
NAPIER^o PORT

Te Herenga Waka o Ahuriri



HALF YEAR REPORT

FOR THE SIX MONTHS
ENDED 31 MARCH 2021

ABOUT NAPIER PORT

Napier Port is New Zealand's fourth largest port by container volume. We are the gateway for Hawke's Bay 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. View Napier Port's investor centre: napiersport.co.nz/investor-centre

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TRADE AND FINANCIAL RESULTS

\$5.6

MILLION
INTERIM DIVIDEND

–
2.8 CENTS
PER SHARE

\$10.6

MILLION
UNDERLYING
NET PROFIT AFTER TAX

–
DOWN 5.2%

167

CHARTER
VESSEL CALLS

–
UP 9.2%

\$10.6

MILLION

NET PROFIT

–
DOWN 14.9%

135

THOUSAND

TEU CONTAINERS
HANDLED

–
NO CHANGE

\$52.6
MILLION
REVENUE
 -
UP 0.6%

\$21.3
MILLION
RESULTS FROM OPERATIONS
 -
DOWN 2.0%

1.87
MILLION
TONNES OF BULK CARGO HANDLED
 -
UP 17.1%

\$0
CRUISE SHIP REVENUE
 -
2020 \$4.2M

\$20.2
MILLION
BULK CARGO REVENUE
 -
UP 26.5%

CHAIR & CHIEF EXECUTIVE'S REPORT

TRADE DIVERSITY

MITIGATES ONGOING

PANDEMIC EFFECTS

TĒNĀ KOUTOU

We are proud of the way Napier Port has risen to the challenges of the first half of the year, continuing to link our wider regional economy with the world. A commitment to excellent customer service and a nimble approach from our team to a changing business environment have been major contributors to our results so far this year.

STEADY HALF-YEAR RESULTS

Napier Port's half-year result shows resilience and tenacity in a challenging environment. Our revenue of \$52.6m compares with \$52.3m for the same period last year, a strong result given the global shipping disruption and lack of cruise ship visits.

Bulk cargo revenues have been particularly strong, with log export volumes increasing by a significant 20.6% to 1.43 million tonnes due to sustained favourable log export conditions. Total bulk cargo volumes increased 17.1% to 1.87 million tonnes.

There continues to be solid demand for the region's food and fibre exports, and this is reflected in our container volumes of 135,000 TEU for the half year in line with the same period a year ago. This steady result masks changes in the mix between trades, with higher exports of meat and apples and other container movements offsetting falls in containerised wood pulp and timber, and lower import volumes.

No cruise ship revenue was earned in the half year, due to New Zealand's closed borders. Revenue from cruise ships totalled \$4.2m in the same period last year. We're looking forward to welcoming cruise ships back to Hawke's Bay when the maritime border to New Zealand is re-opened.

A key strength of Napier Port is the diversity of trades that pass across our wharves. This broad range of cargo trade is a key reason why we have been able to look through the current Covid-19 turmoil and continue to invest in the infrastructure that will support our region for the longer term. A lack of cruise ships due to border closures; uncertainty of pipfruit cargo due to growers' labour shortages; and disruption of global and regional shipping patterns have all challenged us during the last six months.

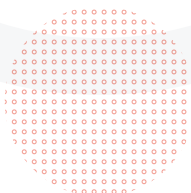
The result from operating activities for the half year to 31 March 2021 is \$21.3m, slightly down on the 2020 half-year result of \$21.7m. Increased insurance costs and employee benefit expenses contributed to the decrease. We recently announced that our full-year result from operating activities is expected to be within the range of \$39m to \$42m, an increase from our previously forecast range of \$34m to \$38m.

Underlying net profit after tax (after adjusting for non-recurring items in the prior year) was \$10.6m, a decrease of 5.2% from \$11.1m in the same period last year. Reported net profit after tax was also \$10.6m, a decrease of 14.9% from \$12.4m in the same period last year. Net profit in 2020 benefited from a one-off tax adjustment of \$1.5m due to the reinstatement of tax depreciation on commercial buildings.

GLOBAL SHIPPING CHALLENGES

We continue to work closely with our customers, building on being their preferred supply chain link through Hawke's Bay and the central and lower North Island. Ongoing challenges in global shipping are affecting all parts of the supply chain – customers, ports, shippers, carriers and agents – throughout the world, so our communication with our customers and the ability to make changes quickly to accommodate their needs is paramount. We are very focused on keeping the supply chain open and cargo flowing.

We are proud of the way the entire team at Napier Port has risen to this challenge. Our people have maintained and enhanced the link that Napier Port provides between the wider regional economy and international markets. They have done so with the determination and can-do attitude that is at the heart of Napier Port's culture. We thank them for their efforts and our customers for working with us during these challenging times.



6 WHARF PROGRESS ON TRACK

We are progressing at pace with the construction of 6 Wharf, an intergenerational asset that will extend our capacity and capability to move cargo and most importantly increase access to global markets for our customers and our region. The project remains within budget and on track to open in late 2022 and will enable Napier Port to continue to provide premium levels of service to our shipping line and cargo owner customers.

Five MoorMaster vacuum-mooring units will shortly be delivered for installation on the new wharf, with a further five to come. These advanced mooring units will increase mooring speed and berth availability, reduce time in port and improve our people's safety.

BALANCE SHEET AND DIVIDEND

Napier Port will maintain its prudent approach to our balance sheet, considering our existing commitments to the 6 Wharf construction project and ongoing trade volatility.

We have spent \$45.8m on capital expenditure in the half year, including the 6 Wharf project, and end the half year with bank debt of \$36.0m. We commenced drawing on our banking facilities during the first half of the current financial year to fund the 6 Wharf development.

While the immediate challenges of COVID-19 necessitated caution and no interim dividend during 2020, the Board has resolved to pay a fully imputed interim dividend of 2.8 cents per share for the current financial year, in line with its dividend policy.

OUTLOOK

Demand for the region's food and fibre exports remains robust. However, notwithstanding the Government's recent moves to increase the availability of seasonal labour in the future, the impact of worker shortages on seasonal export industries remains uncertain. Meanwhile, the challenges to container-based supply chains from regional and global shipping disruptions continue.

Noting these uncertainties and assuming a continuation of current market conditions, we are pleased to reaffirm the earnings guidance provided in April for the underlying result from operating activities for the year to range between \$39m and \$42m.

Ngā mihi nui,

ALASDAIR MACLEOD
Chairman

TODD DAWSON
Chief Executive



HIGHLIGHTS

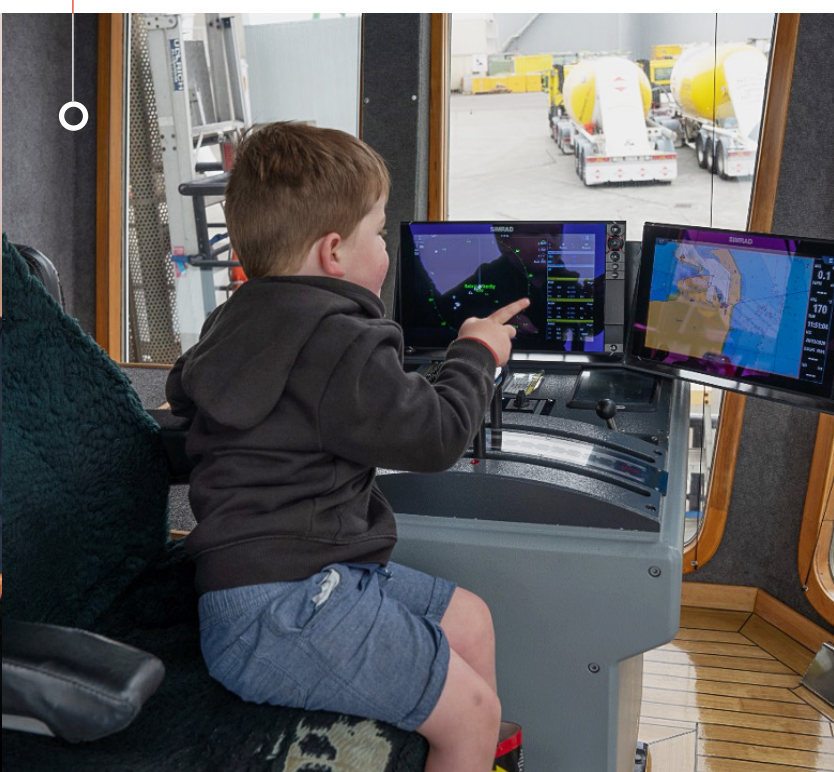
1 OCTOBER 2020 – 31 MARCH 2021

OCTOBER

- Renewed partnership with WPI for a further 10 years with two further 5-year rights of renewal to export WPI's pulp and timber products from its mill in the central North Island. A key decision factor for WPI was Napier Port's resilience, passion for service delivery with their business and the certainty it gives them that Napier Port has a clear plan for the future of the central and lower North Island.
- Proud to be Principal Sponsor of the Napier Port Primary Sector Awards – recognising the outstanding commitment of the region's primary producers and the role Napier Port plays in connecting the region's world-class food and fibre to global markets.

NOVEMBER

- Posted healthy FY20 results including \$100.4 million revenue and declaring a final dividend of 5 cents per share.
- Whānau Day: After a year like no other, and to thank Napier Port's families, the gates were opened up for a day of food, entertainment, tours and demonstrations. Napier Port plays an important part in the regional economy, so it was great to share with the special people in our lives what happens day in and day out. With an extra 600+ people on port, it was an achievement to make an operational port and active border safe and secure for a day of fun.
- Second hui with the Whakatū community and mana whenua was held, to listen to concerns and answer questions regarding the proposed freight hub in the area; the project team also shared their current plans.



DECEMBER

- The Annual Shareholders' Meeting was held, both in person, and for the first time, it was simultaneously hosted virtually, so all shareholders had the opportunity to join online, ask questions and vote in real time.
- Napier Port teams filled more than 240 shoe boxes with gifts for children in support of the annual Christmas Boxes for Children Appeal.
- The 150th kororā/little blue penguin was microchipped, as well as the first two chicks born in the penguin sanctuary on port – this makes it much more likely they will continue to return to the sanctuary in future years.

JANUARY

- First quarter trade volumes released – a pleasing result with log exports and bulk cargo performing well, total container volumes down reflecting challenges with global supply chain movements.
- Port Activity Map (PAM) launched, using GIS technology to electronically map in real-time all work taking place on the port. Easy to use, safe and efficient for all 5,000 Port Pass users who are authorised to come onto Napier Port.
- The mooring loft was refurbished adding a brand-new kitchen and dining area, bathroom, office space, a locker room with plenty of storage and six bedrooms with new beds. The refurbishment provides more comfort, rest and wellbeing for the mooring team.



FEBRUARY

- This month saw the launch of Napier Port's logistics service offering dedicated road and rail services for importers and exporters throughout the central and lower North Island.
- COVID-19 vaccinations for Tier 1 workers began at Napier Port. As Napier Port has done throughout mandatory testing, a venue was provided on port for local health authorities to undertake testing and vaccination of all border workers as vaccinations are rolled out.
- In partnership with LegaSea Hawke's Bay (a group of recreational fishers dedicated to rebuilding fish stock), a second artificial limestone reef was delivered for Hawke's Bay. The naturally occurring limestone was taken from a revetment wall at Napier Port, which has been dismantled as the Port builds its new 6 Wharf to support regional growth. The reefs enhance the existing habitat and health of the region's marine life and provide for local recreational fishing.
- Despite ongoing impacts of global shipping challenges, the largest discharge of empty containers in Napier Port's history occurred this month – 740 empty containers.
- Five new navigation buoys were installed and will mark the new extended dredged channel. Equipped with the latest technology, the status of the buoys can be monitored using mobile phones.
- Hundreds of people took to the ocean around Napier Port for the annual Napier Port Ocean Swim. As main sponsor, this event is always well attended by employees and the community alike, with races for all ages and abilities.
- The HMNZS *Manawanui* berthed at Napier Port to commemorate the 90th anniversary of the 1931 earthquake. The HMS *Veronica* was berthed at Napier during the earthquake and there are many accounts of the help the New Zealand Navy provided to Hawke's Bay at the time.
- The Kāhui (working group) held a session with Board representatives on the Te Ao Māori Strategic Plan. The Kāhui is a grassroots group of people across our business who are passionate about te reo and leading Te Ao Māori kaupapa at Napier Port.



MARCH

- Partnering with KiwiRail saw the reinstatement of log trains running between Wairoa and Napier Port – a fast, efficient way to move large volumes of logs off-road.
- Napier Port established a Sustainability Committee at Board level. The first Marine Cultural Health Programme of its kind in New Zealand was also launched, working in partnership with mana whenua hapū of Ahuriri.
- Napier Port's focus on health and safety continues. The current three-year Health and Safety Roadmap is progressing well, including accelerated development towards the ISO45001 best practice safety management system. The Critical Risk Controls Management Programme is key to this and the health and safety team has undertaken 18 critical-risk bow tie analyses as part of this programme.
- A second, 29.5 metre-long, B-Double Tractor Trailer Unit became operational. The only ones of their kind in the country, they offer a range of benefits, including reduced noise, greater fuel efficiency, driver comfort, less tyre wear and road damage, and cameras for safety. Each B-Double removes two truck and trailer units from the road, which aligns with our 30-year Master Plan to mitigate against future increases in road movement and is especially important as regional growth prompts more cargo flows.
- Three years ago, Napier Port implemented an ambitious strategic roadmap, segmented into 0-3, 3-7 and 7-10 year increments. Leaders from across the port took part in a two-day workshop session to review the many gains achieved in the first three years and to evaluate what parts of the current strategy remain relevant and what will be refreshed.
- Described by local media as an 'exemplary evacuation', Napier Port successfully evacuated following instruction from Hawke's Bay Civil Defence and Emergency due to tsunami threat. An exercise six months earlier meant everyone across the port was well prepared and knew what to do.
- The two-day Napier Port Family Fishing Classic was held. Another sponsorship popular with families and the community, it celebrates healthy oceans, safe boating and a love for the sea.
- A third hui was held with the Whakatū community and mana whenua to listen to concerns and answer questions regarding the proposed freight hub in the area; the project team also shared current plans.
- This month marked a record day for the number of reefers (refrigerated cargo) on power – 1310.
- This month saw the approval to proceed with the investment in an on port log debarker that will provide services to log exporters and environmental and safety improvements at Napier Port.





362
OF 400 PILES
COMPLETED

6 WHARF ON TRACK AND ON BUDGET

One of the most significant investment projects in our 150-year history remains on track and on budget for completion towards the end of 2022. The 350-metre wharf, when opened, will unlock future growth opportunities for customers right across the central and lower North Island. 6 Wharf will provide greater efficiency, capability, capacity and choice in our customers' supply chains.



48%
OF DREDGING
IS COMPLETE



10
OF 32
DECK POURS
COMPLETE

**ELECTRICAL
SUBSTATION
BUILD HAS
COMMENCED**

5
OF 10
MOORMASTER
UNITS READY
FOR SHIPMENT
FROM ITALY

NAPIER PORT HOLDINGS LIMITED

CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 31 MARCH 2021

	Notes	31 March 2021 Unaudited \$000	31 March 2020 Unaudited \$000 Restated
Revenue	6	52,585	52,284
Employee benefit expenses		17,455	16,569
Property and plant expenses		5,091	5,457
Other operating expenses		8,746	8,522
Operating expenses		31,292	30,548
Result from operating activities		21,293	21,736
Depreciation, amortisation and impairment expenses	7	6,325	6,540
Other expenses/(income)	8	141	327
IPO transaction and related costs		-	(201)
Profit before finance costs and tax		14,827	15,070
Net finance costs/(income)		15	(126)
Profit before income tax		14,812	15,196
Income tax expense	9	4,238	2,766
Profit for the period attributable to the shareholders of the Company		10,574	12,430
EARNINGS PER SHARE:			
Basic earnings per share		0.05	0.06
Diluted earnings per share		0.05	0.06

The above income statement 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 2021

Notes	31 March 2021 Unaudited \$000	31 March 2020 Unaudited \$000 Restated
Profit for the period attributable to the shareholders of the Company	10,574	12,430
Other comprehensive income		
<i>Items that will be reclassified to profit or loss:</i>		
Changes in fair value of cash flow hedges	(175)	-
Cash flow hedges transferred to profit or loss	(24)	-
Deferred tax on changes in fair value of cash flow hedges	56	-
<i>Items that will not be reclassified to profit or loss:</i>		
Changes in fair value of cash flow hedges	(219)	-
Cash flow hedges transferred to property, plant and equipment	39	(200)
Deferred tax on changes in fair value of cash flow hedges	50	56
Impairment of sea defences	5	(5,782)
Deferred tax on impairment of sea defences	5	703
Total comprehensive income for the period attributable to the shareholders of the Company	10,301	7,207

The above statement of comprehensive income 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 2021

	Share Capital \$000	Revaluation Reserve \$000	Hedging Reserve \$000	Share-based Payment Reserve \$000	Retained Earnings \$000	Total Equity \$000
Balance at 1 October 2020	245,750	70,308	(79)	389	29,877	346,245
Profit for the period	-	-	-	-	10,574	10,574
Other comprehensive income	-	-	(273)	-	-	(273)
Total comprehensive income for the period	-	-	(273)	-	10,574	10,301
Dividends	20	-	-	-	(9,995)	(9,975)
Share-based payments	-	-	-	58	-	58
Fair share loans - employee repayments	30	-	-	-	-	30
Total transactions with owners in their capacity as owners	50	-	-	58	(9,995)	(9,887)
Total movement in equity	50	-	(273)	58	579	414
Balance at 31 March 2021 (Unaudited)	245,800	70,308	(352)	447	30,456	346,659
Balance at 1 October 2019	246,404	75,451	144	333	13,149	335,481
Profit for the period – restated	-	-	-	-	12,430	12,430
Other comprehensive income – restated	-	(5,079)	(144)	-	-	(5,223)
Total comprehensive income for the period	-	(5,079)	(144)	-	12,430	7,207
Dividends	11	-	-	-	(5,000)	(4,989)
Transaction costs arising on share issuance	101	-	-	-	-	101
Share-based payments	-	-	-	27	-	27
Fair share loans - employee repayments	25	-	-	-	-	25
Transfer from revaluation reserve – restated	-	(64)	-	-	64	-
Total transactions with owners in their capacity as owners	137	(64)	-	27	(4,936)	(4,836)
Total movement in equity	137	(5,143)	(144)	27	7,494	2,371
Balance at 31 March 2020 (Unaudited)	246,541	70,308	-	360	20,643	337,852

The above statement of changes in equity should be read in conjunction with the accompanying notes.

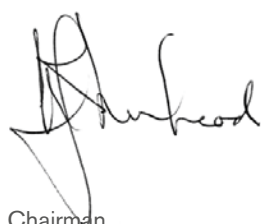
NAPIER PORT HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	31 March 2021 Unaudited \$000	30 Sept 2020 Audited \$000
EQUITY		
Share capital	245,800	245,750
Reserves	70,403	70,618
Retained earnings	30,456	29,877
	346,659	346,245
NON-CURRENT LIABILITIES		
Loans and borrowings	34,741	-
Deferred tax liability	16,601	16,681
Lease liabilities	410	521
Derivative financial instruments	151	111
Provision for employee entitlements	486	447
	52,389	17,760
CURRENT LIABILITIES		
Taxation payable	1,937	4,161
Lease liabilities	219	213
Derivative financial instruments	377	-
Trade and other payables	23,387	17,000
	25,920	21,374
	424,968	385,379
NON-CURRENT ASSETS		
Property, plant and equipment	394,321	351,177
Intangible assets	1,458	1,377
Investment properties	9,200	9,200
	404,979	361,754
CURRENT ASSETS		
Cash and cash equivalents	2,659	7,936
Derivative financial instruments	113	-
Trade and other receivables	17,217	15,689
	19,989	23,625
	424,968	385,379

On behalf of the Board of Directors, who authorised the issue of the financial statements on 24 May 2021.



Chairman



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 2021

	31 March 2021 Unaudited \$000	31 March 2020 Unaudited \$000
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Cash was provided from:</i>		
Receipts from customers	49,816	48,845
Net GST received	291	14
<i>Cash was applied to:</i>		
Payments to suppliers and employees	(29,093)	(30,628)
IPO transaction and related costs	-	(478)
Net finance costs (paid)/received	(15)	126
Income taxes paid	(6,436)	(4,453)
Net cash flows generated from operating activities	14,563	13,426
CASH FLOWS FROM INVESTING ACTIVITIES		
<i>Cash was provided from:</i>		
Proceeds from sale of property, plant and equipment	44	58
<i>Cash was applied to:</i>		
Acquisition of property, plant and equipment and intangible assets	(45,759)	(23,222)
Net cash flows used in investing activities	(45,715)	(23,164)
CASH FLOWS FROM FINANCING ACTIVITIES		
<i>Cash was provided from:</i>		
Proceeds from loans and borrowings	36,000	-
Repayment of fair share loans by employees	50	36
<i>Cash was applied to:</i>		
Repayment of lease liabilities	(105)	(98)
Transaction costs arising on share issuance	-	(299)
Dividends paid	(9,995)	(5,000)
Net cash flows generated from/(used in) financing activities	25,950	(5,361)
Net decrease in cash and cash equivalents	(5,202)	(15,099)
Cash and cash equivalents at beginning of the period	7,936	31,224
Effect of exchange rate changes on foreign currency balances	(75)	-
Cash and cash equivalents at end of the period	2,659	16,125

NAPIER PORT HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE SIX MONTHS ENDED 31 MARCH 2021

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

	31 March 2021 Unaudited \$000	31 March 2020 Unaudited \$000 Restated
Profit for the period	10,574	12,430
<i>Adjust for non-cash items:</i>		
Depreciation and amortisation	6,325	5,989
Impairment of assets	-	551
Net loss on sale of property, plant and equipment	62	18
Share-based payments	58	27
Other non-cash items	79	309
Deferred tax	26	(1,782)
	6,550	5,112
<i>Other adjustments:</i>		
(Decrease)/increase in current tax	(2,224)	95
Increase in non-current provision	39	22
	(2,185)	117
<i>Movements in working capital:</i>		
Increase in trade and other receivables	(2,478)	(3,439)
Increase/(decrease) in trade and other payables	2,102	(794)
	(376)	(4,233)
Net cash flows generated from operating activities	14,563	13,426

The above statement of cash flows should be read in conjunction with the accompanying notes.

NAPIER PORT HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2021

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 2020.

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 2020.

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.

In preparing these financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation and uncertainty, are consistent with those applied to the Group’s consolidated financial statements for the year ended 30 September 2020.

5 RESTATEMENT OF PRIOR PERIOD COMPARATIVES

OPERATING EXPENSE RECLASSIFICATION

The Group has changed the classification of operating expenses within the consolidated income statement to provide more relevant information for users. Maintenance expenses have been replaced by property and plant expenses. Employee benefit expenses, property and plant expenses, and other operating expenses for the half-year ended 31 March 2020 have been restated on a comparable basis resulting in \$1.5 million of previously disclosed other operating expenses being reclassified to property and plant expenses, and \$0.5 million being reclassified to employee benefit expenses for the half-year ended 31 March 2020.

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT ASSETS

In the consolidated financial statements for the full year ended 30 September 2020 the Group impaired certain property, plant and equipment assets that will be disposed of as part of the construction of 6 Wharf. For the current reporting period, prior period comparatives for the half-year ended 31 March 2020 have therefore been restated to reflect this impairment. The restated comparatives incorporate the impairment of property, plant and equipment assets in the amount of \$6.3 million. Of this amount, the impairment of site assets of \$0.6 million has been included in depreciation, amortisation and impairment expenses, and the associated tax benefit of \$0.2 million in income tax expense, within the consolidated income statement. The impairment of sea defence assets of \$5.8 million, with the associated tax effect of \$0.7 million, has been included in the revaluation reserve within equity and included in the statement of comprehensive income. There is no restatement required to the consolidated financial statements for the full year ended 30 September 2020.

6 REVENUE AND SEGMENT REPORTING

	31 March 2021 Unaudited \$000	31 March 2020 Unaudited \$000
<i>Disaggregation of revenue</i>		
Port operations	51,405	51,240
Property operations	1,180	1,044
Operating income	52,585	52,284

ACCOUNTING POLICIES:

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 a single customer which comprised 18% of total revenue (2020: 18%).

7 DEPRECIATION, AMORTISATION AND IMPAIRMENT EXPENSES

	31 March 2021 Unaudited \$000	31 March 2020 Unaudited \$000 Restated
Depreciation and amortisation	6,325	5,989
Impairment of property, plant and equipment	-	551
Depreciation, amortisation and impairment expenses	6,325	6,540

8 OTHER EXPENSES/(INCOME)

	31 March 2021 Unaudited \$000	31 March 2020 Unaudited \$000
<i>Included within other expenses/(income) are:</i>		
Loss on sale of assets	62	18
Expected credit loss allowance	79	309
Other expenses/(income)	141	327

9 INCOME TAX

	31 March 2021 Unaudited \$000	31 March 2020 Unaudited \$000 Restated
Reconciliation between income tax expense and tax expense calculated at the statutory income tax rate		
Profit before income tax	14,812	15,196
Income tax at 28%	4,147	4,255
Adjustment to prior year tax	27	17
Tax effect of non-deductible items	64	2
Reinstatement of tax depreciation on buildings	-	(1,508)
Income tax expense	4,238	2,766
<i>The income tax expense is represented by:</i>		
Current tax on profits for the period	4,528	4,526
Adjustments for current tax of prior periods	(266)	22
Current income tax expense	4,262	4,548
Deferred income tax expense for the period	(317)	(1,777)
Adjustments for deferred tax of prior periods	293	(5)
Deferred income tax expense	(24)	(1,782)
Income tax expense	4,238	2,766

10 RELATED PARTY TRANSACTIONS AND BALANCES

Related Party		31 March 2021 Unaudited \$000	31 March 2020 Unaudited \$000
Hawke's Bay Regional Council	Rates, levies and consents	2	31
	Subvention payment	-	7
	Cost recoveries	(8)	-
	Lease income	(11)	(6)
Hawke's Bay Regional Investment Company	Dividends	5,500	2,750
	Subvention payment	-	217
	Cost recoveries	(47)	-
K. Ali-Dawson	Communications consultancy	4	-
	Amount owed to related party	1	-

K. Ali-Dawson is a close family member of a member of key management personnel and has provided communications consultancy services to the Group during the period on an arms-length basis.

11 COMMITMENTS & CONTINGENCIES

CAPITAL EXPENDITURE COMMITMENTS

At balance date there were commitments in respect of contracts for capital expenditure totalling \$86,287,000 (2020: \$118,681,000).

CONTINGENT LIABILITIES

There were no material contingent liabilities at balance date.

12 EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to the balance sheet date, a fully imputed dividend of \$5.6 million (2.8 cents per share) was approved by the Board of Directors.



Independent auditor's review report to the Shareholders of Napier Port Holdings Limited

Conclusion

We have reviewed the consolidated interim financial statements of Napier Port Holdings Limited (the "Company") and its subsidiaries (the "Group") which comprise the consolidated statement of financial position as at 31 March 2021, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six months period ended on that date, and 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 accompanying interim financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 31 March 2021, and its financial performance and its cash flows for the six months period 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*.

This report is made solely to the Company's shareholders, as a body. Our review has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our review procedures, for this report, or for the conclusion we have formed.

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 Financial Statements section of our report. We are independent of the Group in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements.

Ernst & Young provides agreed upon procedures in relation to voting at the annual shareholders' meeting. Partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. We have no other relationship with, or interest in, the Group.

Directors' Responsibility for the Interim Financial Statements

The Directors are responsible, on behalf of the entity, for the preparation and fair presentation of the 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.

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*.



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working world**

A review of interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, 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 do 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 those interim financial statements.

The Auditor-General is the auditor of Napier Port Holdings Limited and Group. Simon Brotherton, appointed by the Auditor-General, performs the annual audit of the Group using the staff and resources of Ernst & Young. As a result, Ernst & Young is required to comply with the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

The engagement partner on the review resulting in this independent auditor's review report is Simon Brotherton.

A stylized, handwritten signature of 'Ernst & Young' in black ink.

Chartered Accountants
Auckland, New Zealand
24 May 2021

DIRECTORY

DIRECTORS

Alasdair MacLeod (Chairman)
Stephen Moir
Diana Puketapu
John Harvey
Vincent Tremaine
Rick Barker
Blair O'Keeffe

SENIOR MANAGEMENT TEAM

Todd Dawson – Chief Executive
Kristen Lie – Chief Financial Officer
David Kriel – General Manager Commercial
Viv Bull – General Manager Culture and Community
Adam Harvey – General Manager Marine and Cargo
Andrea Manley – General Manager Strategy and Innovation
Kia Zia – General Manager Container Operations
Michel de Vos – General Manager Infrastructure Services

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Auckland Central 1010
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Industrial and Commercial Bank
of China (Asia) Limited
26/F ICBC Tower
Garden Road
Central Hong Kong

SOLICITORS

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171 Featherston Street
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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Copies of the annual report are available at napierport.co.nz.

FINANCIAL CALENDAR

31 March 2021	Half-year balance date
May 2021	Interim results announced
June 2021	Interim dividend payment
30 September 2021	Financial year end
November 2021	Annual results announcement
17 December 2021*	Final dividend payment
17 December 2021	Annual meeting

* Subject to board approval

