	87	-	87
Purchases of treasury shares	(354)	-	-	-	-	(354)
Settlement of long term incentive plan shares	176	-	-	(176)	-	-
Fair share loans - employee repayments	64	-	-	-	-	64
Total transactions with owners in their capacity as owners	(97)	-	-	(89)	(9,398)	(9,584)
Total movement in equity	(97)	-	(651)	(89)	(708)	(1,545)
Balance at 31 March 2023 (Unaudited)	246,112	97,519	3,991	640	42,170	390,432

The above statement of financial position should be read in conjunction with the accompanying notes.

NAPIER PORT HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE SIX MONTHS ENDED 31 MARCH 2023

	Share Capital \$000	Revaluation Reserve \$000	Hedging Reserve \$000	Share-based Payment Reserve \$000	Retained Earnings \$000	Total Equity \$000
Balance at 1 October 2021	245,850	70,308	714	525	37,450	354,847
Profit for the period	-	-	-	-	8,984	8,984
Other comprehensive income	-	28,125	2,253	-	-	30,378
Total comprehensive income for the period	-	28,125	2,253	-	8,984	39,362
Dividends	18	-	-	-	(9,394)	(9,376)
Share-based payments	-	-	-	110	-	110
Transfers from treasury stock - employee recognition scheme	249	-	-	-	-	249
Fair share loans - employee repayments	44	-	-	-	-	44
Total transactions with owners in their capacity as owners	311	-	-	110	(9,394)	(8,973)
Total movement in equity	311	28,125	2,253	110	(410)	30,389
Balance at 31 March 2022 (Unaudited)	246,161	98,433	2,967	635	37,040	385,236

The above statement of financial position should be read in conjunction with the accompanying notes.

NAPIER PORT HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

	31 March 2023 Unaudited \$000	30 September 2022 Audited \$000
EQUITY		
Share capital	246,112	246,209
Reserves	102,150	102,890
Retained earnings	42,170	42,878
	390,432	391,977
NON-CURRENT LIABILITIES		
Loans and borrowings	131,975	131,180
Deferred tax liability	21,966	22,552
Lease liabilities	96	197
Derivative financial instruments	238	1,405
Provision for employee entitlements	536	490
	154,811	155,824
CURRENT LIABILITIES		
Taxation payable	1,374	-
Lease liabilities	203	200
Derivative financial instruments	763	319
Trade and other payables	16,422	14,394
	18,762	14,913
	564,005	562,714

	31 March 2023 Unaudited \$000	30 September 2022 Audited \$000
NON-CURRENT ASSETS		
Property, plant and equipment	522,284	523,248
Intangible assets	973	1,191
Derivative financial instruments	3,418	4,791
Investment in joint venture	250	-
Investment properties	13,501	12,200
	540,426	541,430
CURRENT ASSETS		
Cash and cash equivalents	4,065	1,942
Derivative financial instruments	2,124	1,619
Taxation receivable	-	739
Trade and other receivables	17,390	16,984
	23,579	21,284
	564,005	562,714

On behalf of the Board of Directors, who authorised the issue of the financial statements on 23 May 2023.

Chair



Director



The above statement of financial position should be read in conjunction with the accompanying notes.

NAPIER PORT HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 MARCH 2023

	31 March 2023 Unaudited \$000	31 March 2022 Unaudited \$000		31 March 2023 Unaudited \$000	31 March 2022 Unaudited \$000
CASH FLOWS FROM OPERATING ACTIVITIES			CASH FLOWS FROM FINANCING ACTIVITIES		
<i>Cash was provided from:</i>			<i>Cash was provided from:</i>		
Receipts from customers	59,024	48,141	Net proceeds from loans and borrowings	-	42,000
Net GST received	23	1,974	Repayment of fair share loans by employees	81	62
<i>Cash was applied to:</i>			<i>Cash was applied to:</i>		
Payments to suppliers and employees	(36,497)	(31,939)	Repayment of lease liabilities	(98)	(111)
Income taxes paid	(1,181)	(5,198)	Net finance costs	(3,685)	(22)
Net cash flows generated from operating activities	21,369	12,978	Purchase of treasury stock	(354)	-
CASH FLOWS FROM INVESTING ACTIVITIES			Dividends paid	(9,398)	(9,394)
<i>Cash was provided from:</i>			Net cash flows generated from financing activities	(13,454)	32,535
Proceeds from sale of property, plant and equipment	7	-	Net increase in cash and cash equivalents	2,123	1,840
<i>Cash was applied to:</i>			Cash and cash equivalents at beginning of the period	1,942	1,403
Investment in joint venture	(250)	-	Effect of exchange rate changes on foreign currency balances	-	(132)
Acquisition of property, plant and equipment and intangible assets	(5,549)	(43,673)	Cash and cash equivalents at end of the period	4,065	3,111
Net cash flows used in investing activities	(5,792)	(43,673)			

The above statement of financial position should be read in conjunction with the accompanying notes.

NAPIER PORT HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE SIX MONTHS ENDED 31 MARCH 2023

Reconciliation of profit for the period to cash flows from operating activities

	31 March 2023 Unaudited \$000	31 March 2022 Unaudited \$000		31 March 2023 Unaudited \$000	31 March 2022 Unaudited \$000
Profit for the period	8,690	8,984			
Adjust for non-cash items:			Movements in working capital:		
Fair value gain on investment property	(1,225)	(1,800)	Increase in trade and other receivables	(290)	(1,375)
Depreciation and amortisation	8,032	6,414	Increase in trade and other payables	870	3,021
Impairment of assets	72	-		580	1,646
Net (gain)/ loss on disposal of property, plant and equipment	17	(3)	Net cash flows generated from operating activities	21,369	12,978
Share-based payments	87	110			
Other non-cash items	(37)	1			
Deferred tax	(334)	148			
	6,612	4,870			
Other adjustments:					
Finance costs classified as financing activities	3,328	22			
(Decrease)/ increase in current taxation payable	2,113	(2,532)			
(Decrease)/ increase in non-current provision	46	(12)			
	5,487	(2,522)			

The above statement of financial position should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2023

1. REPORTING ENTITY

The interim financial statements presented are those of Napier Port Holdings Limited and its subsidiaries (together "the Group"). Napier Port Holdings Limited is incorporated under the Companies Act 1993 and domiciled in New Zealand. Napier Port Holdings Limited's shares are publicly traded on the New Zealand Stock Exchange (NZX).

2. BASIS OF PREPARATION

The interim financial statements have been prepared in accordance with the Financial Markets Conduct Act 2013.

STATEMENT OF COMPLIANCE

The interim financial statements have been prepared in accordance with New Zealand equivalents to International Accounting Standard 34, Interim Financial Reporting (NZ IAS 34), and International Accounting Standard 34, Interim Financial Reporting. The Group is a for-profit entity for NZ GAAP purposes. These interim financial statements do not include all the information normally included in an annual financial report. Accordingly, these should be read in conjunction with the Group's annual financial statements for the year ended 30 September 2022.

BASIS OF MEASUREMENT

The interim financial statements have been prepared on a historical cost basis, except for sea defences, investment properties and derivative financial instruments, which are measured at fair value. They are presented in New Zealand Dollars (NZD) and all values are rounded to the nearest thousand dollars (\$'000), unless otherwise stated.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 30 September 2022.

4. UNCERTAINTIES, ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity with NZ IAS 34 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.

During February 2023, Cyclone Gabrielle struck New Zealand causing widespread damage and disruption to the Hawke's Bay region and its infrastructure. Whilst Napier Port did not experience significant property damage, many cargo customers of Napier Port have experienced damage and reduced output, which impacts Napier Port's trading. The economic consequences of this event increases uncertainty regarding the Group's future trading results. Neither revenue relating to any potential insurance recovery, nor any associated insurance asset has been recognised in these financial statements.

5. REVENUE AND SEGMENT REPORTING

	31 March 2023 Unaudited \$000	31 March 2022 Unaudited \$000
Disaggregation of revenue		
Container services	34,540	30,157
Bulk cargo	20,602	19,169
Cruise	5,108	12
Sundry income	692	149
Port operations	60,942	49,487
Property operations	1,313	1,225
Operating income	62,255	50,712

ACCOUNTING POLICIES:

PORT OPERATIONS

Port operations represents a series of services including marine, berthage and port infrastructure services to the Group's customers which are accounted for as a single performance obligation. Revenue is recognised over-time using the percentage of completion method.

Revenue is measured based on the service price specified in the relevant tariffs or specific customer contract. The contract price for the services performed reflects the value transferred to the customer.

PROPERTY OPERATIONS

Investment property lease income is recognised on a straight-line basis over the period of the lease term.

OPERATING SEGMENTS

The Group determines its operating segments based on internal information that is regularly reported to the Chief Executive, who is the Group's Chief Operating Decision Maker (CODM).

The Group operates in one reportable segment being Port Services. This consists of providing and managing port services and cargo handling infrastructure through Napier Port. Within the Port Services reportable segment the following operating segments have been identified: marine services, general cargo services, container services, port pack services and depot services. These have been aggregated on the basis of similarities in economic characteristics, customers, nature of services and risks

The Group operates in one geographic area, that being New Zealand. During the period the Group had two customers which comprised 25% of total revenue (2022: 16% - reflecting one customer).

6. NET FINANCE COSTS

	31 March 2023 Unaudited \$000	31 March 2022 Unaudited \$000
Interest income	(34)	(4)
Finance income	(34)	(4)
Interest and finance charges on borrowings	4,058	1,740
(Gain) / loss realised on cashflow hedges transferred from other comprehensive income	(678)	88
(Gain) / loss realised on fair value hedges	15	-
Change in fair value of fair value hedges	(722)	-
Change in fair value of loans and borrowings subject to fair value hedges	722	-
Lease imputed interest	10	14
Less: Interest capitalised to property, plant and equipment	(43)	(1,817)
Finance expenses	3,362	25
Net finance costs	3,328	21

7. INCOME TAX EXPENSE

	31 March 2023 Unaudited \$000	31 March 2022 Unaudited \$000
Reconciliation between income tax expense and tax expense calculated at the statutory income tax rate:		
Profit before income tax	11,651	11,808
Income tax at 28%	3,262	3,306
Adjustment to prior year tax	49	1
Tax effect of non-deductible items	13	6
Tax effect of non-assessable items	(363)	(489)
Income tax expense	2,961	2,824
The income tax expense is represented by:		
Current income tax for the period	3,318	2,249
Adjustment for current tax of prior periods	(23)	427
Current income tax expense	3,295	2,676
Deferred income tax (credit)/ expense for the period	(406)	574
Adjustment for deferred tax of prior periods	72	(426)
Deferred income tax (credit)/ expense	(334)	148
Income tax expense	2,961	2,824

8. RELATED PARTY TRANSACTIONS

	31 March 2023 Unaudited \$000	31 March 2022 Unaudited \$000
RELATED PARTY		
Hawke's Bay Regional Council		
Rates, levies, consents and services	20	2
Council Services	240	160
Cost recoveries	(47)	(56)
Lease income	(11)	(11)
Hawke's Bay Regional Investment Company		
Dividends	5,170	5,170
Cost recoveries	-	(53)
Longburn Intermodal Freight Hub		
Plant downpayments received	-	100

9. COMMITMENTS AND CONTINGENCIES

CAPITAL EXPENDITURE COMMITMENTS

At balance date there were commitments in respect of contracts for capital expenditure totalling \$0.5 million (30 September 2022: \$0.8 million).

CONTINGENT LIABILITIES

There were no material contingent liabilities at balance date.

10. EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to the balance sheet date, a fully imputed dividend of \$3.4 million (1.7 cents per share) was approved by the Board of Directors.



INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE SHAREHOLDERS OF NAPIER PORT
HOLDINGS LIMITED'S INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH ENDED 31 MARCH 2023

The Auditor-General is the auditor of Napier Port Holding's Limited (the "Company") and its subsidiaries (together the "Group"). The Auditor-General has appointed me, Stuart Mutch, using the staff and resources of Ernst & Young, to carry out the review of the interim financial statements of the Group on his behalf.

CONCLUSION

We have reviewed the interim financial statements of the Group on pages 11 to 20, which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six months ended on that date, and the notes, including a summary of significant accounting policies and other explanatory information.

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 31 March 2023, and its financial performance and cash flows for the six months ended on that date, in accordance with New Zealand Equivalent to International Accounting Standard 34: Interim Financial Reporting and International Accounting Standard 34: Interim Financial Reporting.

BASIS FOR CONCLUSION

We conducted our review in accordance with NZ SRE 2410 (Revised) Review of Financial Statements Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Interim Financial Statements section of our report.

We are independent of the Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests, in the Group.

DIRECTORS' RESPONSIBILITY FOR THE INTERIM FINANCIAL STATEMENTS

The Directors are responsible, on behalf of the Group, for the preparation and fair presentation of these interim financial statements in accordance with New Zealand Equivalent to International Accounting Standard 34: Interim Financial Reporting and International Accounting Standard 34: Interim Financial Reporting and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are also responsible for the publication of the interim financial statements, whether in printed or electronic form.

AUDITOR'S RESPONSIBILITIES FOR THE REVIEW OF THE INTERIM FINANCIAL STATEMENTS

Our responsibility is to express a conclusion on the interim financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements, taken as a whole, are not prepared, in all material respects, in accordance with New Zealand Equivalent to International Accounting Standard 34: Interim Financial Reporting and International Accounting Standard 34: Interim Financial Reporting.



A review of the interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these interim financial statements.

A handwritten signature in blue ink, appearing to read 'Stuart Mutch', is written over a horizontal line.

STUART MUTCH

Partner

Ernst & Young

Chartered Accountants

On behalf of the Auditor-General

Wellington, New Zealand

23 May 2023

DIRECTORY

DIRECTORS

Blair O'Keeffe (Chair)
Stephen Moir
Diana Puketapu
John Harvey
Vincent Tremaine
Kylie Clegg
Dan Druzianic

SENIOR MANAGEMENT TEAM

Todd Dawson – Chief Executive
Kristen Lie – Chief Financial Officer
David Kriel – General Manager Commercial
Viv Bull – General Manager People and Culture
Adam Harvey – Chief Operating Officer
Andrea Manley – General Manager Strategy and Supply Chain
David Broad – General Manager Assets and Infrastructure
Jo-Ann Young – Corporate Affairs Manager

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BOND SUPERVISOR

Public Trust
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Auckland 1010

SOLICITORS

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Wellington
New Zealand

AUDITORS

Ernst & Young
PO Box 490
Wellington 6140
On behalf of the Auditor-General

SHARE REGISTRY

For enquiries about share transactions, dividend payments, or to change your address, please get in touch with:

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Fax: +64 9 375 5990
Email: napierport@linkmarketservices.co.nz

Copies of the annual report are available at:
napierport.co.nz

FINANCIAL CALENDAR

31 March 2023	Half-year balance date
24 May 2023	Interim results announced
22 June 2023	Interim dividend payment
30 September 2023	Financial year end
November 2023	Annual results announcement
14 December 2023*	Final dividend payment
15 December 2023	Annual meeting

* Subject to board approval

