



# Financial Statements

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### 2019 Results Overview

The table below presents unaudited non-GAAP financial information.

	2019 \$'000	2018 \$'000
Operating Revenue	84,639	73,800
Operating Expenses	(80,674)	(69,058)
<b>Earnings from Operations Before Equity Earnings, Interest, Tax, Earthquake Impacts, Changes in Fair Value and Realisation of Financial Instruments</b>	<b>3,965</b>	<b>4,742</b>
Business Interruption Insurance Income	6,622	8,477
<b>Earnings from Operations including Business Interruption Insurance</b>	<b>10,587</b>	<b>13,219</b>
Share of Associates Profit After Tax (excluding Earthquake Impacts, Changes in Fair Value and Realisation of Financial Instruments) (1)	8,033	3,873
Net gain/(loss) on Disposal of Assets (3)	(451)	(32)
<b>Earnings Before Interest, Tax, Earthquake Impacts, Changes in Fair Value and Realisation of Financial Instruments</b>	<b>18,169</b>	<b>17,060</b>
Net Interest Costs (excluding interest rate swaps)	476	(1,842)
<b>Underlying Net Profit Before Tax, Earthquake Impacts, Changes in Fair Value and Realisation of Financial Instruments</b>	<b>18,645</b>	<b>15,218</b>
Income Tax (Expense) (excluding tax effect on Earthquake Impacts, Changes in Fair Value and Realisation of Financial Instruments) (2)	(2,034)	(3,390)
<b>Underlying Net Profit After Tax Before Earthquake Impacts, Changes in Fair Value and Realisation of Financial Instruments</b>	<b>16,611</b>	<b>11,828</b>
Earthquake Related Items:		
- Insurance Income less Impairments	56,270	10,881
- Earthquake Costs	(2,175)	
- Earthquake Impacts in Associates (1)	9,138	17,628
- Income Tax on Earthquake Items (2)	382	(2,324)
- Net gain/(loss) on Disposal of Assets (3)	(1,363)	-
<b>Total Earthquake Impacts, Net of Tax</b>	<b>62,252</b>	<b>26,185</b>
<b>Underlying Net Profit After Tax Before Changes in Fair Value and Realisation of Financial Instruments</b>	<b>78,863</b>	<b>38,013</b>

Change in Fair Value of Financial Instruments	-	8,778
Realised Loss on Termination of Interest Rate Swaps	-	(9,543)
Investment Property Changes in Fair Value	1,021	(826)
Changes in Fair Value in Associates (1)	-	1,500
Redemption of the Mandatory Convertible Notes (1)	(9,654)	-
Income Tax on Changes in Fair Value in Investment Property (2)	-	172
Income Tax on Redemption of the Mandatory Convertible Notes (1)	2,703	-
	(5,930)	81
<b>Profit for the Year from Continuing Operations</b>	<b>72,933</b>	<b>38,094</b>
<b>Total Comprehensive Income for the year, net of tax</b>	<b>72,933</b>	<b>38,094</b>

**Note:**

1. Aggregates to Share of Profit/(Loss) of Investments using the Equity Method of \$10,220k (2018: \$22,999k)
2. Aggregates to Income Tax (Expense)/Benefit of \$(1,652k) (2018: \$(5,541k))
3. Aggregates to Net gain/(loss) on Disposal of Assets of \$(1,814k) (2018:\$(32k))

## Reconciliation to Underlying Net Profit After Tax, Before Earthquake Impacts, Changes in Fair Value, and Realisation of Financial Instruments

The table below presents a reconciliation of the Profit for the Year from Continuing Operations of \$72.9m as disclosed in the audited Statement of Comprehensive Income to the Underlying Net Profit After Tax, Before Earthquake Impacts, Changes in Fair Value, and Realisation of Financial Instruments of \$16.6m reported in the 2019 Results Overview.

	2019 \$'000	2018 \$'000
<b>Profit for the year from Continuing Operations</b>	<b>72,933</b>	38,094
<i>Earthquake related items</i>		
Less Earthquake Related Items	(60,717)	(19,359)
Plus Business Interruption Income	6,622	8,477
Less Earthquake Impacts in Associates	(9,138)	(17,628)
Less Net Gain / (Loss) on Disposal of Assets	1,363	-
Less Income Tax on Earthquake Items	(382)	2,324
<i>Changes in Fair Value and Realisation of Financial Instruments</i>		
Less Increase / (Decrease) in Fair Value of Investment Property	(1,021)	826
Less Increase / (Decrease) in Fair Value of Financial Instruments	-	(8,778)
Less Changes in Fair Value of Associates	-	(1,500)
Less Income Tax on Changes in Fair Value in Investment Property	-	(172)
Less Redemption of the Mandatory Convertible Notes	9,654	-
Less Income Tax on Redemption of the Mandatory Convertible Notes	(2,703)	-
Less Realised Loss on Termination of Interest Rate Swaps	-	9,543
<b>Underlying Net Profit After Tax, Before Earthquake Impacts, Changes in Fair Value, and Realisation of Financial Instruments</b>	<b>16,611</b>	11,828

## Performance against Statement of Corporate Intent

	Unit	FY19	Target	FY18
Underlying Net Profit Before Tax (1)	\$m	\$18.6	\$21.9	\$15.2
Underlying Net Profit After Tax (1) (2)	\$m	\$16.6	\$17.1	\$11.8
Dividend	\$m	\$4.0	\$4.0	\$2.0
Return on Assets (3)	%	8.8%	8.5%	6.0%
Return on Equity (4)	%	6.2%	6.7%	5.5%
Dividend Distribution as a % of Underlying Net Profit After Tax (1)	%	24.1%	23.4%	16.9%
Underlying Net Profit After Tax per share (1)	\$	\$0.71	\$0.73	\$0.51
Dividend per share	\$	\$0.17	\$0.17	\$0.09
Net Assets per share	\$	\$12.95	\$12.95	\$10.01

### Note:

1. Underlying Net Profit Before Tax, Underlying Net Profit After Tax, and Earnings Before Interest and Tax are expressed before Earthquake Impacts, Changes in Fair Value, and Realisation of Financial Instruments
2. Underlying Net Profit After Tax includes Abnormal Items. Excluding Abnormal Items this is \$18.5m (2018: \$11.7m)
3. Return on Assets = Earnings Before Interest and Tax / Average Opening and Closing Non current Assets
4. Return on Equity = 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 2019 to 2021 which was approved for issue in May 2018.

## Five Year Trends

	2015 \$'000	2016 \$'000	2017 \$'000	2018 \$'000	2019 \$'000
Operating Revenue	69,794	76,197	63,689	73,800	84,639
Share of Associates Profit After Tax (excluding Earthquake Impacts, Changes in Fair Value, and Realisation of Financial Instruments)	6,333	6,025	3,242	3,873	8,033
Earnings Before Interest, Tax, Earthquake Impacts, Changes in Fair Value, and Realisation of Financial Instruments	22,772	22,617	15,847		18,169
Underlying Net Profit After Tax Before Earthquake Impacts, Changes in Fair Value, and Realisation of Financial Instruments	12,261	13,306	8,637	11,828	16,611
Total Comprehensive Income for the year, net of tax	13,666	11,604	(2,271)	38,094	72,933
Total Non-Current Assets	313,294	315,715	198,060	222,154	192,237
Total Bank Term Borrowings	102,000	102,000	36,000	-	-
Total Equity	196,510	201,314	198,343	234,438	303,371
	2015	2016	2017	2018	2019
Dividends Declared per Share	\$0.27	\$0.29	\$0.03	\$0.09	\$0.17
Net Assets Backing per Share	\$8.62	\$8.61	\$8.47	\$10.00	\$12.95
Gearing Ratio (Debt to Debt plus Equity)	36%	38%	19%	9%	%

## Summarised Financial Statements

For the year ended 30 June 2019

### CentrePort Limited Group Summary Financial Statements

The summary financial statements of CentrePort Ltd Group (the Group) for the year ended 30 June 2019 on pages 8 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 2019 were authorised for issue by the Board of Directors on 19 August 2019 and have been audited with an unmodified audit opinion issued with an emphasis of matter in relation to the uncertainties of the Kaikoura earthquake on the financial statements of the Group. The full financial statements are available from the CentrePort website [www.centreport.co.nz](http://www.centreport.co.nz) or CentrePort offices at CentrePort House, 1 Hinemoa Street, Harbour Quays.

The summary financial statements were authorised for issue on 27 September 2019.

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

#### *Earthquake Provisions and Impairments*

The 14 November 2016 Kaikoura earthquake caused significant damage to the Port infrastructure and Port properties including the land on which the Port operates. The insurance claim is well advanced however, at balance date, there is considerable uncertainty in relation to the final quantification for the settlement of the insurance claim and therefore the amounts allocated to Business Interruption and Material Damage could be subject to change in future periods. The Group is working closely with independent advisors and the insurers' assessors to progress the claim.

The Group has separate insurance policies for CentrePort Ltd and CentrePort Properties Ltd.

At the time of the earthquake CentrePort had a total insured value (in relation to port infrastructure) of \$600.0m for both Material Damage and Business Interruption combined. The Business Interruption covers a 36 month indemnity period. Insurance progress payments of \$90.0m were received by CentrePort in the year ended 30 June 2019 (2018: \$60.0m) bringing total progress payments received to 30 June 2019 to \$250.0m. These payments are applied to business interruption (loss of rents and temporary works) in the first instance and secondly to material damage.

During the year ended 30 June 2019, CentrePort Properties Limited, including its associate property entities (SPVs), reached a full and final settlement on its insurance claim of \$170.4m. Of this, \$158.2m related to the SPVs and \$12.2m related to CentrePort Properties Limited. All insurance proceeds have been received by CentrePort Properties Limited and allocated to the SPVs as set out in the settlement agreement.

The Group received \$210.4m of payments in 2019 for claims on these policies of which \$90m related to CentrePort progress payments and \$120.4m related to the final settlement for the CentrePort Properties Limited claim.

The carrying value of CentrePort's key infrastructural assets were assessed for impairment following the earthquake. Engineering damage assessments were completed and submitted to the insurers this year. Further damage assessments and identification of obsolete equipment following the earthquake has resulted in a \$2.6m impairment being recognised during the year (2018: \$1.9m). An impairment of \$0.7m (2018: \$0.6m) has been taken to investment property for higher than forecasted costs of repairs.

### *Redemption of the Mandatory Convertible Notes*

On 31 May 2019 the Group redeemed the Mandatory Convertible Notes (MCNs) issued by Harbour Quays A1 Limited, Harbour Quays D4 Limited and Harbour Quays F1F2 Limited (the SPVs) to the Accident Compensation Corporation (ACC) and as a result acquired the control of the SPVs from 31 May 2019.

The SPVs were previously accounted for as joint ventures although the Group held 100% of the share capital in the SPVs.

As at the acquisition-date the fair value of the equity interest in the SPVs held immediately before the acquisition amounted to \$85.0m, which includes the loss recognised as a result of redeeming the MCN's of \$9.7m. This loss on remeasurement of the previously held equity interest in SPVs is recognised within the share of profit/(loss) of Investments using the Equity Method in the statement of comprehensive income.

The control over the SPVs was obtained through the redemption of the MCN liabilities on 31 May 2019. The redemption amount was determined through a negotiation process and is deemed to be at fair value.

### *Dividend*

An interim dividend of \$2.0m was paid on 12 March 2019 (2018: \$2.0m). A second interim dividend of \$2.0m was paid on 28 June 2019 (2018: nil).

### *Income Tax*

A number of assumptions have been applied in the tax calculation as a result of the different tax rules that apply to insurance proceeds and asset repairs or reinstatement. The most material assumption is an allocation of \$59.5m (2018: \$3.3m) of the insurance proceeds to assets that are likely to be deemed to be disposed for tax purposes, this brings the cumulative allocation of insurance proceeds to \$179.8m (2018: \$120.3m).

The allocation is based on the indemnity value of the key assets considered to be irreparable as a result of the earthquake. This assumption results in non-taxable capital gains in the current year of \$59.5m with a tax effect of \$16.7m (in the prior year non-taxable capital gains were \$3.3m with a tax effect of \$0.9m) being the proceeds over and above original cost.

The historic tax depreciation claimed on the assets deemed to be destroyed that is likely to be recovered by Inland Revenue has been reflected as a deferred tax liability with a tax effect of \$16.5m (2018: \$16.5m). The remainder of the proceeds are deemed to be taxable as the related expenditure on repairs will be deductible. These estimates are based on the best information at the time of signing the accounts and the tax positions will be finalised in due course as the insurance claim is settled.



## Summarised Statement of Comprehensive Income

For the year ended 30 June 2019

	2019 \$'000	2018 \$'000
<b>CONTINUING OPERATIONS</b>		
Revenue from Contracts with Customers	67,579	56,889
Other Revenue	17,060	16,911
Operating Revenue	84,639	73,800
Operating Expenses	(80,674)	(69,058)
<b>Earnings from Operations Before Interest, Equity Earnings, Earthquake Impacts, Changes in Fair Value, and Tax</b>	<b>3,965</b>	<b>4,742</b>
Net Interest Income / (Expense)	476	(11,385)
Share of Profit of Investments Using the Equity Method	10,220	22,999
Net Gain/(Loss) on Disposal of Assets	(1,814)	(32)
	12,847	16,324
<b>Earthquake Related items</b>		
Temporary works expenditure and Demolition Costs	(24,220)	(33,628)
Impairment of assets relating to earthquake damage	(3,271)	(2,596)
Earthquake Costs	(2,174)	-
Insurance Proceeds Income	90,382	55,583
	60,717	19,359
<b>Changes in Fair Values</b>		
Increase/(Decrease) in Fair Value of Investment Property	1,021	(826)
Increase/(Decrease) in Fair Value of Financial Instruments	-	8,778
	1,021	7,952
Profit before Income Tax	74,585	43,635
Income Tax Benefit/(Expense)	(1,652)	(5,541)
<b>Profit for the Year from Continuing Operations</b>	<b>72,933</b>	<b>38,094</b>
<b>Total Comprehensive Income for the year, net of tax</b>	<b>72,933</b>	<b>38,094</b>

## Summarised Statement of Changes in Equity

For the year ended 30 June 2019

	Attributable to equity holders of the Company			Total Equity \$'000
	Share Capital \$'000	Revaluation reserve \$'000	Retained Earnings \$'000	
<b>Balance as at 1 July 2017</b>	<b>30,000</b>	<b>8,585</b>	<b>159,759</b>	<b>198,344</b>
Profit for the Year from Continuing Operations	-	-	38,094	38,094
Dividends	-	-	(2,000)	(2,000)
<b>Balance as at 30 June 2018</b>	<b>30,000</b>	<b>8,585</b>	<b>195,853</b>	<b>234,438</b>
	Attributable to equity holders of the Company			Total Equity \$'000
	Share Capital \$'000	Revaluation Reserve \$'000	Retained Earnings \$'000	
<b>Balance as at 1 July 2018</b>	<b>30,000</b>	<b>8,585</b>	<b>195,853</b>	<b>234,438</b>
Profit for the Year from Continuing Operations	-	-	72,933	72,933
Dividends	-	-	(4,000)	(4,000)
<b>Balance as at 30 June 2019</b>	<b>30,000</b>	<b>8,585</b>	<b>264,786</b>	<b>303,371</b>

## Summarised Balance Sheet

As at 30 June 2019

	2019 \$'000	2018 \$'000
<b>EQUITY</b>	<b>303,371</b>	234,438
Represented by:		
<b>ASSETS</b>		
Cash and Cash Equivalents	91,724	2,308
Insurance Receivable	50,000	59,268
Other Current Assets	12,387	10,419
<b>Total Current Assets</b>	<b>154,111</b>	71,995
<b>Non-current Assets</b>		
Property, Plant and Equipment	126,897	126,338
Investment Properties	62,453	18,179
Investments in Joint Ventures	(190)	74,584
Intangible Assets	3,077	3,053
<b>Total Non-current Assets</b>	<b>192,237</b>	222,154
<b>Total Assets</b>	<b>346,348</b>	294,149
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Borrowings	-	22,040
Other Current Liabilities	20,538	13,661
<b>Total Current Liabilities</b>	<b>20,538</b>	35,701
<b>Non-current Liabilities</b>		
Other Non-Current Liabilities	22,439	24,010
<b>Total Non-Current Liabilities</b>	<b>22,439</b>	24,010
<b>TOTAL LIABILITIES</b>	<b>42,977</b>	59,711
<b>NET ASSETS</b>	<b>303,371</b>	234,438

For, and on behalf of, the Board of Directors

L J C Johnstone  
Chairman  
27 September 2019

D J Benham  
Director  
27 September 2019

## Summarised Statement of Cash Flows

For the year ended 30 June 2019

	2019 \$'000	2018 \$'000
<b>Cash Flows from Operating Activities</b>		
Receipts from Customers	84,457	71,374
Payments to Suppliers and Employees	(75,697)	(58,810)
Interest Expense Paid	(567)	(2,015)
Termination of interest rate swaps	-	(9,543)
Business Interruption Insurance - temporary works	24,220	33,628
Business Interruption Insurance - loss of gross profits and rents	6,622	8,477
Temporary works and demolition costs	(22,740)	(36,678)
Income Taxation Refunded/(Paid)	(123)	1,535
Other operating cash flows	(159)	545
<b>Net Cash Flows from / (used in) Operating Activities</b>	<b>16,013</b>	<b>8,513</b>
<b>Cash Flows from Investing Activities</b>		
Proceeds from Sale of Property, Plant and Equipment	459	229
Purchase of Property, Plant and Equipment	(7,757)	(7,651)
Development of Investment Properties		(2,707)
Acquisition of Joint Venture	-	(7,750)
Cash Balance from acquired Joint Venture	47,944	16,758
Earthquake insurance progress payments received	68,808	16,895
Earthquake capital expenditure	(8,263)	(6,141)
Other transfers	885	(90)
<b>Net Cash Flows (used in) / from Investing Activities</b>	<b>99,440</b>	<b>9,543</b>
<b>Cash Flows from Financing Activities</b>		
Repayments of borrowings	(18,000)	(18,000)
Dividends Paid to Shareholders of the Parent	(4,000)	(2,000)
<b>Net Cash Flows (used in) / from Financing Activities</b>	<b>(22,000)</b>	<b>(20,000)</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>93,453</b>	<b>(1,944)</b>
Cash and Cash Equivalents at the Beginning of the Year	(1,729)	215
<b>Cash and Cash Equivalents at End of Year</b>	<b>91,724</b>	<b>(1,729)</b>

