

**Hawke's Bay Regional Investment  
Company Limited**

**Annual Report  
for the year ended 30 June 2024**

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## **Chairman's Report**

I am pleased to present our Annual Report for the 2024 Financial year.

### **Overview**

The past year has presented both challenges and opportunities for HBRIC and its key investments. We remain committed to delivering and growing sustainable financial returns for Hawke's Bay Regional Council.

The final audited Annual result for HBRIC for the year to 30 June 2024 is a net profit after tax of \$7.0 million (Last year \$7.2 million).

The equity of the company as at 30 June 2024 was \$307.2 million (last year \$289.6 million).

After last year's subdued performance in equity markets, HBRIC's Managed Funds portfolio increased by \$3.2 million, a 7.18% increase for the year.

Overall, dividends paid to Council by HBRIC were \$7.205 million.

### **Napier Port**

Napier Port continues to be a cornerstone of our regional economy, though it faced continued headwinds over the last financial year. The Port showed resilience in recovering from the physical and trade disruptions caused by Cyclone Gabrielle and post-covid inflation. Trade volumes, particularly in horticulture, are expected to recover as transportation access returns to normal. Financial performance, however, remained challenged by the broader economic climate, including rising interest rates.

The Port staff, management and Board are to be congratulated for its performance during challenging economic conditions. This investment is a strategic one and the board remains positive about the Port's long-term prospects as key regional infrastructure projects and improvements continue to unlock growth potential.

### **FoodEast**

Notwithstanding the economic headwinds facing the region's businesses, the FoodEast project remains an exciting venture for HBRIC. Despite the setbacks, significant strides have been made. Construction of the hub is progressing as planned, and we are confident in FoodEast's ability to catalyse innovation and development in the Hawke's Bay food sector. HBRIC-appointed Chairperson Craig Foss passed the baton to three new HBRIC appointees, Dr Nicky Solomon, Christie Campbell and Richard Shirtcliffe, who have been tasked with closing out the construction phase and operationalising the business plan. With tenants coming on board it is great to see the project's vision coming to fruition.

### **Strategic Review and Changes**

This year saw a major strategic shift with Hawke's Bay Regional Council (HBRC) concluding a Strategic Investment Review. As a result, several key changes were implemented:

- HBRIC's mandate was extended to include oversight and advice on HBRC-owned assets.
- HBRC's Statement of Investment Policy and Objectives (SIPO) was revised from a defensive stance to a growth-oriented one, opening new avenues for proactive investment.
- The Statement of Expectations for HBRIC was substantially revised to reflect these changes, leading to the Statement of Intent being re-written accordingly.

These changes have enhanced HBRIC's capacity to deliver strategic and financial value to our shareholder and the region. In response to the strategic review, HBRIC immediately

undertook several initiatives:

- Completed a Request for Proposal (RFP) for the Group's managed fund portfolio, appointing Harbour Asset Management (a division of FirstCape Group) as the sole fund manager for both HBRIC and HBRC's managed funds portfolio, with transition to commence in the 2024/25 year.
- Initiated a due diligence review of HBRC's non-managed fund investments, a process that remains ongoing.

These actions signal a new phase of growth and opportunity for HBRIC, aligned with the broader strategic goals of HBRC.

### **Management and Governance**

For the time being, HBRIC has no permanent employees, with all project work undertaken by independent contractors. All HBRIC corporate administration, finance and year end compliance functions are undertaken by Council under contract. Our Commercial Manager also delivers services by Contract and has been tasked with implementing the many changes arising from HBRC's investment review. We thank them for their efforts and support during the year.

The governance structure of HBRIC has been strengthened significantly this year with the appointment of two new independent directors: Debbie Birch and Jonathan Cameron. Their fresh perspectives and expertise have already made an immediate and positive impact on the operations of HBRIC, contributing to improved decision-making and strategic alignment. We are confident that these benefits will accrue not only to HBRIC but ultimately also to HBRC, ensuring the continued success of the Council's investments and the broader regional economy.

I would like to extend a special acknowledgment and thanks to Neil Kirton and Will Foley, the Councillor-appointed directors, for their continued support and the important role they play in keeping the Council fully informed of HBRIC's activities. Their ongoing guidance has been invaluable in ensuring that the company's actions remain closely aligned with the strategic objectives of HBRC.

Dan Druzianic  
Chairman

## Directors' Report

The Directors hereby present their report and financial statements of the Hawke's Bay Regional Investment Company Limited for the year ended 30 June 2024.

### **Reporting entity**

The Hawke's Bay Regional Investment Company Limited ('the Company', or 'the Parent') was incorporated in New Zealand on 21 February 2012 and is 100% owned by Hawke's Bay Regional Council ('Council'). The Company is domiciled in New Zealand.

The Group financial statements are for the Company and its subsidiaries (together 'the Group'). The subsidiaries are Port of Napier Limited ('Napier Port'), Napier Port Holdings Limited ('NPHL') and Foodeast GP Limited ('Foodeast').

### **Registered office**

159 Dalton Street  
Napier 4110  
New Zealand

### **Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at and for the year ended 30 June 2024.

### **Principle activities**

#### ***Parent company***

The Company owns 55% (2023: 55%) of Napier Port Holdings Limited, who is the 100% owner of the Port of Napier Limited. Napier Port Holdings Limited is listed on the New Zealand Stock Exchange (NZX).

The Company currently owns 67% (2023: 67%) of Foodeast GP Limited, who is a limited partner in the HB Food Innovation Hub Limited Partnership.

#### ***Subsidiary companies***

Port of Napier Limited's principal activities are the commercial operation of Napier Port. Napier Port Holdings Limited was incorporated 12 June 2019 to act as a holding company of the Port of Napier.

Foodeast GP Limited is a council-controlled trading organisation (CCTO) for the purposes of the Local Government Act 2002. The company was incorporated on 1 July 2021.

### **Remuneration of directors**

Remuneration paid to directors during the year was as follows:

	<b>2024</b>
	<b>\$</b>
<b><i>Parent company</i></b>	
D W Druzianic (Chairman)	45,000
N Kirton	-
W J Foley	-
D R Birch (appointed 22 June 2023)	35,000
J Cameron (appointed 22 June 2023)	35,000
<b><i>Subsidiary companies - Port of Napier Limited and Napier Port Holdings Limited</i></b>	
S Moir	86,200
D Puketapu (resigned 16 December 2023)	39,034
E J Harvey	85,950
V Tremaine	85,950
B O'Keefe	145,400
K A Clegg	81,014
D W Druzianic	75,400
D R Birch	-

**Subsidiary companies - Foodeast GP Limited**

C R R Foss ( resigned 9 October 2023)	9,625
A T Gray	25,500
A L Gilmour	25,500
Christie Campbell (appointed 1st October 2023)	19,250
Richard Shirtcliffe (appointed 1st October 2023)	19,250
Nicky Solomon (appointed 6 September 2023)	31,388

**Board committees**

As at 30 June 2024 the Board of the parent company had no separate committees.

**Director's interests**

The Company maintains an interests register in which particulars of certain transactions and matters involving the directors are recorded. These are requirements under the Companies Act 1993. The following notices have been received from directors disclosing their interests in other companies.

**Parent company****Director****Interest declared (as at reporting date)**

D W Druzianic (Chairman)	Consultant, Moore Markhams Hawke's Bay Limited Director, Bostock New Zealand Limited Director, Hawke's Bay Independent Brewery Limited Director, Unison Networks Director, Unison Contracting Services Ltd Director, Port of Napier Limited Trustee of trusts associated with various directors of companies which may from time to time have interests to be noted.
N Kirton	Councillor, Hawke's Bay Regional Council Director, Good Shepherd Transport Limited Employment, Hohepa Services Limited
W J Foley	Councillor, Hawke's Bay Regional Council Director/Shareholder, Foley Farming Enterprises and Sunset Court Motel, Subsidiary of Foley Farming Trustee/Beneficiary, W J Foley Trust Beneficiary/Lessee of Assets, P&R Foley Family Trust Director, Hatuma Investments Limited
D R Birch (appointed 22 June 2023)	Director / Shareholder, Birch & Associates Limited Director, Westpac NZ Ltd Director, Eastland Group Limited Director, Eastland Port Limited (resigned 30 June 2024) Director, Gisborne Airport Limited (resigned 30 June 2024) Director, Te Puia Tapapa GP Limited Trustee , Tuaropaki Trust Director , Tuaropaki Kaitiaki Ltd Director, Miraka Brands Limited Director, Miraka Limited Director, Miraka Holdings Limited Director, Tourism Holdings Limited (Resigned effective 30 September 2024) Director, Port of Napier Ltd & Napier Port Holdings Ltd
J Cameron (appointed 22 June 2023)	Director / Shareholder, Elevate Capital Partners Limited Director / Shareholder, I.D.A. Shonco Limited Chair / Director, NZFM (2022) General Partner Limited Director / Shareholder, Tourism Investment Partners Limited Investment Committee Member, Tupu Angitu Limited

Director, Veterinary Enterprises Group Limited  
Director, Waipa Networks Limited  
Trustee, Hamilton Boys High School Foundation  
Committee Member, Ngati Whatua Orakei Trust - Risk, Assurance & Audit  
Committee

#### Subsidiary companies - Port of Napier Ltd

Director	Interest declared (as at reporting date)
B O'Keefe (Chair)	Director, Central Air Ambulance Rescue Limited Chair, Hawke's Bay Rescue Helicopter Trust Managing Director, Endzone Commercial Limited ("ECL") Director, Unison Networks Limited Board Advisor, TW Group Limited Chair, Hawke's Bay Regional Recovery Agency <b>Clarus Group:</b> Director, First Gas Topco Limited Director, First Gas Midco Limited Director, First Gas Holdings Limited Director, Gas Services NZ Limited Director, Gas Services NZ Midco Limited Director, Rockgas Limited Director, First Renewables Topco Limited Director, First Renewables Midco Limited Director, First Renewables Power Limited Director, First Renewables Limited Director, First Sunrise Topco Limited Director, First Sunrise Midco Limited Director, First Sunrise Holdco Limited Director, First Sunrise Bidco Limited Director, Firstlight Network Limited Shareholder of Napier Port Holdings Limited
S Moir	Director, IJAP Limited Chair, ASB Bank Investment Committee Director, Chubb Life Insurance New Zealand Limited
D Puketapu	Director, Manawanui Support Limited Director, Ngati Porou Holding Company Limited & subsidiaries Director, Tamaki Redevelopment Company Limited & subsidiaries Director, New Zealand Cricket Director, New Zealand Olympic Committee Director, DNA Designed Communications Limited Director, Trade Window Holdings Limited Shareholder of Napier Port Holdings Limited
V Tremaine	Chair/Director, Riverland Water Holdings Pty Limited (ACN 074 419 846) Chair/Director, Riverland Water Pty Limited (ACN 073 995 963)
E J Harvey	Director, Heartland Bank Limited
K A Clegg	Trustee and Beneficiary, M&K Investments Trust Trustee and Beneficiary, Mickyla Trust

## Subsidiary companies - Foodeast GP Limited

<b>Director</b>	<b>Interest declared (as at reporting date)</b>
C R R Foss	Director, Nikau One Limited Director, Magpie Investments Limited Director, Foss Limited Director, Afrimat Australasia Limited Director, Trusted Foods Limited Director, Hawke's Bay Tourism Director, Hawke's Bay Regional Investment Company Limited Associated with an entity which owns 5,384 shares in Napier Port
A T Gray	Director, Electricity Ashburton Limited Director, Artemis Nominees Limited Director, Ngati Pukenga Investments Limited Director, Quality Roding and Services (Wairoa) Limited Director, Nga Hua O Ngati Pukenga Limited Director, Centralines Limited Director, Te Turapa Wai Ariki Limited
A L Gilmour	Shareholder, Moore Markhams Limited Shareholder, MM Advisory Services Limited Director, Progressive Meats Limited Director/Shareholder, Seven Group Investments Limited Director/Shareholder, Gilmour Foundation Limited

### **Directors' insurance**

The Company has arranged policies of directors' liability insurance, which together with a deed of indemnity ensures that as far as possible, directors will not personally incur any monetary loss as a result of actions undertaken by them as directors. The insurance does not cover liabilities arising from criminal actions.

### **Remuneration of employees**

The number of employees for the Group and Parent, whose total annual remuneration was in the specified bands, is as follows:

Remuneration bands	2024	2024
	Group	Parent
\$100,000 - 109,999	21	-
\$110,000 - 119,999	30	-
\$120,000 - 129,999	22	-
\$130,000 - 139,999	39	-
\$140,000 - 149,999	36	-
\$150,000 - 159,999	13	-
\$160,000 - 169,999	15	-
\$170,000 - 179,999	4	-
\$180,000 - 189,999	5	-
\$190,000 - 199,999	7	-
\$200,000 - 209,999	3	-
\$210,000 - 219,999	1	-
\$220,000 - 229,999	3	-
\$230,000 - 239,999	2	-
\$240,000 - 249,999	-	-
\$250,000 - 259,000	1	-
\$260,000 - 269,999	1	-
\$290,000 - 299,999	-	-
\$300,000 - 309,999	1	-
\$310,000 - 319,999	-	-
\$320,000 - 329,999	1	-
\$330,000 - 339,999	-	-
\$340,000 - 349,999	-	-
\$350,000 - 359,999	-	-
\$360,000 - 369,999	2	-
\$370,000 - 379,999	-	-
\$380,000 - 389,999	1	-
\$450,000 - 459,999	-	-
\$460,000 - 469,999	-	-
\$470,000 - 479,999	1	-
\$490,000 - 499,999	1	-
\$520,000 - 529,999	1	-
\$760,000 - 769,999	1	-
Total	<b>212</b>	-

The annual remuneration specified in the above bands includes payments made to staff under both short term and long term staff incentive schemes and redundancy benefits.

### **Use of company information**

During the year the Board received no notices from directors of the Company requesting to use company information received in their capacity as directors, which would not otherwise have been available to them.

### **Board operation**

Operation of the Board is governed by the Constitution of the Company, and the rules, procedures and guidelines adopted by the Board.

**Auditors**

The office of the Auditor-General is appointed as auditor under Section 15 of the Public Audit Act 2001 and Section 70 of the Local Government Act 2002. Ernst and Young New Zealand has been appointed to provide these services. Audit fees are disclosed within the financial statements.

**Donations**

The Company and subsidiaries made no donations during the year (2023: nil).

**Dividends**

During the year the Company paid fully imputed ordinary dividends of \$7,205,000 (2023: \$6,870,000).

**Directors' responsibility statement**

The directors are responsible for ensuring that the financial statements give a true and fair view of the financial position of the Company and the Group as at 30 June 2024 and their financial performance and cash flows for the year ended on that date.

The directors consider that the financial statements of the Company and the Group have been prepared using appropriate accounting policies consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.



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Debbie Birch  
(Director)



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Will Foley  
(Director)

## Statement of Profit or Loss

For the year ended 30 June 2024

	Notes	Group 2024 \$'000	Group 2023 \$'000	Parent 2024 \$'000	Parent 2023 \$'000
<b>Income</b>					
Port operations		132,497	115,981		-
Other income		20,007	14,950		-
Dividend income		252	120	7,457	7,160
<b>Operating income</b>	3	<b>152,756</b>	<b>131,051</b>	<b>7,457</b>	<b>7,160</b>
<b>Expenditure</b>					
Employee benefit expenses		(43,702)	(43,054)	-	-
Maintenance expenses		(16,430)	(16,065)	-	-
Depreciation, amortisation and impairment expenses	15,16	(16,903)	(15,858)	-	-
Other operating expenses	4	(29,645)	(21,270)	(686)	(500)
<b>Operating expenditure</b>		<b>(106,680)</b>	<b>(96,247)</b>	<b>(686)</b>	<b>(500)</b>
<b>Operating profit before net financing income/(expenses)</b>		<b>46,076</b>	<b>34,804</b>	<b>6,771</b>	<b>6,660</b>
Finance expenses	5	(6,412)	(5,912)	-	-
Finance income	5	745	740	744	629
<b>Net finance income / (expenses)</b>		<b>(5,667)</b>	<b>(5,172)</b>	<b>744</b>	<b>629</b>
<b>Operating profit after net finance income / (expenses)</b>		<b>40,409</b>	<b>29,632</b>	<b>7,515</b>	<b>7,289</b>
Gain / (loss) from sale of investments		(134)	179	(134)	179
<b>Profit before subvention</b>		<b>40,275</b>	<b>29,811</b>	<b>7,381</b>	<b>7,468</b>
Subvention payment		-	(10)	-	(10)
<b>Profit before income tax</b>		<b>40,275</b>	<b>29,801</b>	<b>7,381</b>	<b>7,458</b>
Income tax (expense) / benefit	6	(14,581)	(5,584)	(284)	(217)
<b>Total tax (expense) / benefit</b>		<b>(14,581)</b>	<b>(5,584)</b>	<b>(284)</b>	<b>(217)</b>
<b>Profit after tax</b>		<b>25,694</b>	<b>24,217</b>	<b>7,097</b>	<b>7,241</b>
<b>Profit for the year is attributable to:</b>					
Equity holders of the Parent		13,678	14,305	7,097	7,241
Non-controlling interests		12,016	9,912	-	-
		<b>25,694</b>	<b>24,217</b>	<b>7,097</b>	<b>7,241</b>

The above statement of profit and loss should be read in conjunction with the accompanying notes.

## Statement of Comprehensive Income

For the year ended 30 June 2024

	Notes	Group 2024 \$'000	Group 2023 \$'000	Parent 2024 \$'000	Parent 2023 \$'000
<b>Profit after tax attributable to the shareholders of the Company</b>		<b>25,694</b>	<b>24,217</b>	<b>7,097</b>	<b>7,241</b>
<b>Other comprehensive income:</b>					
<b>Items that will be reclassified to profit or loss:</b>					
Asset revaluation	10(a)(i)	3,089	1,560	886	(25,432)
Changes in fair value of cash flow hedges	10(a)(ii)	649	2,664	-	-
Deferred tax on changes in fair value of cash flow hedges	10(a)(ii)	533	(1,658)	-	-
Cash flow hedges transferred to the statements of profit or loss	10(a)(ii)	(2,550)	(282)	-	-
		<b>1,721</b>	<b>2,284</b>	<b>886</b>	<b>(25,432)</b>
<b>Items that will not be reclassified to profit or loss:</b>					
Changes in fair value of cash flow hedges	10(a)(ii)	-	(5)	-	-
Cash flow hedges transferred to property, plant and equipment		-	83	-	-
Deferred tax on changes in fair value of cash flow hedges	10(a)(ii)	-	(22)	-	-
Revaluation of sea defences	10(a)(i)	17,682	(1,279)	-	-
Deferred tax on revaluation of sea defences	10(a)(i)	(2,184)	358	-	-
Movement in other reserves	10(a)(iv)	54	(47)	-	-
		<b>15,552</b>	<b>(912)</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive income / (loss) for the year, net of tax</b>		<b>17,273</b>	<b>1,372</b>	<b>886</b>	<b>(25,432)</b>
<b>Total comprehensive income / (loss) for the year</b>		<b>42,967</b>	<b>25,589</b>	<b>7,983</b>	<b>(18,191)</b>
<b>Profit for the year is attributable to:</b>					
Equity holders of the Parent		13,678	14,305	7,097	7,241
Non-controlling interest		12,016	9,912	-	-
		<b>25,694</b>	<b>24,217</b>	<b>7,097</b>	<b>7,241</b>
<b>Total comprehensive income / (loss) for the year is attributable to:</b>					
Equity holders of the Parent		24,684	15,740	7,983	(18,191)
Non-controlling interest		18,283	9,849	-	-
		<b>42,967</b>	<b>25,589</b>	<b>7,983</b>	<b>(18,191)</b>

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

## Statement of Financial Position

As at 30 June 2024

	Note	Group 2024 \$'000	Group 2023 \$'000	Parent 2024 \$'000	Parent 2023 \$'000
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	22	9,441	8,869	4,003	5,460
Trade and other receivables	11	15,844	18,502	87	87
Derivative financial instruments	27	2,212	2,529	-	-
Current tax assets	6	-	-	-	8
Financial assets	17	-	-	-	-
Total current assets		27,497	29,900	4,090	5,555
<b>Non-current assets</b>					
Property, plant and equipment	16	533,218	521,349	-	-
Intangible assets	15	661	834	-	-
Interests in joint venture	19	250	250	-	-
Financial assets	17	65,517	62,301	341,520	339,002
Derivative financial instruments	27	2,029	3,613	-	-
Investment properties	20	29,896	22,752	-	-
Deferred tax assets	6	-	-	-	20
Total non-current assets		631,572	611,099	341,520	339,022
					-
<b>Total assets</b>		<b>659,069</b>	<b>640,999</b>	<b>345,610</b>	<b>344,577</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	12	11,076	10,680	178	128
Provisions for employee entitlements	13	3,952	5,110	-	-
Current tax liabilities	6	9,231	471	39	-
Derivative financial instruments	27	1,182	1,132	-	-
Lease liabilities	7	41	209	-	-
Total current liabilities		25,481	17,602	217	128
<b>Non-current liabilities</b>					
Provisions for employee entitlements	13	2,469	567	-	-
Borrowings	21	105,737	128,946	-	-
Derivative financial instruments	27	313	948	-	-
Deferred tax liabilities	6	25,733	22,146	166	-
Lease liabilities	7	-	40	-	-
Deferred income	14	-	1,414	-	-
Total non-current liabilities		134,252	154,061	166	-
<b>Total liabilities</b>		<b>159,733</b>	<b>171,663</b>	<b>383</b>	<b>128</b>

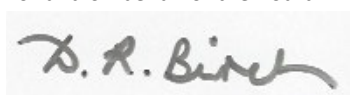
## Statement of Financial Position

As at 30 June 2024

	Note	Group 2024 \$'000	Group 2023 \$'000	Parent 2024 \$'000	Parent 2023 \$'000
<b>Equity</b>					-
Share capital	9	177,500	177,500	177,500	177,500
Reserves	10	188,345	177,240	(5,518)	(6,404)
(Accumulated losses) / retained earnings	10	(58,618)	(65,091)	173,245	173,353
Equity attributable to equity holders of the Company		307,227	289,649	345,227	344,449
Non-controlling interests		192,109	179,687	-	-
<b>Total equity</b>		<b>499,336</b>	<b>469,336</b>	<b>345,227</b>	<b>344,449</b>
<b>Total liabilities and equity</b>		<b>659,069</b>	<b>640,999</b>	<b>345,610</b>	<b>344,577</b>

The Board of Directors of Hawke's Bay Regional Investment Company Limited authorised these financial statements presented on pages 9 to 57 for issue on 30th September 2024.

For and on behalf of the Board.



Debbie Birch  
(Director)



Will Foley  
(Director)

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

## Statement of Changes in Equity

For the year ended 30 June 2024

		<u>Attributable to equity holders of the Group</u>					
Consolidated	Notes	Share capital	Reserves	Accumulated losses	Total	Non-controlling interest	Total equity
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		177,500	175,263	(72,526)	280,237	175,634	455,871
<b>Comprehensive income</b>							
		-	-	14,305	14,305	9,912	24,217
	10(a)	-	1,963	-	1,963	(88)	1,875
		<b>-</b>	<b>1,963</b>	<b>14,305</b>	<b>16,268</b>	<b>9,824</b>	<b>26,092</b>
<b>Transactions with owners</b>							
	10(a)	-	14	-	14	11	25
	8	-	-	(6,870)	(6,870)	(5,782)	(12,652)
		-	-	-	-	-	-
		<b>-</b>	<b>14</b>	<b>(6,870)</b>	<b>(6,856)</b>	<b>(5,771)</b>	<b>(12,627)</b>
		<b>177,500</b>	<b>177,240</b>	<b>(65,091)</b>	<b>289,649</b>	<b>179,687</b>	<b>469,336</b>
		177,500	177,240	(65,091)	289,649	179,687	469,336
<b>Comprehensive income</b>							
		-	-	13,678	13,678	12,016	25,694
		-	10,939	-	10,939	6,334	17,273
		<b>-</b>	<b>10,939</b>	<b>13,678</b>	<b>24,617</b>	<b>18,350</b>	<b>42,968</b>
<b>Transactions with owners</b>							
	10(a)	-	166	-	166	(67)	99
		-	-	(7,205)	(7,205)	(5,861)	(13,066)
		-	-	-	-	-	-
		<b>-</b>	<b>166</b>	<b>(7,205)</b>	<b>(7,039)</b>	<b>(5,928)</b>	<b>(12,967)</b>
		<b>177,500</b>	<b>188,345</b>	<b>(58,618)</b>	<b>307,227</b>	<b>192,109</b>	<b>499,337</b>

<b>Attributable to equity holders of the Company</b>					
<b>Parent</b>		<b>Share capital</b>	<b>Revaluation reserve</b>	<b>Retained earnings</b>	<b>Total Equity</b>
<b>Balance as at 1 July 2022</b>		177,500	19,028	172,982	369,510
<b>Comprehensive income</b>					
Profit for the year		-	-	7,241	7,241
Loss on the revaluation of investments	10(a)	-	(25,432)	-	(25,432)
<b>Total comprehensive income</b>		-	(25,432)	7,241	(18,191)
<b>Transactions with owners</b>					
Dividends	8	-	-	(6,870)	(6,870)
<b>Total transactions with owners</b>		-	-	(6,870)	(6,870)
<b>Balance as at 30 June 2023</b>		177,500	(6,404)	173,353	344,449
<b>Balance as at 1 July 2023</b>		177,500	(6,404)	173,353	344,449
<b>Comprehensive income</b>					
Profit for the year		-	-	7,097	7,097
Gain on the revaluation of the investments		-	886	-	886
<b>Total comprehensive income</b>		-	886	7,097	7,983
<b>Transactions with owners</b>					
Dividends		-	-	(7,205)	(7,205)
<b>Total transactions with owners</b>		-	-	(7,205)	(7,205)
<b>Balance as at 30 June 2024</b>		177,500	(5,518)	173,245	345,227

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

## Statement of Cash Flows

For the year ended 30 June 2024

	Note	Group 2024 \$'000	Group 2023 \$'000	Parent 2024 \$'000	Parent 2023 \$'000
<b>Cash flows from operating activities</b>					
<b>Cash was provided from:</b>					
Receipts from customers		157,129	122,377	-	-
Dividends received		267	-	7,457	7,040
GST received (net)		709	819	-	64
Interest received		744	649	744	616
		<u>158,849</u>	<u>123,845</u>	<u>8,201</u>	<u>7,720</u>
<b>Cash was applied to:</b>					
Payments to suppliers and employees		(98,933)	(80,509)	(1,228)	(536)
Interest paid		-	(1)	-	-
Taxes paid		(3,848)	(3,198)	-	-
Subvention payments made		-	(107)	-	(107)
		<u>(102,781)</u>	<u>(83,815)</u>	<u>(1,228)</u>	<u>(643)</u>
<b>Net cash inflow from operating activities</b>	23	<b>56,068</b>	<b>40,030</b>	<b>6,973</b>	<b>7,077</b>
<b>Cash flows from investing activities</b>					
<b>Cash was provided from:</b>					
Sale of assets		50	417	-	-
Proceeds from held-to-maturity investments		408	600	408	-
		<u>458</u>	<u>1,017</u>	<u>408</u>	<u>-</u>
<b>Cash was applied to:</b>					
Purchase of assets		(11,463)	(20,306)	(131)	-
Investment in subsidiary		-	-	(1,501)	-
Investment in joint venture		-	(250)	-	-
Payments for investment properties		(8,355)	(3,833)	-	-
Payments for held-to-maturity investments		-	-	-	-
		<u>(19,818)</u>	<u>(24,389)</u>	<u>(1,632)</u>	<u>-</u>
<b>Net cash outflow from investing activities</b>		<b>(19,360)</b>	<b>(23,372)</b>	<b>(1,224)</b>	<b>-</b>
<b>Cash flows from financing activities</b>					
<b>Cash was provided from:</b>					
Proceeds from loans and borrowings	32	-	-	-	-
Repayment of fair share loans by employees		56	127	-	-
Proceeds from issuance of fixed rate bonds		-	99,204	-	-
Proceeds from grants	14	7,450	3,500	-	-
Proceeds from partnership capital		499	-	-	-
		<u>8,005</u>	<u>102,831</u>	<u>-</u>	<u>-</u>
<b>Cash was applied to:</b>					
Repayment of loans and borrowings		(24,000)	(100,729)	-	-
Repayment of lease liability	32	(209)	(197)	-	-
Acquisition of treasury shares		(441)	(354)	-	-
Borrowing establishment costs		(6,411)	(4,307)	-	-
Dividends paid		(13,081)	(12,652)	(7,205)	(6,870)
		<u>(44,142)</u>	<u>(118,239)</u>	<u>(7,205)</u>	<u>(6,870)</u>
<b>Net cash inflow / (outflow) from financing activities</b>		<b>(36,137)</b>	<b>(15,408)</b>	<b>(7,205)</b>	<b>(6,870)</b>

## Statement of Cash Flows

For the year ended 30 June 2024

Note	Group 2024 \$'000	Group 2023 \$'000	Parent 2024 \$'000	Parent 2023 \$'000
<b>Net movement in cash and cash equivalents</b>	<b>571</b>	<b>1,250</b>	<b>(1,456)</b>	<b>207</b>
Cash and cash equivalents at the beginning of the financial year	8,870	7,619	5,460	5,253
Effects of exchange rate changes	-	-	-	-
<b>Cash and cash equivalents at end of year</b>	<b>9,441</b>	<b>8,869</b>	<b>4,004</b>	<b>5,460</b>

The above statements of statements of cashflows should be read in conjunction with the accompanying notes.

## 1 General information

### (a) Reporting entity

The Hawke's Bay Regional Investment Limited ('the Company') is a wholly owned subsidiary of Hawke's Bay Regional Council formed for the purpose of holding investments in subsidiary organisations. The Company was incorporated on 21 February 2012.

The Group financial statements comprise the financial statements of the Company and its subsidiaries, the Port of Napier Limited ('Napier Port'), Napier Port Holdings Limited ('NPHL') and Foodeast Limited Partnership ('Foodeast').

The Company is considered a Council Controlled Trading Organisation on the basis that it operates for the purpose of making a profit, and is therefore classified for accounting purposes as a for-profit entity.

The financial statements of the Company and the Group are for the year ended 30 June 2024.

### (b) Basis of preparation

The financial statements of the Company and the Group have been prepared in accordance with generally accepted accounting practice in New Zealand ('NZ GAAP'). They comply with International Financial Reporting Standards ('IFRS'), New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS'), and other applicable financial reporting standards, as appropriate for for-profit entities.

The statements have been prepared on a historic cost basis, except for fair value investments, sea defences, admin buildings, investment properties and derivative financial instruments which are measured at fair value.

The Company and each of the Group's entities' functional currency is New Zealand dollars (\$), and the statements have been presented in thousands of dollars (\$'000) exclusive of Goods and Services Tax (GST) except for trade accounts payable and receivable, which are stated at GST inclusive amounts.

### (c) New standards adopted

No new standards have been adopted in the current reporting period.

### (d) New standards and interpretations not yet adopted

There are no standards that are not yet effective that have not been early adopted by the Company and Group and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

### (e) Use of judgements and estimates

In the application of NZ IFRS, the Board is required 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 particular, information about significant areas of estimation and critical judgements in applying accounting policies that have significant effect on the amount recognised in the financial statements are as follows:

- Valuation of sea defences (note 16)
- Valuation of financial instruments (note 27)
- Estimation of useful lives (note 2 (g))

## 2 Summary of significant Accounting Policies

The principal accounting policies applied in preparation of these financial statements are set out below.

The accounting policies listed below have been consistently applied to all years presented, unless otherwise stated.

### (a) Basis of consolidation

The consolidated financial statements comprise the financial statements of Hawke's Bay Regional Investment Company Limited ('the Parent' or 'the Company') and its subsidiaries (as outlined in note 18).

#### (i) Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

#### (ii) Joint arrangements

Under NZ IFRS 11 *Joint Arrangements* investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group only has joint ventures.

Interest in joint ventures are accounted for using the equity method after initially being recognised at cost in the consolidated balance sheet.

### (b) Trade receivables

Trade receivables are recognised initially at fair value and subsequently remeasured each balance date at amortised cost using the effective interest method less any lifetime expected credit losses.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

### (c) Property, plant and equipment

#### (i) Operational assets

Tugs, cranes and cargo buildings (all Napier Port assets) are stated at the deemed cost based on valuations performed as at 30 September 2005 and subsequent additions at cost, less subsequent accumulated depreciation. All other operational assets are accounted for at the historical cost of purchased property, plant and equipment less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Sea defences and administration buildings are measured at fair value, based on periodic valuations by suitably qualified and experienced professionals, less subsequent accumulated depreciation.

The costs of an asset constructed by the Group include the cost of all materials used in construction, direct labour on the project and an appropriate amount of directly attributed costs. Costs cease to be capitalised as soon as the asset is ready for productive use.

Work in progress are costs incurred in the course of bringing assets to the location and condition necessary for their intended service and includes costs of obtaining resource consents where required to proceed with capital projects.

#### (ii) Subsequent costs

Subsequent costs are added to the carrying amount of an item of property, plant and equipment when the cost is incurred if it is probable that future economic benefits embodied with the item will flow to the Company or the Group and the cost can be measured reliably. All other costs are recognised in the statements of profit or loss as an expense during the financial period in which they are incurred.

*(iii) Revaluation adjustments*

Increases in carrying amounts arising from revalued assets are credited to revaluation reserves in equity. Decreases that offset previous increases of the same asset category are charged against revaluation reserves in equity. All other decreases are charged to the statement of profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

*(iv) Other adjustments*

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statements of profit or loss. When revalued assets are sold, the amounts included in revaluation reserves are transferred to the accumulated balance in equity.

**(d) Investment property**

Investment property is residential and commercial land and buildings held to earn rental income and for capital appreciation. Such property is initially recognised at cost. At each balance date investment property is measured at fair value, representing open market value determined annually by independent, professionally qualified valuers. A gain or loss in value is recorded in the statement of profit or loss for the period in which it arises.

**(e) Financial assets**

*(i) Initial recognition and measurement*

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company and Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company and Group has applied the practical expedient, the Company and Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company and Group has applied the practical expedient are measured at the transaction price.

*(ii) Subsequent measurement*

For the purpose of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments), and
- Financial assets at fair value through profit or loss.

*(iii) Financial assets at amortised costs.*

NZ IFRS 9.4.1.2 Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified, or impaired. The Company and Group's financial assets at amortised cost includes cash term deposits, trade receivables and related party loans.

*(iv) Financial assets at fair value through OCI (debt instruments)*

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

*(v) Financial assets designated at fair value through OCI (equity instruments)*

Upon initial recognition, the Company and Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under NZ IAS 32 Financial Instruments. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised in the statement of profit or loss when the right of payment has been established, except when the Company and Group benefits from such proceeds as a recovery part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Company and Group elected to classify irrevocably its equity investments under this category.

*(vi) Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. This category includes derivative instruments and listed equity investment which the Company and Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised as other income in the statement of profit or loss when the right of payment has been established.

**(f) Intangible assets**

**(i) Software**

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their useful lives of between 3 to 10 years.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company and Group are recognised as intangible assets when the following criteria are met.

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

**(g) Depreciation and amortisation**

Depreciation is provided on all tangible property, plant and equipment other than freehold land capital dredging, at rates calculated to allocate the assets' cost less estimated residual value over their useful lives.

Site improvements	10 - 50 years
Vehicles, plant and equipment	3 - 25 years
Floating plant	30 years
Maintenance dredging	8 years
Wharves and jetties	10 - 80 years
Buildings	10 - 60 years
Sea defences	100 - 200 years

Depreciation on crane assets is calculated on a unit-of-production basis with estimated useful lives of 33,000-36,000 operating hours.

Land and capital dredging are not depreciated as they are considered to have indefinite useful lives.

*(i) Impairment*

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds the recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing the impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Impairment losses directly reduce the carrying amount of assets and are recognised in the statement of profit or loss.

**(h) Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statements of financial position.

**(i) Borrowings**

On initial recognition all borrowings are recognised at the fair value of consideration received less directly attributed transactions costs. Borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of the loan facility are amortised over the term of the loan.

Borrowings are classified as current liabilities unless the Company and Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

Borrowing costs are recognised as an expense when incurred except to the extent that they are capitalised. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset are capitalised as a part of the cost of that asset.

**(j) Income tax**

Income tax expense includes components relating to current tax and deferred tax.

Current tax is the amount of the income tax payable based on the taxable profit for the current year, and any adjustments to income tax payable in respect of prior years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

Current tax and deferred tax are measured using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Current and deferred tax is recognised against the profit or loss for the period, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

## **(k) Employee benefits**

Short-term employee benefits including salaries and wages, annual leave and contributions to superannuation schemes are recognised when they accrue to employees and are measured at undiscounted cost.

The liability for long service leave is recognised and measured at the present value of the expected future entitlements to be made in respect of services provided by employees up to the reporting date. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service.

## **(l) Provisions**

Provisions are recognised when:

- the Company and Group has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation, and
- the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

## **(m) Revenue recognition**

Port operations services are a series of distinct performance obligations for the provision of marine, berthage and port infrastructure services to the Group's shipping customers as vessels berth 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.

Dividend income is recognised when the right to receive payment is established.

## **(n) Financial risk management**

The Company and Group's activities expose it to a variety of financial risks, including foreign currency risk, liquidity risk, credit risk and cash flow interest rate risk. The Company and Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company and Group's financial performance.

## **(o) Accounting for derivative financial instruments and hedging activities**

Where all relevant criteria are met, hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item.

### *(i) Classification of derivatives*

Derivatives are only used for economic hedging purposes and not as speculative instruments.

### *(ii) Hedge ineffectiveness*

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

### Forward contracts

For hedges of foreign currency purchases, the Company and Group enters into hedge relationships where the critical terms of the hedging instrument match the terms of the hedged item. The Company and Group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Company and Group uses the hypothetical derivative method to assess effectiveness.

In hedges of foreign currency purchases, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of the Company and Group or the derivative counterparty.

#### Interest rate swaps

The Company and Group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The Company and Group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. As all critical terms matched during the year, the economic relationship was considered to be 100% effective. Hedge ineffectiveness for interest rate swaps is assessed using the same principles as for hedges of foreign currency purchases. It may occur due to:

- the credit / debit value adjustment on the interest rate swaps which is not matched by the loan, and
- differences in critical terms between the interest rate swaps and loans.

#### *(iii) Measurement of derivatives*

Forward exchange contracts and options and interest rate swaps are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value at balance date. The fair value of interest rate swaps is determined by reference to market values for similar instruments. The fair value of forward exchange contracts and options is determined by reference to current forward exchange rates for contracts with similar maturity profiles.

#### **(p) Foreign currencies**

Transactions in foreign currencies are translated at the New Zealand rate of exchange ruling at the date of the transaction. At balance date foreign monetary assets and liabilities are translated at the closing rate and exchange variations arising from these are included in the statement of profit or loss.

#### **(q) Trade and other payables**

Trade and other payables are initially recorded at fair value and subsequently at amortised cost using the effective interest method.

Liabilities for wages, salaries, and performance payments, including annual leave, expected to be settled within 12 months of the reporting date are recognised in respect of employee services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

#### **(r) Share-based payments**

The cost of share-based payment transactions are spread over the period in which the employees provide services and become entitled to the awards.

The cost of the equity-settled share-based transactions are measured by reference to the fair value of the equity instruments at the date at which they are granted. The cost of equity settled transactions is recognised in the statement of profit or loss, together with a corresponding increase in the share-based payment reserve in equity.

#### **(s) Share capital**

All ordinary shares have no par value, equal voting rights and share equally in dividends and surplus on winding up. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

#### **(t) Government grants**

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

**(u) Leases**

The Company and Group recognises a right-of-use asset and a lease liability at the commencement date of a lease except for short-term operating leases, where the lease term is less than 12 months, or related to low value assets, which are expensed on a straight-line basis over the term of the lease.

On initial recognition lease liabilities are recognised at the net present value of the lease payments discounted using the interest rate implicit in the lease. Lease liabilities are subsequently measured at amortised cost.

Right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability. Right-of-use assets are included within property, plant and equipment in the statement of financial position and are subsequently measured on the same basis.

Lease income from operating leases is recognised as income on a straight-line basis over the term of the lease.

**(v) Comparatives**

Certain immaterial adjustments have been made to prior year comparatives to align with the current year disclosure.

**(w) Changes in accounting policies**

There have been no significant changes in accounting policies during the current year. Accounting policies have been applied on a basis consistent with the prior year.

### 3 Income

	Group 2024 \$'000	Group 2023 \$'000	Parent 2024 \$'000	Parent 2023 \$'000
<b>Operating income</b>				
Port operations	132,497	115,981	-	-
Other income	20,007	14,950	-	-
Dividend income	252	120	7,457	7,160
Total operating income	152,756	131,051	7,457	7,160
<b>Other income</b>				
Cyclone Gabrielle insurance income	10,994	3,500	-	-
Net profit on sale of property, plant and equipment	54	259	-	-
Fair value gain on investment property	5,908	8,069	-	-
Grants and subsidies	3,051	1,119	-	-
Rental revenue	-	-	-	-
Other income	-	2,003	-	-
Total other income	20,007	14,950	-	-

Rental income on investment properties within property operations was \$26,850 (2023: \$20,138) during the year.

### 4 Other expenses

	Group 2024 \$'000	Group 2023 \$'000	Parent 2024 \$'000	Parent 2023 \$'000
<b>Items included within other operating expenses:</b>				
Auditors' fees paid to Ernst & Young for audit of financial statements	53	53	53	53
Auditors' fees paid to Ernst & Young for audit of subsidiary's financial statements	343	291	121	54
Directors' fees	844	828	115	45
Asset retirement expenses	5	18	-	-
Net (profit)/loss on sale of property, plant and equipment	(54)	9	-	-
Cyclone Gabrielle costs incurred	-	268	-	-

\*The Company contributed \$120,867 (2023: \$54,309) towards the audit of NPHL's special purpose financial statements.

Ernst & Young perform non-audit procedures on behalf of the group. Non-audit fees are an Agreed Upon Procedures engagement for vote scrutineering at the AGM in December each year. Actual fees for the FY23 AGM were \$2,100 and budgeted fees for the FY24 AGM remain consistent with FY23.

## 5 Finance income and expenses

	<b>Group 2024 \$'000</b>	<b>Group 2023 \$'000</b>	<b>Parent 2024 \$'000</b>	<b>Parent 2023 \$'000</b>
Interest expense on borrowings	(6,521)	(7,525)	-	-
Lease imputed interest	(9)	(21)	-	-
Less: interest expense capitalised to PPE	118	1,634	-	-
Total finance expenses income	<b>(6,412)</b>	<b>(5,912)</b>	<b>-</b>	<b>-</b>
Interest income	745	740	744	629
Total finance income	<b>745</b>	<b>740</b>	<b>744</b>	<b>629</b>
Net finance income	<b>(5,667)</b>	<b>(5,172)</b>	<b>744</b>	<b>629</b>

## 6 Taxation

	Group 2024 \$'000	Group 2023 \$'000	Parent 2024 \$'000	Parent 2023 \$'000
<b>(a) Income tax expense</b>				
Net profit before taxation	40,275	29,801	7,381	7,458
Income tax on the surplus for the year @ 28%	11,277	8,344	2,067	2,088
Adjustment to prior year taxation	54	(4)	-	(27)
Tax effect of income not recognised for accounting	1,055	910	1,055	910
Recognise tax benefit of imputation credits on dividends received	(46)	-	(2,848)	(2,782)
Tax effect of non-assessable items	(72)	(4,095)	(36)	(219)
Taxation effect of non deductible items	155	419	46	238
Tax effect of loss offsets	-	-	-	-
Foreign tax credits	-	-	-	-
Reinstatement of tax depreciation on buildings	2,157	-	-	-
Other	-	10	-	9
<b>Income tax expense / (benefit)</b>	<b>14,581</b>	<b>5,584</b>	<b>284</b>	<b>217</b>
The taxation charge is represented by:				
Current taxation	12,820	4,506	274	(19)
Deferred taxation	1,761	1,078	11	236
<b>Income tax reported in the statements of profit or loss</b>	<b>14,581</b>	<b>5,584</b>	<b>284</b>	<b>217</b>
<b>Deferred tax (liability) / asset</b>				
Opening balance	(22,146)	(20,761)	20	256
Adjustment to prior year provision	5	-	-	-
Deferred deduction on PIE loss through tax expense	(1,775)	(1,078)	(20)	(236)
Amounts charged or credited direct to equity	(1,818)	(307)	(165)	-
<b>Closing balance</b>	<b>(25,733)</b>	<b>(22,146)</b>	<b>(165)</b>	<b>20</b>
Deferred taxation is represented by:				
Accelerated tax depreciation	(14,619)	(12,730)	-	-
Fair value losses on derivatives	-	-	-	-
Revaluation of sea defences	(11,862)	(9,619)	-	-
Other	748	203	(165)	20
	<b>(25,733)</b>	<b>(22,146)</b>	<b>(165)</b>	<b>20</b>
<b>Current tax asset / (liability)</b>				
Current tax asset is represented by:				
Tax payable	(9,231)	(4,489)	(214)	-
Tax credits utilised to offset current tax	-	-	-	-
Tax receivable	-	4,018	-	8
<b>Current tax asset / (liability) reported in the statements of financial position</b>	<b>(9,231)</b>	<b>(471)</b>	<b>-</b>	<b>8</b>
<b>Imputation credit account</b>				
Imputation credits available for use in subsequent periods	23,429	15,218	8,028	4,961

## 7 Leases

### As a lessee

	Group 2024 \$'000	Group 2023 \$'000	Parent 2024 \$'000	Parent 2023 \$'000
<b>Rights-of-use assets included in plant and equipment</b>				
Balance at 1 July	229	415	-	-
Additions	-	-	-	-
Depreciation	(186)	(186)	-	-
Balance at 30 June	43	229	-	-
<b>Lease Liabilities</b>				
Balance at 1 July	249	446	-	-
Interest expense	9	20	-	-
Lease payments - cash	(217)	(217)	-	-
Balance at 30 June	41	249	-	-
<b>Lease liabilities</b>				
Current	41	209	-	-
Non-current	-	40	-	-
	41	249	-	-

The Group leases plant and equipment for port operations typically for fixed periods of 5 to 7 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

### As lessor

The Group leases land and buildings to port users for terms of 1-105 years. The Group manages the risk associated with leased land and buildings by having formal contracts which include obligations on tenants to observe relevant laws, regulations, port operating requirements, and the right to conduct contaminant testing and require reinstatement to agreed standards.

At balance date the following operating lease payments were receivable by the Group:

	Group 2024 \$'000	Group 2023 \$'000	Parent 2024 \$'000	Parent 2023 \$'000
Receivable within one year	2,177	2,108	-	-
Between one and two years	1,853	1,905	-	-
Between two and five years	4,097	3,576	-	-
Over five years	7,941	8,748	-	-
	16,068	16,337	-	-

## 8 Dividends

	Group 2024 \$000	Group 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Interim dividend paid	5,932	6,530	3,905	5,000
Final dividend paid	7,134	6,122	3,300	1,870
Dividends paid	13,066	12,652	7,205	6,870

## 9 Share capital

	Group 2024 \$000	Group 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Ordinary shares issued	177,500	177,500	177,500	177,500

All ordinary shares have equal voting rights and share equally in dividends and surplus on winding up.

## 10 Reserves and retained earnings

	Group 2024 \$000	Group 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
<b>(a) Reserves</b>				
Revaluation reserve	69,845	58,231	(5,518)	(6,404)
Cash flow hedge reserve	1,679	2,432	-	-
Share-based payments and reserve	554	388	-	-
Other reserves	116,267	116,189	-	-
	<u>188,345</u>	<u>177,240</u>	<u>(5,518)</u>	<u>(6,404)</u>

### Movements:

#### (i) Revaluation reserve

Opening Balance	58,231	56,671	(6,404)	19,028
Attributable to non-controlling interest	(6,974)	414	-	-
Revaluation net of deferred tax	18,588	1,146	886	(25,432)
<b>Balance at 30 June</b>	<u>69,845</u>	<u>58,231</u>	<u>(5,518)</u>	<u>(6,404)</u>

The revaluation reserve for the Parent relates to the revaluation of the shares in Napier Port Holdings Limited and shares held through fund managers.

The revaluation reserve for the Group includes the revaluation of the port sea defences.

#### (ii) Hedging reserve

Opening balance	2,432	2,003	-	-
Attributable to non-controlling interest	616	(351)	-	-
Changes in fair value net of deferred tax	(1,369)	780	-	-
<b>Closing balance</b>	<u>1,679</u>	<u>2,432</u>	<u>-</u>	<u>-</u>

The hedging reserve comprises the effective portion

#### (iii) Share-based payments reserve

Opening balance	388	374	-	-
Attributable to non-controlling interest	67	(11)	-	-
Share-based payments	99	25	-	-
<b>Closing balance</b>	<u>554</u>	<u>388</u>	<u>-</u>	<u>-</u>

#### (iv) Other reserves

Balance at 1 July	116,189	116,215	-	-
Attributable to non-controlling interest	24	21	-	-
Changes in value	54	(47)	-	-
<b>Balance at 30 June</b>	<u>116,267</u>	<u>116,189</u>	<u>-</u>	<u>-</u>

## 10 Reserves and retained earnings (cont'd)

Other reserves reflect the difference between the fair value of the proportion of share capital in Port of Napier Limited attributed to the Company following the issue of shares to non-controlling interests, and the proportion of share capital originally recognised by the Company before the entity listed in August 2019.

### **(b) (Accumulated losses) / retained earnings**

	<b>Group Actual 2024 \$000</b>	<b>Group Actual 2023 \$000</b>	<b>Parent Actual 2024 \$000</b>	<b>Parent Actual 2023 \$000</b>
Opening balance	(65,091)	(72,526)	173,353	172,982
Net profit for the year	13,678	14,305	7,097	7,241
Dividends	(7,205)	(6,870)	(7,205)	(6,870)
<b>Closing balance</b>	<b>(58,618)</b>	<b>(65,091)</b>	<b>173,245</b>	<b>173,353</b>

## 11 Trade and other receivables

	<b>Group 2024 \$000</b>	<b>Group 2023 \$000</b>	<b>Parent 2024 \$000</b>	<b>Parent 2023 \$000</b>
Trade receivables	12,611	13,933	28	-
Receivables from related parties	-	-	-	-
Accruals and prepayments	1,739	1,069	59	87
Cyclone Gabrielle insurance receivable	1,494	3,500	-	-
<b>Total trade and other receivables</b>	<b>15,844</b>	<b>18,502</b>	<b>87</b>	<b>87</b>

	<b>Group 2024 \$000</b>	<b>Group 2023 \$000</b>	<b>Parent 2024 \$000</b>	<b>Parent 2023 \$000</b>
The ageing of trade receivables at reporting date is set out below:				
Not past due	11,671	12,478	-	-
Past due 0 - 30 days	602	1,062	-	-
Past due 30 - 60 days	67	174	-	-
Past due > 60 days	80	28	-	-
	<b>12,420</b>	<b>13,742</b>	<b>-</b>	<b>-</b>

The carrying value of trade and other receivables includes an expected credit loss allowance of \$191,000 in respect of trade receivable balance at 30 June 2024 (2023:\$191,000). To measure the expected credit loss allowance amount, historical loss rates are adjusted to reflect forward-looking information. Trade receivables are grouped in accordance with their shared credit risk characteristics and global credit rating historical industry information applied to estimate future default and loss percentage rates. There have been no specific trade receivable balances written-off during the period.

## 12 Trade and other payables

	<b>Group 2024 \$000</b>	<b>Group 2023 \$000</b>	<b>Parent 2024 \$000</b>	<b>Parent 2023 \$000</b>
<b>Trade and other payables</b>				
Trade payables	6,805	7,172	24	2
Trade accruals	4,270	3,508	154	126
	<b>11,076</b>	<b>10,680</b>	<b>178</b>	<b>128</b>

The trade payables carrying value is equivalent to the current fair value.

Employee entitlement accruals also include staff performance incentive payments due.

### 13 Provisions for employee entitlements

	Group 2024 \$000	Group 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
<b>Current</b>				
Provisions for employee entitlements	3,952	5,110	-	-
<b>Non-current</b>				
Provisions for employee entitlements	2,469	567	-	-
<b>Provisions for non-current employee entitlement</b>				
Balance at beginning of year	5,677	5,630	-	-
Additional provision made (utilised)	744	47	-	-
<b>Balance at end of year</b>	<b>6,421</b>	<b>5,677</b>	<b>-</b>	<b>-</b>

### 14 Deferred income

For the year ended 30 June 2024, total deferred grant income from the Provincial Growth Fund amounted to \$Nil (2023: \$1,414,000).

The Group entered into a funding agreement with the Ministry of Business, Innovation and Employment for the development and establishment of the Hawke's Bay Food Innovation Hub. Through the Provincial Development Unit, the Ministry is responsible for administering the Provincial Growth Fund. The total available funding under the agreement with the Provincial Growth Fund is \$12,000,000. The funding was made available to the Group over a period of time as specific milestones are met.

## 15 Intangible assets

	Group 2024 \$000	Group 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
<b>Opening book value at 1 July</b>				
Computer software at cost	7,145	8,329	-	-
Accumulated amortisation	(6,311)	(7,245)	-	-
Net book amount	834	1,084	-	-
<b>Current year movement</b>				
Opening net book amount	834	1,084	-	-
Additions	262	333	-	-
Transfer / disposals / impairment	-	(1,518)	-	-
Current year amortisation	(435)	(595)	-	-
Amortisation transfer / disposals / impairments	-	1,530	-	-
Closing net book amount	661	834	-	-
<b>Closing book value at 30 June</b>				
Computer software costs at cost	7,407	7,145	-	-
Accumulated amortisation	(6,746)	(6,311)	-	-
Net book amount	661	834	-	-

## Note 16: Property, plant and equipment

Group	Port Land \$'000	Sea defences \$'000	Site improvements \$'000	Wharves and jetties \$'000	Buildings \$'000	Plant and equipment \$'000	Dredging \$'000	Work in progress \$'000	Total \$'000
<b>At 1 July 2022</b>									
Cost	38,656	110,860	71,883	51,650	31,076	139,891	21,154	187,952	653,122
Accumulated depreciation	-	(96)	(29,438)	(11,769)	(13,413)	(69,512)	(8,501)	-	(132,639)
Net book amount	38,656	110,764	42,445	39,881	17,663	70,379	12,653	187,952	520,483
<b>At 30 June 2023</b>									
Cost	38,655	140,663	96,092	137,193	32,066	141,137	62,071	5,784	653,661
Accumulated depreciation	-	(566)	(32,164)	(13,784)	(12,756)	(68,325)	(4,717)	-	(132,312)
Net book amount	38,655	140,097	63,928	123,409	19,310	72,812	57,354	5,784	521,349
<b>Year ended 30 June 2024</b>									
Opening net book amount	38,655	140,097	63,928	123,409	19,310	72,812	57,354	5,784	521,349
Additions / transfers	-	-	4,557	2,283	533	5,099	-	(1,808)	10,663
Revaluations	-	16,752	-	-	-	-	-	-	16,752
Depreciation charge	-	435	(3,011)	(2,354)	(1,001)	(8,435)	(726)	-	(15,092)
Depreciation / impairment - disposals / transfers	-	-	-	-	(2)	(452)	-	-	(454)
Closing net book amount	38,655	157,284	65,474	123,338	18,840	69,024	56,628	3,976	533,219
<b>At 30 June 2024</b>									
Cost	38,655	157,414	100,649	139,476	32,597	145,784	62,071	3,976	680,622
Accumulated depreciation	-	(131)	(35,175)	(16,138)	(13,757)	(76,760)	(5,443)	-	(147,404)
Net book amount	38,655	157,283	65,474	123,338	18,840	69,024	56,628	3,976	533,218

Plant and equipment includes right-of-use assets relating to leased plant and equipment.

Sea defence assets were revalued to fair value as at 31 March 2024 by AECOM New Zealand Limited. 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.

*Significant estimates - valuation of sea defences*

The valuation of sea defences is subject to assumptions and judgements which materially affect the resulting value. Such factors include replacement quantities and unit values (including breakwater replacement costs of \$90,000 to \$131,000 per square metre and seawall replacement costs per square metre of \$16,000 for demolition, \$26,000 for rock, and \$66,000 for rock revetment). Other facts include the condition and performance of assets, estimated total and remaining effective lives of 70 to 161 years for breakwater and 5 to 80 years for sea walls 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.

The historical cost of the sea defence asset class is \$35.8 million (2023: \$35.8 million).

The fair value measurement has been categorised as a Level 3 fair value based on inputs which are not based on observable market data.

## 17 Financial assets

	Group 2024 \$'000	Group 2023 \$'000	Parent 2024 \$'000	Parent 2023 \$'000
<b>Financial assets at 30 June</b>				
Equity investments	-	-	276,003	276,701
Investments in managed funds	48,854	45,638	48,854	45,638
Loan receivables	16,663	16,663	16,663	16,663
Held-to-maturity investments	-	-	-	-
<b>Total</b>	<b>65,517</b>	<b>62,301</b>	<b>341,520</b>	<b>339,002</b>
<b>Financial assets for the year ended 30 June</b>				
At beginning of year	62,301	60,471	339,002	364,072
Additions	2,330	448	1,767	448
Revaluation surpluses / (deficits)	886	2,068	886	(25,432)
Disposals	-	(686)	(135)	(86)
<b>At end of year</b>	<b>65,517</b>	<b>62,301</b>	<b>341,520</b>	<b>339,002</b>
<b>Financial assets include:</b>				
Shares in Napier Port Holdings Limited	-	-	272,800	275,000
Partnership equity in Foodeast Limited Partnership	-	-	3,203	1,701
Investment in managed funds	48,854	45,638	48,854	45,638
Loan receivable from Hawke's Bay Regional Council	16,663	16,663	16,663	16,663
	<b>65,517</b>	<b>62,301</b>	<b>341,520</b>	<b>339,002</b>

### (a) Commitments

At year end the Company had committed \$0.801m (2023: \$2.4 million) towards equity investments to Foodeast.

### (b) Impairment

There were no impairment provisions on investments in the current period. (2023: nil)

### (c) Shares in Napier Port Holdings Limited

The Company acquired 100% of the shares in Port of Napier Limited from Hawke's Bay Regional Council effective from 25 June 2012 for total consideration of \$177.5 million, paid for by way of a subscription to 177,500,000 ordinary shares in the capital of the Company at the value of \$1 per share.

In August 2019, 45% of the Company's shareholding in Napier Port was listed on the NZX resulting in the Company owning 55% of the Napier Port through its shareholding in Napier Port Holdings Limited. The investment in Napier Port Holdings Limited is measured at fair value based on NZX prices.

### (d) Categories

#### Financial assets designated at fair value through OCI (FVOCI)

- Equity investment in Napier Port Holdings Limited
- Equity investments held through fund managers (Mercer and Jarden)

#### Financial assets at amortised cost

- Cash term deposits
- Trade receivables
- Related party costs

#### Financial assets at fair value through profit or loss

- Term deposits

## 18 Investments in subsidiaries

The Group's principal subsidiaries at 30 June 2024 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

For accounting purposes, the Parents investment in Napier Port Holdings Limited is valued at fair value, and its investment in Foodeast is at cost.

Name	Country of incorporation and place of business	Nature of business	Proportion of shares held by the Group 2024 %	Proportion of shares held by the Group 2023 %
Napier Port Holdings Limited	New Zealand	Holding company	55	55
Port of Napier Limited	New Zealand	Port operator	55	55
Foodeast GP Limited	New Zealand	Governance vehicle for Foodeast Limited Partnership	67	67

Foodeast GP Limited ('Foodeast') acts as the general partner of the HB Food Innovation Hub Limited Partnership. Foodeast is developing a commercial and industrial property for the food industry. At 30 June 2024, the development of the investment property was still underway.

## 19 Interests in joint venture

The Group has the following investment in joint ventures:

Name of entity	Place of business/ incorporation	% of ownership interest 2024	% of ownership interest 2023	Measurement method
Longburn Intermodal Freight Hub Ltd	New Zealand	50%	50%	Equity

On 6 March 2023, the Group acquired an additional 17% of the shares in Longburn Intermodal Freight Hub Ltd from Ports of Auckland Limited for \$250,000.

The Parent has no interest in joint ventures. (2023: nil)

## 20 Investment properties

	<b>Group 2024 \$000</b>	<b>Group 2023 \$000</b>	<b>Parent 2024 \$000</b>	<b>Parent 2023 \$000</b>
<b>Investment properties</b>				
Land and buildings	29,896	22,752	-	-
Total investment properties	29,896	22,752	-	-
Balance at beginning of year	22,752	14,885	-	-
Net gain from fair value adjustments	5,908	7,791	-	-
Acquisitions	1,236	-	-	-
Capitalised subsequent expenditure	-	76	-	-
<b>Balance at end of year</b>	<b>29,896</b>	<b>22,752</b>	<b>-</b>	<b>-</b>

### *Napier Port Holding Limited*

Investment properties were externally valued at 31 March 2024 by a registered valuer with relevant experience of the property type and location.

The fair value has been determined by the valuer using a market approach based on comparable property sales within the area. The fair value measurement has been categorised as a Level 2 fair value based on inputs which are observable but not quoted prices.

### *Foodeast Limited Partnership*

Land was valued as at 30 June 2024 by Mike Penrose, a registered valuer and Stacey Allen, a graduate valuer of Telfer Young.

The method used to estimate the fair value of the land is the Comparable Transactions Method approach. This approach considered the sale of other vacant land which were analysed on the basis of value per square metre. Comparison against the subject property includes making adjustments where necessary for differences in factors such as location, size, shape, contour, zoning and additional costs for site condition. Consequently, the valuation adopted \$345 per square metre to estimate the fair value of the land.

The building is valued at cost, which was incurred recently and therefore a good proxy of fair values at 30 June 2024.

## 21 Loans and borrowings

### Napier Port Holdings Limited (NPHL)

2024	Committed Facilities \$'000	Undrawn Facilities \$'000	Capitalised Loan Costs \$'000	Fair Value Adjustments \$'000	Carrying Value \$'000
<b>Non-current</b>					
Bank facilities (coupon: floating)	80,000	72,000	-	-	8,000
Fixed rate NZD Bonds	100,000	-	(768)	(1,495)	97,737
Total non-current	180,000	72,000	(768)	(1,495)	105,737

### 2023

<b>Non-current</b>					
Bank facilities (coupon: floating)	80,000	48,000	-	-	32,000
Fixed rate NZD Bonds	100,000	-	(973)	(2,080)	96,946
Total non-current	180,000	48,000	(973)	(2,080)	128,946

The Group has two facilities with Westpac New Zealand Limited and Industrial and Commercial Bank of China (New Zealand) Limited (ICBC New Zealand) which provide total available facilities of \$80 million, to fund general corporate purposes. Of the total facilities, \$25 million matures September 2025 and \$55 million matures September 2026.

On 23 September 2022, the Group issued \$100 million of unsecured, unsubordinated, 5.52% fixed rate bonds maturing 23 March 2028.

The facility agreements require that certain covenants are met and will require the Group to maintain or better specified debt coverage, interest coverage, equity and group coverage ratios.

Security for the facilities with the banks is by way of negative pledge over the assets of the Group in respect of both the sale of assets and other security interests.

### Hawke's Bay Regional Investment Company Limited (the Company)

The Company has no borrowings as at 30 June 2024 (2023: none).

## 22 Cash and equivalents

	Group 2024 \$000	Group 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
<b>Cash and cash equivalents</b>				
Cash and cash equivalents	9,441	8,869	4,003	5,460
Reconciled to cash flow statement	9,441	8,869	4,003	5,460

## 23 Reconciliation of surplus after taxation to net cash flows from operating activities

	Group 2024 \$000	Group 2023 \$000	Parent 2024 \$000	Parent 2023 \$000
Surplus after taxation	25,694	24,217	6,922	7,241
<b>Add non-cash items:</b>				
Fair value gains	(5,908)	(7,791)	-	-
Depreciation and amortisation	16,272	15,878	-	-
Impairment of assets	631	-	-	-
Loss / (gain) on sale of assets	(54)	(438)	-	(179)
Share based payments	181	198	-	-
Other non cash items	(160)	(283)	-	16
Deferred tax	1,750	843	-	-
Total non-cash items	12,712	8,407	-	(163)
<b>(Deduct) / add other adjustments:</b>				
Finance costs classified as financing activities	6,412	5,832	-	-
Increase in non-current provisions	26	75	-	-
Total other adjustments	6,438	5,907	-	-
<b>Movements in working capital:</b>				
Increase / (decrease) in accounts payable	2,956	597	51	(100)
(Increase) / decrease in receivables	(429)	(426)	-	99
(Increase) / decrease in tax receivables	6,602	1,331	-	-
Total movements in working capital	9,129	1,502	51	(1)
<b>Net cash inflow from operating activities</b>	53,973	40,033	6,973	7,077

## 24 Related party disclosures

The Company is 100% owned by Hawke's Bay Regional Council (HBRC). Other related parties include Port of Napier Limited, Napier Port Holdings Limited, and Foodeast GP Limited which are all subsidiaries of the Company.

The Company and Group undertakes transactions with HBRC and its related parties, all of which are carried out on a commercial basis. During the period, no material transactions were entered into with related parties except as disclosed below.

### (a) Transactions with related parties

#### Transactions between the Group and HBRC

The Group entered into the following transactions with HBRC:

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Sales of goods and services	80	112
Interest payments received	333	333
Purchases of goods and services	6,005	488
Payment of dividends	7,205	6,870

The Group entered into the following subvention payments with HBRC, noting that subvention payments were made for the tax effect of the losses transferred.

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Subvention payments	-	10

The Group have the following year end balances arising from sales / purchases of goods and services with HBRC:

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Intrabusiness receivables	491	-
Intrabusiness payables	491	360

Balance at year end for loan provided by the Company to HBRC:

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Loan to HBRC	16,663	16,663

#### Transactions between the Parent and subsidiaries

The following transactions were entered into between the Parent and its subsidiary, Napier Port Holdings Limited:

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Dividends received	7,205	7,040
Accounts Payable	-	-

The amounts owing to related parties are paid in accordance with the Group's normal commercial terms of trade.

**(b) Key management compensation**

Compensation of the directors and executives, being the key management personnel for group reporting purposes is as follows:

	<b>Group Actual 2024 \$0</b>	<b>Group Actual 2023 \$0</b>	<b>Parent Actual 2024 \$0</b>	<b>Parent Actual 2023 \$0</b>
<b>Board members</b>				
Remuneration	844	828	115	45
<b>Leadership team</b>				
Short term employee benefits	4,216	3,237	-	-
Share based payments	181	198	-	-
Total key management personnel remuneration	<u>5,241</u>	<u>4,263</u>	<u>115</u>	<u>45</u>

## 25 Commitments

### (a) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	<b>Group 2024 \$000</b>	<b>Group 2023 \$000</b>	<b>Parent 2024 \$000</b>	<b>Parent 2023 \$000</b>
Property, plant and equipment	2,900	1,400	-	-
Total capital commitments	<u>2,900</u>	<u>1,400</u>	<u>-</u>	<u>-</u>

## 26 Contingencies

### Contingent liabilities:

Under the terms of The Funding Agreement with MBIE, the HB Food Innovation Hub ('The Hub') may only be used to facilitate innovation and collaboration in the Hawke's Bay food, beverage, agritech, horticulture and related activities. If The Hub ceases to be used for these purposes then the grant received from MBIE must be repaid.

Starting one year after The Hub opens, this liability abates at \$2 million per year until it is fully abated after 6 years. At balance date \$11.950 million of the \$12 million grant had been requested and received.

There are no plans to cease using the The Hub for the required activities so the possibility of repaying the grant is low.

As at 30 June 2024 the Parent and Group had no other contingent liabilities (2023: none).

### Financial guarantees

The Group has financial performance guarantees in place, the maximum callable under the guarantees at 30 June 2024 is \$119,724 (2023: \$119,724).

## 27 Financial risk management

### (a) Credit risk

In the normal course of its business the Company and Group incurs credit risk from accounts receivable, related party loans, bank balances and interest rate swap agreements. There is no significant concentration of credit risk and the Company and Group has a policy of assessing the credit risk of significant new customers and monitors the credit quality of existing customers. Counterparties to cash and derivative financial assets are major banks, approved by the directors. The related party loan is to a regional council with a strong statement of financial position that has no history of default. The Company and Group's maximum credit risk exposure is as disclosed in the statement of financial position and there is no collateral or other security held.

The Company and Group has trade receivables as financial assets that are subject to the expected credit loss model under NZ IFRS 9. For trade receivables the Company and Group applies the NZ IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The Company and Group has a loan receivable from Hawke's Bay Regional Council (HBRC) which is subject to the expected credit loss model under NZ IFRS 9. The Company and Group has applied the 12 month expected credit loss allowance approach to measure the expected credit losses for this loan. As at 30 June 2024 the net carrying value of the loan amounted to \$16.6 million (2023: \$16.6 million) and there was no collateral held as security. Due to the strong statement of financial position of HBRC and the nature of the relationship between the group and HBRC, the Company and Group has not recognised any credit losses against this loan as at 30 June 2024 (2023: none).

### (b) Liquidity risk

Liquidity risk is the risk that the Company and Group will not be able to meet its financial obligations as and when they fall due. The Company and Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash and borrowing facilities available to meet its liabilities when due, under both normal and adverse conditions. The Company and Group's cash flow requirements and the utilisation of borrowing facilities are continuously monitored.

The following table sets out the contractual cash flows for all financial liabilities and derivatives:

#### Contractual Maturity Analysis

Group	Carrying amount \$'000	Cash flows to maturity \$'000	Less than 1 year \$'000	1 - 2 years \$'000	2 - 5 years \$'000	More than 5 years \$'000
<b>2024</b>						
Trade and other payables	6,312	6,312	6,312	-	-	-
Lease liabilities	40	40	40	-	-	-
Loans and bank borrowings	105,737	130,909	6,501	6,501	117,905	-
Interest rate swaps - fair value hedges	1,495	1,552	1,220	390	(58)	-
Interest rate swaps - cash flow hedges	(4,241)	(4,506)	(2,286)	(1,597)	(623)	-
	<b>109,344</b>	<b>134,308</b>	<b>11,788</b>	<b>5,295</b>	<b>117,223</b>	<b>-</b>
<b>2023</b>						
Trade and other payables	7,172	7,172	7,172	-	-	-
Lease liabilities	249	248	209	39	-	-
Loans and bank borrowings	128,946	165,781	7,846	7,846	150,088	-
Interest rate swaps - fair value hedges	2,080	2,198	1,446	901	(149)	-
Interest rate swaps - cash flow hedges	(6,142)	(6,672)	(2,620)	(3,498)	(554)	-
	<b>132,305</b>	<b>168,727</b>	<b>14,053</b>	<b>5,288</b>	<b>149,385</b>	<b>-</b>

	Carrying amount \$'000	Cash flows to maturity \$'000	Less than 1 year \$'000	1 - 2 years \$'000	2 - 5 years \$'000	More than 5 years \$'000
<b>Parent</b>						
<b>2024</b>						
Trade and other payables	24	24	24	-	-	-
Bank borrowings	-	-	-	-	-	-
Interest rate swaps	-	-	-	-	-	-
Forwards exchange contracts	-	-	-	-	-	-
	<u>24</u>	<u>24</u>	<u>24</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>2023</b>						
Trade and other payables	2	2	2	-	-	-
Bank borrowings	-	-	-	-	-	-
Interest rate swaps	-	-	-	-	-	-
Forwards exchange contracts	-	-	-	-	-	-
	<u>2</u>	<u>2</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>

### (c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and fuel prices, will affect the Company and Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

### (d) Interest rate risk

The Company and Group utilises interest rate caps and swaps to manage interest rate exposures for future periods. The Company and Group's main interest rate risk arises from loans and borrowings with variable rates, which expose the Company and Group to cash flow interest rate risk. Generally, the Company and Group enters into long-term borrowings at floating rates and swaps them into fixed rates. The Company and Group's treasury policy defines the use of approved hedging instruments to manage interest rate exposures within minimum and maximum bands of fixed interest rate cover.

The notional principal amounts (including forward starting swaps) and the expiry period of interest rate swaps at the end of the reporting period were:

	Group 2024 \$'000	Group 2023 \$'000	Parent 2024 \$'000	Parent 2023 \$'000
<b>Interest rate swaps - cash flow hedges (pay fixed)</b>				
Less than 1 year	-	-	-	-
2 - 5 years	80,000	80,000	-	-
Greater than 5 years	-	-	-	-
	<u>80,000</u>	<u>80,000</u>	<u>-</u>	<u>-</u>

The effects of the interest rate swaps on the Company and Group's financial position and performance are as follows:

Carrying amount (liability)	(4,241)	(6,142)	-	-
Hedge ratio	1:1	1:1	-	-
Change in fair value of outstanding hedging instruments	(4,241)	(6,142)	-	-
Change in fair value of hedged item used to determine hedge	4,241	6,142	-	-
Weighted average hedge (index) rate	2.49%	2.50%	-	-
<b>Interest rate swaps - cash flow hedges (received fixed)</b>				
2 - 5 years	95,000	95,000	-	-
	<u>95,000</u>	<u>95,000</u>	<u>-</u>	<u>-</u>

	<b>Group 2024 \$'000</b>	<b>Group 2023 \$'000</b>	<b>Parent 2024 \$'000</b>	<b>Parent 2023 \$'000</b>
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The effects of the interest rate swaps on the Company and Group's financial position and performance are as follows:

Carrying amount (asset)	1,495	2,080	-	-
Hedge ratio	1:1	1:1	-	-
Change in fair value of outstanding hedging instruments	1,495	2,080	-	-
Change in fair value of hedged item used to determine hedge	(1,495)	(2,080)	-	-
Weighted average hedge (index) rate	4.07%	4.07%	-	-

### Interest rate sensitivity analysis

At reporting date, if bank interest rates had been 100 basis points higher / lower with all other variables held constant, it would increase / (decrease) post tax profit of loss and other comprehensive income by the amounts shown below.

	<b>Profit or loss</b>		<b>Other comprehensive income</b>	
	<b>100bp increase \$'000</b>	<b>100bp decrease \$'000</b>	<b>100bp increase \$'000</b>	<b>100bp decrease \$'000</b>
<b>2024</b>				
Variable rate loans	(80)	80	-	-
Interest rate swaps - fair value hedges	(2,833)	2,970	-	-
Interest rate swaps - cash flow hedges	-	-	1,869	(1,933)
	<u>(2,913)</u>	<u>3,050</u>	<u>1,869</u>	<u>(1,933)</u>
<b>2023</b>				
Variable rate loans	(320)	320	-	-
Interest rate swaps - cash flow hedges	(3,354)	3,523	-	-
Interest rate swaps - cash flow hedges	-	-	2,440	(2,540)
	<u>(3,674)</u>	<u>3,843</u>	<u>2,440</u>	<u>(2,540)</u>

### (e) Foreign exchange rate risk

The Company and Group undertakes transactions denominated in foreign currencies from time to time which exposes the Company and Group to changes in foreign exchange rates until such transactions are settled. It is the Company and Group's policy to hedge highly probable foreign currency risks above a certain value threshold as they arise and use forward foreign exchange contracts or foreign currency cash purchases to manage these exposures.

There were no forward foreign exchange contracts in place at 30 June 2024 (2023:nil)

### (f) Commodity price risk

There were no commodity swap contracts in place at the reporting date (2023: nil)

### (g) Fair values

#### Financial assets

	<b>Group 2024 \$'000</b>	<b>Group 2023 \$'000</b>	<b>Parent 2024 \$'000</b>	<b>Parent 2023 \$'000</b>
<b>Financial assets at fair value - level 1</b>				
Investments in managed funds	48,854	45,638	48,854	45,638
Investment in Napier Port Holdings Limited	-	-	272,800	275,000
	<u>48,854</u>	<u>45,638</u>	<u>321,654</u>	<u>320,638</u>
<b>Financial assets at fair value - level 2</b>				
Interest rates swaps	4,241	6,142	-	-
	<u>4,241</u>	<u>6,142</u>	<u>-</u>	<u>-</u>

**Financial assets at amortised cost**

Cash	9,439	8,869	4,003	5,460
Receivables	12,611	13,933	-	-
Loan receivable	16,663	16,663	16,663	16,663
Term deposit	-	-	-	-
	<u>38,713</u>	<u>39,465</u>	<u>20,666</u>	<u>22,123</u>
<b>Total financial assets</b>	<u>91,808</u>	<u>91,245</u>	<u>342,320</u>	<u>342,761</u>

**Financial liabilities****Financial liabilities at fair value (level 2) - cashflow hedges**

Interest rate swaps	1,495	2,080	-	-
	<u>1,495</u>	<u>2,080</u>	<u>-</u>	<u>-</u>

**Financial liabilities amortised costs**

Trade payables	6,805	7,172	-	2
Borrowings	(105,737)	128,946	-	-
	<u>(98,931)</u>	<u>136,118</u>	<u>-</u>	<u>2</u>
<b>Total financial liabilities</b>	<u>(97,436)</u>	<u>138,198</u>	<u>-</u>	<u>2</u>

The carrying value of all financial assets and liabilities approximates their fair value.

**Estimation of fair value of financial instruments**

The fair value of financial instruments is determined on a hierarchical basis that reflects the significance of the inputs used in making the measurements. The fair value hierarchy is:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## 28 Share-based payments

### Executive long-term incentive (LTI) plan

The Group maintains an equity-settled Executive Long-Term Incentive (LTI) plan. Under this LTI plan, share rights are issued to participating executives with a three year vesting period. The vesting of share rights entitle the executive to the receipt of one Napier Port Holdings Limited ordinary share per share right at nil cost, plus additional shares to the value of any dividends which would have been paid on the underlying shares during the vesting period. Vesting is subject to the executive remaining employed by the Group during the vesting period, the achievement of total shareholder return (TSR) hurdles over the vesting period and, for the initial grant, the achievement of certain EBITDA targets over the prospective financial information period (2 years).

#### Number of LTI Share Rights Issued:

Grant Date	Vesting Date	Balance at 30 June 2023	Vested During the Year	Granted During the Year	Lapsed During the Year	Balance at 30 June 2024
2-Dec-20	2-Dec-23	132,056	-	-	(132,056)	-
30-Nov-21	30-Nov-24	167,976	-	-	(36,806)	131,170
30-Nov-22	30-Nov-25	196,756	-	-	(43,112)	153,644
28-Nov-23	28-Nov-26	-	-	269,355	(50,697)	218,658
<b>Total LTI Plan</b>		<b>496,788</b>	<b>-</b>	<b>269,355</b>	<b>(262,671)</b>	<b>503,472</b>

	2024	2023
<b>Monte Carlo option pricing model</b>		
Grant date	<b>28-Nov-23</b>	<b>30-Nov-22</b>
Vesting date	<b>28-Nov-26</b>	<b>30-Nov-25</b>
Grant date share price	\$ 2.41	\$ 2.78
Risk free interest rate	4.92%	0.94%
Expected dividends	\$ 0.26	\$ 0.26
Valuation per share right	\$ 1.30	\$ 1.34

The weighted average remaining contractual life of the options at 30 June 2024 is 1.59 years (2023: 1.55 years)

During the year ended 30 June 2024, an expense of \$181,173 (2023: \$198,471) has been recognised in respect of the LTI plan in the group statement of profit or loss.

## 29 Events occurring after the reporting period

There were no events occurring subsequent to balance date which require adjustment to or disclosure in the financial statements.

## 30 Performance against statement of intent targets

	Group Actual	Group Target	Parent Actual	Parent Target
<b>For the year ended 30 June 2024</b>				
Net debt to net debt plus equity	16%	<40%	-	<10%
Interest cover (EBIT / interest paid)	7x	>3x	-	>3x
EDITDA / total assets	10%	9%	2%	3%
Return on shareholders' funds	5%	5%	2%	3%
Ordinary dividends		-	\$7.205m	\$6m
<b>For the year ended 30 June 2023</b>				
Net debt to net debt plus equity	22%	<40%	-	<10%
Interest cover (EBIT / interest paid)	4x	>3x	N/A	>3x
EDITDA / total assets	7%	9%	2%	3%
Return on shareholders' funds	4%	5%	2%	3%
Ordinary dividends	-	-	\$7.04m	\$10.1m

## 31: Legislative compliance

Section 67 of the Local Government Act 2002 requires the Board of Directors to complete the Company's annual report within 3 months after the end of each financial year.

The report was completed on 30 September 2024.

## Note 32: Net debt reconciliation

This reconciliation sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	<b>Group 2024 \$'000</b>	<b>Group 2023 \$'000</b>
<b>Net debt</b>		
Cash and cash equivalents (note 22)	9,441	8,869
Borrowings (note 21)	(105,737)	(128,946)
Lease liabilities (note 7)	(41)	(249)
	<u>(96,337)</u>	<u>(120,326)</u>

	<b>Other assets</b>	<b>Liabilities from financing activities</b>		<b>Total \$'000</b>
	<b>Cash \$'000</b>	<b>Borrowings \$'000</b>	<b>Leases \$'000</b>	
<b>Net debt as at 1 July 2022</b>	7,619	(129,380)	(446)	(122,207)
Financing cash flows	1,250	1,525	217	2,992
New leases				
Other changes				
Interest expense	-	(7,587)	(20)	(7,607)
Interest Capitalised	-	1,634	-	1,634
Other	-	4,862	-	4,862
<b>Net debt as at 30 June 2023</b>	<u>8,869</u>	<u>(128,946)</u>	<u>(249)</u>	<u>(120,326)</u>
<b>Net debt as at 1 July 2023</b>	8,869	(128,946)	(249)	(120,326)
Financing cash flows	572	24,000	-	24,572
Other changes	-	-	217	217
Interest expense	-	(6,521)	(9)	(6,530)
Interest capitalised	-	118	-	118
Other	-	5,612	-	5,612
<b>Net debt as at 30 June 2024</b>	<u>9,441</u>	<u>(105,737)</u>	<u>(41)</u>	<u>(96,337)</u>

Other changes include non-cash movements and interest payments which are presented as operating cash flows in the statement of cash flows.

## Hawke's Bay Regional Investment Company Limited

### Performance statement

#### As at 30 June 2024

HBRIC as a Council-Controlled Trading Organisation (CCTO) is required to report against the performance measures included in the Statement of Intent (Sol) prepared under the Local Government Act. The Sol specifies the objectives, the nature of scope to activities to be undertaken, the performance targets and other measures by which the performance of HBRIC may be judged in relation to its

The following relate to the 2024 Statement of Intent.

### Performance

Objective	Performance Measure	2024 Performance	2023 Performance
1 HBRIC Ltd will maintain a majority ownership of the Port of Napier.	HBRIC Ltd will maintain ordinary share holdings of greater than 51%.	Satisfied. Current holding 55%	Satisfied. Current holding 55%
2 HBRIC Ltd's Managed Funds Investment Portfolio will generate commercial returns across the portfolio to grow the capital base and contribute towards funding Council's operating costs.	Managed fund portfolio's held by HBRIC Ltd will return a minimum cash yield $\geq 2\%$ per annum	Satisfied. The portfolio returns of 7% exceed the benchmark, but following the 2022/23 performance the capital protection policies prevented HBRIC from distributing those gains in the form of cash.	Not Satisfied. Gross return for 2023 = 5.81% Cash yield after taxes and fees = 0.80% The Shareholder Hawke's Bay Regional Council is to review all investment performance and work with the Company to align strategy and returns moving forward.
Private Equity Investments - HBRIC Ltd will invest in structures providing long term commercial returns and where possible provide a regional benefit.	Regular evaluation by the board on the performance of the private equity investments.	HBRIC Ltd will invest in structures providing long term commercial returns and where possible provide a regional benefit. During the year HBRIC Ltd increased its investment in Foodeast.	There were no Private Equity Investments during the year.
Real Assets Portfolio- HBRIC Ltd will invest in real assets providing long term commercial returns and where possible provide a regional benefit.	Regular evaluation by the board on the performance of the real asset investments.	HBRIC Ltd will invest in real assets providing long term commercial returns and where possible provide a regional benefit. During the year HBRIC Ltd increased its investment in Foodeast.	HBRIC does not currently invest in any real assets directly.

### Governance

Objective	Performance Measure	2024 Performance	2023 Performance
1 HBRIC Ltd maintains a strategic direction that aligns with Council's objective and investment strategy.	HBRIC Ltd develops and maintains appropriate communications lines with Council to ensure HBRIC Ltd remains aware of Council's strategic priorities.	Satisfied. HBRIC presented quarterly reports (4 each year) to Corporate & Strategic Committee for Council to ensure the strategic direction of HBRIC Ltd is consistent with that of Council.	HBRIC presented quarterly reports (4 each year) to Corporate & Strategic Committee for Council to ensure the strategic direction of HBRIC Ltd is consistent with that of Council.
	By 1 March each year (unless otherwise agreed) HBRIC Ltd will submit a draft Sol for the forthcoming year for review and approval by Council.	Satisfied. A draft Sol for The Company was submitted to Council 27/3/24.	Satisfied. Sol for The Company was submitted to Council 28/3/23.

Objective	Performance Measure	2024 Performance	2023 Performance
2 HBRIC Ltd keeps Council informed of all significant matters relating to HBRIC Ltd and its subsidiaries, within the constraints of commercial sensitivity.	<p>HBRIC Ltd submits 4 quarterly written reports to the Council in the financial year.</p> <p>No transactions of a material nature were unreported to the shareholder during the reporting period.</p>	<p>Satisfied. The company submitted 4 quarterly written reports to Council in the financial year.</p> <p>Major matters of urgency are defined as issues which could have impact upon the performance of both HBRIC and the Council. There were no major matters of urgency in the year.</p>	<p>Satisfied. The company submitted 4 quarterly written reports to Council in the financial year.</p> <p>Major matters of urgency are defined as issues which could have impact upon the performance of both HBRIC and the Council. There were no major matters of urgency in the year.</p>
3 Corporate governance procedures are appropriate, documented and reflect best practice.	<p>The Company's policies will be developed and reviewed annually in accordance with a schedule approved by the Board, and the company will work with and assist Council to ensure that there is alignment between Council and company policies.</p>	<p>Not Satisfied. Due to the ongoing review of the Company's mandate from the Shareholder and the potentially significant structural changes required, it was agreed to suspend updating all policies and to re-look at what policies are appropriate moving forward. This item is to be addressed in the 2024/25 financial year.</p>	<p>Satisfied. The following policies were reviewed in July 2022, and changes ratified in September 2022. They aligned with the schedule of policies approved by the Board.</p> <ul style="list-style-type: none"> <li>◦Confidentiality Policy</li> <li>◦Theft and Fraud</li> <li>◦Controlling Sensitive Expenditure Policy</li> <li>◦HBRIC Board of Directors Conflict of Interest Policy</li> <li>◦Code of Conduct</li> </ul> <p>The remaining policy reviewed in the prior year was:</p> <ul style="list-style-type: none"> <li>◦Appointment &amp; Remuneration of Directors Policy</li> </ul>
	<p>Including the LTP requirement for appropriate training and performance review of HBRIC Directors.</p>	<p>Not Satisfied. Governance focus for 2023/24 financial year has been recruitment of two new independent directors and preparations for Chair succession in FY2024/25. New Director appointees brought significant governance experience and skills to the HBRIC Board table.</p>	
4 HBRIC Ltd's process for the selection and appointment of directors to the boards of subsidiary and monitored companies is rigorous and impartial.	<p>The process followed for each appointment to a subsidiary or monitored company board is transparent, fully documented and in line with Council's approved policies and procedures.</p>	<p>Satisfied. Matters relating to Director appointments on subsidiary boards were discussed at HBRIC Ltd board meetings throughout the year.</p>	<p>Satisfied. Matters relating to Director appointments on subsidiary boards were discussed at HBRIC Ltd board meetings throughout the year.</p>

Objective	Performance Measure	2024 Performance	2023 Performance
5 Subsidiary companies complete (as appropriate), on a timely basis, Statement of Intent that meets best practice standards.	HBRIC Ltd will engage with applicable subsidiary companies prior to the Sol round in each year regarding the structure and content of the Sol's. In each year, subsidiary companies (as appropriate) submit draft Statements of Intent to HBRIC Ltd in sufficient time for HBRIC Ltd to submit a Final SOI by 30 June. HBRIC Ltd will review Statements of Intent and respond to subsidiaries and make recommendations to Council, including on any material changes that are proposed, within six weeks of receipt.	Satisfied. Sol for Foodeast was received by HBRIC on 9 April 2024 and chair responded back to Foodeast at their Partners meeting . A Sol was not required under section 71A of Local Government Act 2002 for NPHL.	Satisfied. Sol for Foodeast submitted to Council 28/3/23. An Sol was not required under section 71A of Local Government Act 2002 for NPHL.
6 Subsidiary companies that are CCTO's comply with the Local Government Act's requirements that their principal objectives be:  <ul style="list-style-type: none"> <li>◦ achieving the objectives of its shareholders as set out in the Sol.</li> <li>◦ be a good employer.</li> <li>◦ exhibit a sense of social and environmental responsibility, and</li> <li>◦ conducting their affairs in accordance with sound business practices.</li> </ul>	HBRIC Ltd will review the companies' performance in the context of these statutorily required objectives.	HBRIC Ltd receives regular investor updates published by the Port of Napier Ltd, financial reports from Foodeast and monitors other responsibilities through the commercial manager.	HBRIC Ltd receives regular investor updates published by the Port of Napier Ltd, financial reports from Foodeast and monitors other responsibilities through the commercial manager.

### Group Strategic, Financial and Sustainability Objectives

Objective	Performance Measure	2024 Performance	2023 Performance
1 Subsidiary companies adopt strategies that are compatible with the strategic direction of HBRIC Ltd and Council.	HBRIC Ltd will engage with subsidiary companies prior to the Sol round regarding key shareholder strategies and subsequently review their Sol's for compatibility with those strategies. There are currently not applicable subsidiaries.	Satisfied. HBRIC Ltd reviewed and approved the Foodeast Sol. This was performed outside their meeting schedule.	Satisfied. HBRIC Ltd reviewed and approved Foodeast Sol at their Board meeting on 27 March 2023.
2 Subsidiary companies adopt strategies that contribute to Regional Growth.	HBRIC Ltd will encourage subsidiary companies to seek opportunities that are both commercially sound and are capable of enhancing regional growth, and actively engage with them with regard to specific opportunities that may arise.	Satisfied. Napier Port continues on to focus on increase trade growth as the region recovers from Cyclone Gabrielle. Foodeast investment is centered around regional growth through collaboration and technology.	Satisfied. Napier Port continues on to focus on increase trade growth as the region recovers from Cyclone Gabrielle. Foodeast investment is centered around regional growth through collaboration and technology.

## Parent company financial objectives

Objective	Performance Measure	2024 Performance	2023 Performance
1 HBRIC Ltd distribution performance meets the shareholder's expectations.	HBRIC Ltd pays a dividend for the financial year that meets or exceeds the forecast dividend and achieves the other budgeted key performance measures set out in its statement of service performance.	Not Satisfied. Actual \$7.205m. Cyclone Gabrielle recovery continues to affect revenue from the Port and to the Company's shareholders. In the 2024/25 year following a review of its investment assets Council re-set its future dividend expectations to more sustainable levels.	Not Satisfied. Actual \$6.87m. Cyclone Gabrielle impacted revenue from the Port and on-flowed to the Company's shareholders.
2 HBRIC Ltd's investments provide an appropriate return in relation to their business risk, and against external benchmarks.	HBRIC Ltd will periodically review the performance of subsidiary companies and other investments against external benchmarks and assess the value of the investment in the individual company in relation to its inherent business risk and community benefits.	Satisfied. HBRIC and the Council are currently undertaking a complete review of all group assets and will develop new benchmarks during this process	Not Satisfied. HBRIC and the Council are currently reviewing their investment strategy and updating benchmarks.

## Ratio of Shareholder's Funds to Total Assets

<b>Parents Company</b>	<b>Target 23/24</b>	<b>Performance 23/24</b>	<b>Target 22/23</b>	<b>Performance 22/23</b>
Shareholder's funds* / total assets	>75%	100%	> 75%	100%
Net debt (\$m)	Up to \$20m	Nil	Up to \$20m	Nil
Shareholders' funds* (\$000)	460,000	344,449	450,000	350,570

The estimated figures above reflect the 30 June positions of their respective years and take into account changes to asset values due to revaluations. HBRIC Ltd will keep council informed of performance against targets on a timely basis.

*\* Shareholders funds are defined as the sum of paid-up capital, capital reserves and revenue reserves of the parent company. Total assets are defined as the total book value of all assets of the parent company as disclosed in the statement of financial position.*

## INDEPENDENT AUDITOR'S REPORT

### TO THE READERS OF HAWKES BAY REGIONAL INVESTMENT COMPANY LIMITED'S GROUP FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2024

The Auditor-General is the auditor of Hawkes Bay Regional Investment Company Limited and its controlled entities (collectively referred to as 'the Group'). The Auditor-General has appointed me, David Borrie, using the staff and resources of Ernst & Young, to carry out the audit of the financial statements and the performance information of the Group, on his behalf.

#### Opinion

We have audited:

- the financial statements of the Group on pages 9 to 50, that comprise the statement of financial position as at 30 June 2024, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Group on pages 51 to 55.

In our opinion:

- the financial statements of the Group:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2024; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand equivalents to International Financial Reporting Standards; and
- the performance information of the Group presents fairly, in all material respects, the Group's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Group's objectives for the year ended 30 June 2024.

Our audit was completed on 30 September 2024. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.



## **Basis for our opinion**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Responsibilities of the Board of Directors for the financial statements and the performance information**

The Board of Directors is responsible on behalf of the Group for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for the Group.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the Group for assessing the Group's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

## **Responsibilities of the auditor for the audit of the financial statements and the performance information**

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the performance information, our procedures were limited to checking that the information agreed to the Group's statement of intent.



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

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the Group's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements and the performance information of the entities or business activities within the Group to express an opinion on the consolidated financial statements and the consolidated performance information. We are responsible solely for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify in our audit.

Our responsibilities arise from the Public Audit Act 2001.

### **Other information**

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 1 to 8, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information 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 financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information 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 the fact. We have nothing to report in this regard.

### **Independence**

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 (including International Independence Standards) (New Zealand) (PES 1)* issued by New Zealand Auditing and Assurance Standards Board.

Other than the audit we perform agreed upon procedures for the Group relating to vote scrutineering. Other than these procedures, we have no relationship with, or interests in, the Group.

A handwritten signature in dark blue ink, appearing to read 'D. Borrie', with a horizontal line extending to the right.

David Borrie  
Ernst & Young  
Chartered Accountants  
On behalf of the Auditor-General  
Wellington, New Zealand