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# CONSOLIDATED INCOME STATEMENT

# FOR THE NINE MONTHS ENDED 30 JUNE 2022

	Notes	30 June 2022 Unaudited \$000	30 June 2021 Unaudited \$000
Revenue	5	85,133	83,005
Employee benefit expenses Property and plant expenses Other operating expenses		30,027 11,310 14,039	26,974 8,294 13,608
Operating expenses		55,376	48,876
Result from operating activities		29,757	34,129
Depreciation and amortisation expenses Other (income)/ expenses Fair value gain on investment property		9,886 16 (1,800)	9,895 164 (1,200)
Profit before finance costs and tax Net finance costs	6	<b>21,655</b> 38	<b>25,270</b> 25
Profit before income tax Income tax expense	7	<b>21,617</b> 5,623	<b>25,245</b> 6,804
Profit for the period attributable to the shareholders of the Company		15,994	18,441
EARNINGS PER SHARE: Basic earnings per share Diluted earnings per share		0.08 0.08	0.09 0.09

The above income statement should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

# FOR THE NINE MONTHS ENDED 30 JUNE 2022

	30 June 2022	30 June 2021
Notes	Unaudited \$000	Unaudited \$000
Profit for the period attributable to the shareholders of the Company	15,994	18,441
Other comprehensive income	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	,
Items that will be reclassified to profit or loss:		
Changes in fair value of cash flow hedges	4,301	154
Cash flow hedges transferred to profit or loss	(156)	(105)
Deferred tax on changes in fair value of cash flow hedges	(1,161)	(14)
Items that will not be reclassified to profit or loss:		
Changes in fair value of cash flow hedges	(78)	(185)
Cash flow hedges transferred to property, plant and equipment	-	183
Deferred tax on changes in fair value of cash flow hedges	22	-
Revaluation of sea defences 8	29,988	-
Deferred tax on revaluation of sea defences	(1,856)	-
Other comprehensive income for the period, net of tax	31,060	33
Total comprehensive income for the period attributable		
to the shareholders of the Company	47,054	18,474

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

# FOR THE NINE MONTHS ENDED 30 JUNE 2022

	Share Capital	Revaluation Reserve	Hedging Reserve	Share-based Payment Reserve	Retained Earnings	Total Equity
	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 1 October 2021	245,850	70,308	714	525	37,450	354,847
Profit for the period Other comprehensive income	-	- 28,132	- 2,928	-	15,994	15,994 31,060
Total comprehensive income for the period	_	28,132	2,928	_	15,994	47,054
Dividends Share-based payments Transfers from treasury stock	28	-		- 155	(14,931)	(14,903) 155
- employee recognition scheme Fair share loans - employee repayments	249 63	-	-	-	-	249 63
Total transactions with owners in their capacity as owners	340	-	-	155	(14,931)	(14,436)
Total movement in equity	340	28,132	2,928	155	1,063	32,618
Balance at 30 June 2022 (Unaudited)	246,190	98,440	3,642	680	38,513	387,465
Balance at 1 October 2020	245,750	70,308	(79)	389	29,877	346,245
Profit for the period Other comprehensive income	-	-	- 33	-	18,441	18,441 33
Total comprehensive income for the period	-	-	33	-	18,441	18,474
Dividends Share-based payments Fair share loans - employee repayments	32 - 39	- - -	- - -	- 99 -	(15,591) - -	(15,559) 99 39
Total transactions with owners in their capacity as owners	71	-	-	99	(15,591)	(15,421)
Total movement in equity	71	-	33	99	2,850	3,053
Balance at 30 June 2021 (Unaudited)	245,821	70,308	(46)	488	32,727	349,298

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

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

# **AS AT 30 JUNE 2022**

	30 June 2022 Unaudited \$000	30 Sept 2021 Audited \$000
EQUITY		
Share capital	246,190	245,850
Reserves	102,762	71,547
Retained earnings	38,513	37,450
NON OURDENT HARMITIES	387,465	354,847
NON-CURRENT LIABILITIES Loans and borrowings	129,380	77,065
Deferred tax liability	21,017	17,003
Lease liabilities	21,017	320
Derivative financial instruments	147	-
Provision for employee entitlements	493	465
	151,285	95,774
CURRENT LIABILITIES		
Taxation payable	-	2,155
Lease liabilities	197	201
Derivative financial instruments	12	_
Trade and other payables	17,259	27,020
	17,468	29,376
	556,218	479,997
NON-CURRENT ASSETS		
Property, plant and equipment	520,482	448,648
Intangible assets	1,083	1.145
Derivative financial instruments	3,990	528
Investment properties	12,200	10,400
	537,755	460,721
CURRENT ASSETS		
Cash and cash equivalents	2,044	1,403
Derivative financial instruments	1,216	464
Taxation receivable	845	
Trade and other receivables	14,358	17,409
	18,463	19,276
	556,218	479,997

On behalf of the Board of Directors, who authorised the issue of the financial statements on 23 August 2022.

Chair Director

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

# FOR THE NINE MONTHS ENDED 30 JUNE 2022

	30 June 2022 Unaudited \$000	30 June 2021 Unaudited \$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash was provided from: Receipts from customers Net GST received	82,175 1,550	80,863 523
Cash was applied to: Payments to suppliers and employees Net finance costs paid Income taxes paid	(50,091) (32) (8,526)	(45,239) (25) (9,715)
Net cash flows generated from operating activities	25,076	26,407
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash was provided from: Proceeds from sale of property, plant and equipment	143	43
Cash was applied to: Acquisition of property, plant and equipment and intangible assets	(61,494)	(76,250)
Net cash flows used in investing activities	(61,351)	(76,207)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash was provided from:  Net proceeds from loans and borrowings  Repayment of fair share loans by employees	52,000 91	60,000 71
Cash was applied to: Repayment of lease liabilities Dividends paid	(165) (14,931)	(158) (15,532)
Net cash flows generated from financing activities	36,995	44,381
Net increase/ (decrease) in cash and cash equivalents	720	(5,419)
Cash and cash equivalents at beginning of the period Effect of exchange rate changes on foreign currency balances	1,403 (79)	7,936
Cash and cash equivalents at end of the period	2,044	2,517

# CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

# FOR THE NINE MONTHS ENDED 30 JUNE 2022

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

Reconciliation of profit for the period to cash flows from operating activities		
	30 June 2022 Unaudited \$000	30 June 2021 Unaudited \$000
Profit for the period	15,994	18,441
Adjust for non-cash items:		
Fair value gain on investment property	(1,800)	(1,200)
Depreciation and amortisation	9,839	9,895
Assets written off	47	-
Net (gain)/ loss on disposal of property, plant and equipment	15	63
Share-based payments	155	99
Other non-cash items	1	101
Deferred tax	369	(289)
	8,626	8,669
Other adjustments:		
Decrease in current tax	(3,000)	(2,623)
Increase in non-current provision	28	43
	(2,972)	(2,580)
Movements in working capital:		
Increase in trade and other receivables	(1,889)	(1,722)
Increase in trade and other payables	5,317	3,599
	3,428	1,877
Net cash flows generated from operating activities	25,076	26,407

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### FOR THE NINE MONTHS ENDED 30 JUNE 2022

#### 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 2021.

#### **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 2021.

# 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 2021.

#### 5 REVENUE AND SEGMENT REPORTING

	30 June 2022 Unaudited \$000	30 June 2021 Unaudited \$000
Disaggregation of revenue		
Container services	52,464	50,200
Bulk cargo	30,581	30,803
Cruise	12	-
Sundry income	253	233
Port operations	83,310	81,235
Property operations	1,823	1,770
Operating income	85,133	83,005

#### **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 three customers which comprised 17%, 12% and 11% of total revenue respectively (2021: two customers comprising 19% and 11% of total revenue respectively).

# 6 NET FINANCE COSTS

	30 June	30 June
	2022	2021
	Unaudited \$000	Unaudited \$000
Interest income	(7)	(16)
Finance income	(7)	(16)
Interest expense on borrowings	4,021	578
Lease imputed interest	20	29
Less: Interest capitalised to property, plant & equipment	(3,996)	(566)
Finance expenses	45	41
Net finance costs	38	25

# 7 INCOME TAX

	30 June 2022 Unaudited \$000	30 June 2021 Unaudited \$000
Reconciliation between income tax expense and tax expense calculated		
at the statutory income tax rate	0.4.04.	
Profit before income tax	21,617	25,245
Income tax at 28%	6,053	7,068
Adjustment to prior year tax	1	27
Tax effect of non-deductible items	73	45
Tax effect of non-assessable items	(504)	(336)
Income tax expense	5,623	6,804
The income tax expense is represented by:		
Current income tax for the period	4.827	7,377
Adjustment for current tax of prior periods	427	(266)
Current income tax expense	5,254	7,111
Deferred income tax expense for the period	795	(600)
Adjustment for deferred tax of prior periods	(426)	293
Deferred income tax expense	369	(307)
Income tax expense	5,623	6,804

# 8 SEA DEFENCES VALUATION

Sea Defence assets were revalued to fair value as at 31 March 2022 by AECOM New Zealand Ltd. The valuation has been prepared on an optimised depreciated replacement cost basis and in accordance with the NZ Infrastructure Asset Valuation and Depreciation Guidelines published by the NAMS group of IPWEA. The valuation increased the carrying amount of Sea Defences by \$29,990,000, resulting in a net book value for Sea Defences of \$110,860,000 as at 31 March 2022.

### Significant Estimates

The valuation of sea defences is subject to assumptions and judgements which materially affect the resulting valuation. Such factors include replacement quantities and unit values, the condition and performance of assets, estimated total and remaining effective lives of 70 to 161 years and 5 to 80 years, respectively, and estimated residual values of 20% of replacement cost. Other inputs incorporated into the valuation process include an allowance for project on-costs of 5-6%. An increase in the remaining useful life, the residual value assumption, or in replacement quantities and unit values for sea defence assets will result in an increase in the valuation and vice versa.

# 9 RELATED PARTY TRANSACTIONS AND BALANCES

Related Party		30 June 2022 Unaudited \$000	30 June 2021 Unaudited \$000
Hawke's Bay Regional Council	Rates, levies, consents and services	10	4
	Council services	238	-
	Cost recoveries	(8)	(8)
	Lease income	(16)	(16)
	Amount owed to related party	238	1
Hawke's Bay Regional Investment Company	Dividends	8,250	8,580
	Cost recoveries	(53)	(47)
Longburn Intermodal Freight Hub Limited	Sale of plant	120	-

# 10 COMMITMENTS AND CONTINGENCIES

#### **CAPITAL EXPENDITURE COMMITMENTS**

At balance date there were commitments in respect of contracts for capital expenditure totalling \$12,365,000 (30 September 2021: \$37,930,000).

# **CONTINGENT LIABILITIES**

There were no material contingent liabilities at balance date.

# 11 EVENTS SUBSEQUENT TO BALANCE DATE

There were no material events subsequent to balance date.



#### **INDEPENDENT AUDITOR'S REVIEW REPORT**

# TO THE SHAREHOLDERS OF NAPIER PORT HOLDINGS LIMITED'S INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 JUNE 2022

The Auditor-General is the auditor of Napier Port Holdings Limited (the "Company") and its subsidiaries (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 consolidated interim financial statements ("interim financial statements") of the Group on his behalf.

#### Conclusion

We have reviewed the interim financial statements of the Group on pages 1 to 10, which comprise the consolidated statement of financial position as at 30 June 2022, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the nine 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 30 June 2022, and its financial performance and cash flows for the nine 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* ('NZ SRE 2410 (Revised)'). 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' responsibilities 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.

Stuart Mutch Ernst & Young

On behalf of the Auditor-General Wellington, New Zealand

23 August 2022

# DIRECTORY

#### **DIRECTORS**

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

# 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 – General Manager Marine and Cargo
Andrea Manley – General Manager Strategy and Supply Chain
Michel de Vos – General Manager Assets and Infrastructure
Jo-Ann Young – Corporate Affairs Manager

#### REGISTERED OFFICE

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#### **BANKERS**

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Industrial and Commercial Bank of China (New Zealand) Limited Level 11 188 Quay Street Auckland Central 1010

New Zealand

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

#### **SOLICITORS**

Bell Gully 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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Email: napierport@linkmarketservices.co.nz

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

#### FINANCIAL CALENDAR

30 September 2022 Financial year end

November 2022 Annual results announcement 15 December 2022\* Final dividend payment 16 December 2022 Annual meeting

31 March 2023 2023 half year balance date

May 2023 2023 half year results announcement
August 2023 2023 third quarter results announcement

<sup>\*</sup> Subject to board approval

