CentrePort Limited Group
Summary Financial Statements
for the year ended 30 June 2022

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2022 Results Overview

Statement of Comprehensive Income for the year ended 30 June 2022

	2022 $'000	2021 $'000
CONTINUING OPERATIONS		
Revenue from Contracts with Customers	**65,199**	61,871
Other Revenue	**18,987**	18,317
Operating Revenue	**84,186**	80,188
Operating Expenses	**(77,352)**	(73,935)
Results from Operating Activities	**6,834**	6,253
Finance Expenses	**(410)**	(238)
Finance Income	**2,992**	4,041
Net Interest Income / (Expense)	**2,582**	3,803
Share of Profit / (Loss) of Investments Using the Equity Method	**1,260**	-
Net Gain / (Loss) on Disposal of Assets	**88**	1,119
Demolition Costs	**(468)**	(1,181)
Earnings Before Interest, Tax and Fair Value Adjustments	**10,296**	9,994
Changes in Fair Values		
Impairment of Property, Plant and Equipment, Goodwill, and Software	**(21,000)**	-
Increase / (Decrease) in Fair Value of Investment Property	**4,842**	(1,998)
Increase / (Decrease) in Fair Value of Property, Plant and Equipment	**(107)**	(263)
	(16,265)	(2,261)
Profit / (Loss) before Income Tax	**(5,969)**	7,733
Income Tax (Expense) / Benefit	**27,636**	(25,514)
Net Profit/(Loss) After Tax from Continuing Operations	**21,667**	(17,781)
Other Comprehensive Income		
Increase in the Value of Port Land after Tax	**10,167**	7,010
Adjustment to Fair Value for Land Resilience Impact	**2,487**	7,899
Share of Net Change in Revaluation Reserve of Joint Ventures	**813**	-
Other Comprehensive Income / (Loss) for the year	**13,467**	14,909
Total Comprehensive Income, Net of Tax	**35,134**	(2,872)

Reconciliation to Underlying Net Profit After Tax (Non-GAAP measure)

The table below presents a reconciliation of the Total Comprehensive Income for the year, net of Tax of $35.1m as disclosed in the audited Statement of Comprehensive Income to the Underlying Net Profit After Tax (Underlying NPAT) of $8.0m. The Underlying NPAT is Management's view of the underlying performance of the Group. The Underlying NPAT removes Changes in Fair Value, Abnormal Items and the tax impact of these items from the Total Comprehensive Income for the year net of Tax.

	2022 $'000	2021 $'000
Total Comprehensive Income / (Loss) for the Year, net of Tax	**35,134**	(2,872)
Earthquake related items		
Less/Add Adjustments to Fair Value for Land Resilience Impact	**(2,487)**	(7,899)
Abnormal Items		
Add Demolition Costs	**468**	1,181
Less Gain on Sale of Land	**-**	(1,398)
Less Abnormal Employee Costs	**-**	(389)
Add Impairment of Property, Plant and Equipment, Goodwill and Software	**21,000**	-
Adjustment for Income Tax on Earthquake and Abnormal Items	**(30,354)**	23,313
Changes in Fair Value		
Add Decrease/Less Increase in Fair Value of Investment Property (Profit or Loss)	**(4,842)**	1,998
Add Decrease in Fair Value of Property, Plant and Equipment (Profit or Loss)	**107**	263
Less Increase in Fair Value of Port Land (OCI)	**(10,167)**	(7,010)
Less Increase in Fair Value of Joint Venture (OCI)	**(813)**	-
Underlying Net Profit After Tax	**8,046**	7,185

Performance against Statement of Corporate Intent

	Unit	FY22	Target	FY21
Earnings Before Interest and Tax (1)	$m	$8.2	$11.6	$5.6
Underlying Net Profit After Tax (2)	$m	$8.0	$9.8	$7.2
Dividend	$m	$6.0	$6.0	$20.0
Return on Assets (3)	%	1.6%	2.4%	1.1%
Return on Equity (4)	%	1.8%	2.2%	1.6%
Dividend Distribution as a % of Underlying Net Profit After Tax (2)	%	74.6%	61.1%	278.4%
Underlying Net Profit After Tax per share (2)	$	$0.34	$0.42	$0.31
Dividend per share	$	$0.26	$0.26	$0.85
Net Assets per share	$	$19.71	$18.98	$18.47

1. Earnings Before Interest and Tax is expressed as Total Comprehensive Income for the year, net of Tax before Changes in Fair Value, Abnormal Items (refer page 4), Interest, and Tax.

2. Underlying Net Profit After Tax is reconciled to Total Comprehensive Income for the year, net of Tax on page 4.

3. Return on Assets equals Earnings Before Interest and Tax / Average Opening and Closing Non current Assets plus Cash and Cash Equivalents and Short Term Investments.

4. Return on Equity equals Underlying Net Profit After Tax / Average Opening and Closing Total Equity.

The Statement of Corporate Intent (SCI) Targets are from the SCI for the financial years ended 30 June 2022 to 2024 which was approved for issue in May 2021. These targets are non-GAAP measures.

Five Year Trends

	2022 $'000	2021 $'000	2020 $'000	2019 $'000	2018 $'000
Operating Revenue	84,186	80,188	84,896	84,639	73,800
Underlying Net Profit After Tax	8,046	7,185	14,653	17,566	11,828
Total Comprehensive Income for the year, net of Tax	35,134	(2,872)	157,093	72,933	38,094
Total Non-Current Assets	340,107	286,981	217,466	192,237	222,154
Total Term Borrowings	11,000	7,500	-	-	-
Total Equity	461,808	432,674	455,464	303,371	234,438

	2022	2021	2020	2019	2018
Dividends Declared per Share	$ 0.26	$ 0.85	$ 0.21	$ 0.17	$ 0.09
Net Assets Backing per Share	$ 19.71	$ 18.47	$ 19.44	$ 12.95	$ 10.00
Gearing Ratio (Debt to Debt plus Equity)	2 %	2 %	- %	- %	9 %

Summarised Financial Statements

For the year ended 30 June 2022

CentrePort Limited Group Summary Financial Statements
The summary financial statements of CentrePort Ltd Group for the year ended 30 June 2022 on pages 6 to 11 have been extracted from the full financial statements. The summary financial statements have been prepared in accordance with FRS 43: Summary Financial Statements. The full financial statements of the Group have been prepared in accordance with Generally Accepted Accounting Practice and they comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS). The Group has made an explicit and unreserved statement of compliance with International Financial Reporting Standards in note 1 of its full financial statements.

The summary financial statements are represented in New Zealand dollars and all values are rounded to the nearest one thousand dollars ($000).

The full financial statements for the year ended 30 June 2022 were authorised for issue by the Board of Directors on 31 August 2022 and have been audited with an unmodified audit opinion issued. The full financial statements are available from the CentrePort website www.centreport.co.nz or CentrePort offices at Shed 39, 2 Fryatt Quay, Wellington.

The summary financial statements were authorised for issue on 31 August 2022.

The summary financial statements cannot be expected to provide as complete an understanding as provided by the full financial statements of the Group.

Income Tax Adjustment

During the year, CentrePort finalised its binding ruling with Inland Revenue to confirm the key assumptions underpinning the tax treatment of the insurance proceeds from the 2016 Kaikoura earthquake.

Last year Inland Revenue disagreed with the classification of specific assets deemed to be disposed, which resulted in an additional income tax expense of $23.5m which was recognised in the 30 June 2021 result. An alternative tax treatment was subsequently agreed with Inland Revenue and included in the finalised binding ruling, resulting in a reversal of this income tax expense adjustment.

Land Resilience

An adjustment of $27.8m (2021: $43.6m) has been made to the fair value of land to recognise the resilience work that needs to be undertaken to support the land valuation. There is a level of uncertainty attached to the amount of adjustment to be recognised for port land resilience.

This uncertainty includes the appropriate level of resilience required for each area of land, the range of potential technical solutions available to provide the desired level of resilience, and the cost of each potential solution.

Impairment

Significant capital expenditure was incurred in the current year in relation to the regeneration programme which is expected to continue for several years in the future. The increase in the fixed assets of the port operations cash generating unit (CGU) increases the risk that the net assets of the CGU (including the balance of goodwill) may be higher than its recoverable amount. CentrePort has assessed that its assets which are subject to impairment testing are within one CGU with the exception of Direct Connect Container Services Limited, Dixon & Dunlop Limited and Marlborough Inland Hub Limited. This means that all assets work together to generate cash flows. The key premise of this assumption is that the harbour enables the port to exist.

To assess the port operations cash generating unit including goodwill for impairment, the recoverable amount was determined through applying the fair value less cost of disposal method. The fair value is determined through the income approach as allowed by NZ IFRS 13 Fair Value Measurements, in which the estimated future cash flows over the next 30 years are discounted to a present value. Estimated future cash flows are based on past experiences and factor in the current disruption to the global and local supply chains.

An impairment assessment was calculated for the port operations cash generating unit and it was concluded that there was an impairment of $21.0m to recognise, and therefore, the impairment was first allocated to goodwill ($2,675k) and the remainder to non-current assets valued at cost - Property, Plant and Equipment ($18,288k) and Software ($37k). The recoverable amount was calculated based on three scenarios. The lower cargo volume scenario was selected as managements best estimate due to the current uncertainty surrounding the economic outlook and supply chains.

The discount rate applied by CentrePort to calculate the recoverable amount has increased to 7.4% from 6.4% a year ago largely due to an increase in the risk-free rate based on long term New Zealand Government bond yields. The increase in the discount rate has resulted in a decrease to the estimated recoverable amount to an extent that it is appropriate that a $21m write down should be recognised in the current year.

The key assumptions in the impairment model and related sensitivity are as follow:

Assumption	**Value of assumption**	**% Change in assumption**	**$ value impact of change in assumption on the valuation model**
Weighted average cost of capital (discount rate)	7.4 %	+0.4% -0.4%	-$39m +$40m
Terminal growth rate	2.0 %	+0.2% -0.2%	+$7m -$6m
Indexation	2.0 %	+0.2% -0.2%	+$23m -$22m
Revenue throughout forecast period		+5.0% -5.0%	+$76m -$76m
Forecasted Capital Expenditure throughout forecast period		+5.0% -5.0%	-$26m +$26m

Whilst not included in the key assumptions table the following other key assumptions are also included in the model:

- Forecasted sales volumes and prices for containers, logs, fuel, and cruise ships
- Cost of disposal of the CGU
- Operating costs of the CGU

All inputs contained in the model are classified as Level 3 fair value measurements.

Dividend

An interim dividend of $3.0m was paid on 25 February 2022 (2021: $2.5m), second interim dividend of $3.0m was paid on 29 June 2022 (2021: $2.5m) and no special dividend was paid (2021: $15.0m).

Subsequent Events

There were no other subsequent events up to the date of these financial statements which would affect the amounts or disclosures in the financial statements.

Summarised Statement of Comprehensive Income

For the year ended 30 June 2022

	2022 $'000	2021 $'000
CONTINUING OPERATIONS		
Revenue from Contracts with Customers	**65,199**	61,871
Other Revenue	**18,987**	18,317
Operating Revenue	**84,186**	80,188
Operating Expenses	**(77,352)**	(73,935)
Results from Operating Activities	**6,834**	6,253
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Finance Income	**2,992**	4,041
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Share of Profit of Investments Using the Equity Method	**1,260**	-
Net Gain / (Loss) on Disposal of Assets	**88**	1,119
Demolition Costs	**(468)**	(1,181)
	10,296	9,994
Changes in Fair Values and Impairments		
Impairment of Property, Plant and Equipment, Goodwill and Software	**(21,000)**	-
Increase / (Decrease) in Fair Value of Investment Property	**4,842**	(1,998)
Increase / (Decrease) in Fair Value of Property, Plant and Equipment	**(107)**	(263)
	(16,265)	(2,261)
Profit / (Loss) before Income Tax	**(5,969)**	7,733
Income Tax Benefit / (Expense)	**27,636**	(25,514)
Profit / (Loss) for the Year from Continuing Operations	**21,667**	(17,781)
Other Comprehensive Income (OCI)		
Increase in the Value of Port Land after Tax	**10,167**	7,010
Adjustment to Fair Value for Land Resilience Impact after Tax	**2,487**	7,899
Share of Net Change in Revaluation Reserve of Joint Ventures	**813**	-
Other Comprehensive Income / (Loss) for the year	**13,467**	14,909
Total Comprehensive Income / (Loss) for the Year, net of Tax	**35,134**	(2,872)

Summarised Statement of Changes in Equity

For the year ended 30 June 2022

	Attributable to equity holders of the Company			
	Share Capital $'000	Revaluation Reserve $'000	Retained Earnings $'000	Total Equity $'000
Balance as at 1 July 2020	30,000	9,402	416,062	455,464
Loss for the Year from Continuing Operations	-	-	(17,781)	(17,781)
Increase / (Decrease) in Value of Port Land after Tax	-	7,010	-	7,010
Adjustment to Fair Value for Land Resilience Impact	-	7,899	-	7,899
Other Adjustments	-	83	-	83
Dividends	-	-	(20,000)	(20,000)
Balance as at 30 June 2021	30,000	24,393	378,281	432,674

	Share Capital $'000	Revaluation Reserve $'000	Retained Earnings $'000	Total Equity $'000
Balance as at 1 July 2021	30,000	24,393	378,281	432,674
Profit for the Year from Continuing Operations	-	-	21,667	21,667
Increase / (Decrease) in Value of Port Land after Tax	-	10,167	-	10,167
Adjustment to Fair Value for Land Resilience Impact	-	2,487	-	2,487
Share of Other Comprehensive Income / (Loss) of Associates	-	813	-	813
Dividends	-	-	(6,000)	(6,000)
Balance as at 30 June 2022	30,000	37,860	393,948	461,808

Summarised Balance Sheet

As at 30 June 2022

	2022 $'000	2021 $'000
EQUITY	**461,808**	432,675
Represented by:		
ASSETS		
Current Assets		
Cash and Cash Equivalents	**141,620**	192,113
Trade and Other Receivables	**12,200**	10,275
Inventories	**3,318**	2,913
Current Tax Receivables	**475**	-
Investment in Commercial Paper	**19,461**	19,902
Total Current Assets	**177,074**	225,203
Non-current Assets		
Property, Plant and Equipment	**254,138**	218,409
Investment Properties	**62,617**	55,493
Investments in Joint Ventures	**12,818**	-
Goodwill	**-**	2,675
Loans and Advances to Joint Ventures	**7,670**	7,753
Software	**350**	506
Right-of-use Assets	**2,514**	2,145
Total Non-current Assets	**340,107**	286,981
Total Assets	**517,181**	512,184
LIABILITIES		
Current Liabilities		
Trade and Other Payables	**12,289**	11,216
Borrowings	**11,000**	7,500
Provision for Employee Entitlements	**3,659**	3,176
Current Tax Liabilities	**-**	2,198
Lease Liabilities	**160**	104
Total Current Liabilities	**27,108**	24,194
Non-current Liabilities		
Provision for Employee Entitlements	**163**	167
Deferred Tax Liabilities	**25,616**	53,029
Lease Liabilities	**2,486**	2,120
Total Non-current Liabilities	**28,265**	55,316
Total Liabilities	**55,373**	79,510
NET ASSETS	**461,808**	432,674

For and on behalf of the Board of Directors

L J C Johnstone
Chairman
31 August 2022

S Haslem
Director
31 August 2022

Summarised Statement of Cash Flows

For the year ended 30 June 2022

	2022 $'000	2021 $'000
Cash Flows from / (used in) Operating Activities		
Receipts from Customers	**83,648**	81,371
Payments to Suppliers and Employees	**(67,220)**	(70,729)
Interest Income Received	**2,538**	5,526
Interest Expense Paid	**(327)**	(158)
Income Taxation Paid	**(2,450)**	(2,509)
Net Cash Flows from / (used in) Operating Activities	**16,189**	13,501
Cash Flows from / (used in) Investing Activities		
Proceeds from Sale of Property, Plant and Equipment	**113**	4,899
Purchase of Property, Plant and Equipment	**(51,496)**	(53,011)
Development of Investment Properties	**(2,340)**	(2,797)
Investment in Joint Ventures	**(10,845)**	-
Dividend Received	**100**	-
Purchase of Investment in Commercial Paper	**(19,461)**	(19,902)
Realisation of Investment in Commercial Paper	**19,902**	19,726
Loans and Advances to Joint Ventures	**-**	(7,680)
Net Cash Flows from / (used in) Investing Activities	**(64,027)**	(58,766)
Cash Flows from / (used in) Financing Activities		
Drawdown of Borrowings	**3,500**	7,500
Repayment of Lease Liabilities	**(155)**	(172)
Dividends Paid to Shareholders of the Parent	**(6,000)**	(20,000)
Net Cash Flows from / (used in) Financing Activities	**(2,655)**	(12,672)
Net Increase / (Decrease) in Cash and Cash Equivalents	**(50,493)**	(57,937)
Cash and Cash Equivalents at the Beginning of the Year	**192,113**	250,050
Cash and Cash Equivalents at End of Year	**141,620**	192,113

INDEPENDENT AUDITOR'S REPORT
TO THE READERS OF CENTREPORT LIMITED'S GROUP
SUMMARY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

The Auditor-General is the auditor of CentrePort Limited Group (the "Group"). The Auditor-General has appointed me, James Shepherd, using the staff and resources of Deloitte Limited, to carry out the audit of the consolidated summary financial statements ("the summary financial statements") of the CentrePort Limited Group on his behalf.

Opinion
The summary financial statements of the Group, which comprise the summarised balance sheet as at 30 June 2022, the summarised statement of comprehensive income, summarised statement of changes in equity and summarised statement of cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of the Group for the year ended 30 June 2022.

In our opinion, the summary financial statements, on pages 6 to 11, are consistent, in all material respects, with the audited consolidated financial statements for the year ended 30 June 2022, in accordance with FRS-43: *Summary Financial Statements* issued by the New Zealand Accounting Standards Board.

Summary financial statements
The summary financial statements do not contain all the disclosures required by New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report.

The summary financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our auditor's report on the audited consolidated financial statements.

The audited consolidated financial statements and our audit report thereon
We expressed an unmodified audit opinion on the audited consolidated financial statements for the year ended 30 June 2022 in our auditor's report dated 31 August 2022.

Responsibility of the Board for the summary financial statements
The Board is responsible on behalf of the Group for the preparation of the summary financial statements in accordance with FRS-43: *Summary Financial Statements*.

Auditor's responsibility
Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were carried out in accordance with AG ISA (NZ) 810 (Revised): *Engagements to Report on Summary Financial and Performance Information*.

We did not evaluate the security and controls over the electronic publication of the summary financial statements.

In addition to the audit we have carried out an agreed-upon procedure engagement in respect of CentrePort Captive Insurance Limited's insurance licensing application and a limited assurance engagement over the Group's Greenhouse Gas Emissions Inventory Report which are compatible with those independence requirements. Other than the audit and these engagements, we have no relationship with or interests in the Group.

Other information

The Board of Directors is responsible for the other information. The other information comprises the Results Overview on pages 3 to 5, but does not include the summary financial statements, and our auditor's report thereon.

Our opinion on the summary financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the summary financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

JShepherd

James Shepherd, Partner
for Deloitte Limited
On behalf of the Auditor-General
Wellington, New Zealand
31 August 2022