Port Investments Limited
Financial Statements
for the year ended 30 June 2019

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Directors	**Appointed**
S H Sharif (Retired 7 December 2018)	19 August 2015
P M Lamason (Chairperson)	23 November 2010
B H Donaldson	11 December 2013
R W G Blakeley	14 December 2016
I D McKinnon	14 December 2016
N O Leggett	12 October 2017
H M Mexted	24 June 2019
N S W Ward	24 June 2019

Registered office

Shed 39, 2 Fryatt Quay,
Pipitea, Wellington 6011

Auditor

Jacques Coetzee
Audit New Zealand
On behalf of the Auditor-General

Bankers

ANZ Bank New Zealand Ltd

Directors' report

The Directors have pleasure in submitting their Annual Report including the financial statements of Port Investments Limited and its subsidiaries (the Group) for the year ended 30 June 2019.

Principal Activities

Port Investments Limited (the Company) is a council controlled trading organisation owned by WRC Holdings limited. Wellington Regional Council owns 100% of WRC Holdings limited. The Group consists of Port Investments Limited and a 76.9% owned subsidiary CentrePort Limited.

CentrePort owns and operates the Port of Wellington and related facilities at Seaview.

The Group's primary objectives

Own Wellington Regional Council's interest in CentrePort Limited, to maximise the commercial value of CentrePort Limited to the shareholders and to protect the shareholders' investment, including land and property, while maintaining CentrePort's strategic value to the economy of the region.

Be the Port of choice for Central New Zealand Shipping & Cargo.

Operate as a safe, sustainable and responsible business with due regard to community and environmental interests.

The financial objectives of the Group

Deliver financial returns comparable with industry benchmarks, port and comparable sectors.

Adopt policies that prudently manage risk and protect the investment of shareholders.

Health & Safety workplace objectives of the Group

Create a zero harm workplace.

Maintain compliance with international ship and port security code.

The environmental and sustainability objectives of the Group shall be to:

Operate in a sustainable manner.

Minimise our impact on the environment.

Ensure regulatory compliance.

Develop a culture of awareness and responsibility.

Engage with stakeholders on environmental matters.

The social objectives of the Group

The social objectives of CentrePort are to be socially responsible and have a positive and sustainable impact on the regional economy and community with due regard for key stakeholders by:

Building awareness of the value and contribution of its activities to the local economy.

Participating in and encouraging selected community activities.

Consulting with employees, stakeholders and community where appropriate.

The nature and scope of activities undertaken by the group are consistent with those set in the 2018/19 Statement of Intent of WRC Holdings and Wellington Regional Council's Long Term Plan.

STATEMENT OF SERVICE PERFORMANCE

FINANCIAL PERFORMANCE TARGETS - CENTREPORT LIMITED AND PORT INVESTMENTS

	Actual 2019 $'000	**Target 2019 $'000**	Actual 2018 $'000
CentrePort Limited			
Net profit before tax	**18,600**	**21,900**	15,200
Net profit after tax (1)	**16,600**	**17,100**	11,800
Return on total assets (2)	**8.8%**	**8.5%**	6.0%
Return on equity (3)	**6.2%**	**6.7%**	5.5%
Dividend as a % of underlying net profit after tax before earthquake impacts and changes in fair value	**24.1%**	**23%**	16.9%
Underlying net profit after tax before earthquake impacts and changes in fair value per share	**0.71**	**0.73**	0.51
Dividend	**4,000**	**4,000**	2,000
Dividend per share	**0.17**	**0.17**	0.09
Net assets per share	**12.95**	**12.95**	10.01
Port Investments - Parent			
Dividend Distribution - Port Investments - Parent	**1,900**	**1,644**	-
Dividend Distribution % - Port Investments - Parent	**98.0%**	**100.0%**	- %
Return on equity - Port Investments - Parent (4)	**72.0%**	**62.0%**	18.8%
Return on assets - Port Investments - Parent (5)	**6.3%**	**6.3%**	1.0%
Shareholders' funds to total assets	**5.6%**	**5.4%**	5.2%

(1) Underlying net profit after tax before earthquake impacts and changes in fair value includes abnormal Items. Excluding abnormal items this is $18.5m (2018: $11.7m).
(2) Return on assets = earnings before interest, tax, earthquake impacts, and changes in fair value divided by the average opening and closing non-current assets.
(3) Return on equity = underlying net profit after tax before earthquake impacts and changes in fair value divided by the average opening and closing total equity.
(4) Based on net surplus before tax divided by average equity, but excluding revaluation gains and losses.
(5) Based on earnings before interest and tax divided by average assets.

The Statement of Corporate Intent (SCI) targets are from the SCI for the financial years ended 30 June 2019 to 2021 which was approved for issue in May 2018.

PIL - Operational Performance targets

Port Investments to act as a responsible and inquiring Shareholder of CentrePort.

Port Investments Board meet with CentrePort Chair, CEO & CFO more than the scheduled 4 times per year. The Chairs of Port Investments and CentrePort regularly meeting to discuss progress around the Port's recovery from the November 2016 Earthquake and matters in relation to the statement of Intent.

CentrePort to report at least four times a year to Port Investments and for the Board to approve significant transactions of CentrePort as determined by the constitution.

CentrePort Chair, CEO and CFO meet with the Port Investments during the year to receive financial updates and progress on the Port and Property performance. There were no significant transactions requiring approval during the year.

Production of Annual Accounts is in compliance with statutory requirements.

The annual accounts were in compliance with section 67(1) of the Local Government Act 2002 which requires the annual report to be completed within three months after the end of the financial year.

SAFETY AND SECURITY PERFORMANCE TARGETS - CENTREPORT LIMITED

Objective	Performance measure	Performance target FY19	Performance target Q4 and FY19
Year on year improvement towards zero harm	Lost Time Injury Frequency (per 200,000 hours worked)	≤3.5	Q4 LTIFR 3.00 12 month rolling LTIFR 2.48
	Lost Time Injury Severity Rate	≤10	Q4 LTISR 7.0 12 month rolling LTISR 13.83
	Site Inspections	>120	Q4 59 site inspections FY19 191 site inspections
	Safety Interactions	>120	Q4 48 safety interactions FY19 161 safety interactions
	Random Drug and Alcohol Testing (as a percentage of total employees)	>40%	Drug and alcohol testing was carried out every month above the target level
	bSafe Reports (incident and near miss reports)	>900	Q3 319 bSafe reports FY19 1,194 bSafe reports
Comply with the AS/NZS 4801: Occupational Health and Safety Management Systems	AS/NZS 4801 audit completed in alternate years to WSMP	Compliance with AS/NZS 4801	Health & Safety systems are all fit for purpose and comply with AS/NZS 4801
Maintain a Health and Safety Policy that leads our zero harm aspiration and actions	Policy reviewed annually against CentrePorts objectives and external benchmarks	Compliance with Policy	H&S policy and tier 1 documents have been reviewed and strategy aligns with CentrePort values and vision
Maintain and promote excellence in Marine Operations consistent with the Port & Harbour Safety Code (PHSC)	The requirements of the PHSC continue to be met	No breaches of the PHSC	No breaches of the PHSC
	Risk assessments of new tasks or reviews post incident completed	All new task risk assessments and post incident reviews complete	All new tasks and any changes to current workflows have adequate risk assessment prior to any changes
Maintain compliance with the International Ship & Port Security (ISPS) Code	Compliance is maintained, all incidents are reported to MNZ and NZ Customs Service, and learning reviews are undertaken and recommendations implemented	Compliance Maintained	Compliance with the ISPS maintained. All reportable incidents reported to the correct regulatory body

ENVIRONMENTAL PERFORMANCE TARGETS

Objective	Performance measure	Performance target FY19	Performance target Q4 and FY19 Outcome
Ensure regulatory compliance	Compliance breaches	Zero	No compliance beaches in Q4. Operational compliance including biosecurity and stormwater management were a focus in Q4. A successful 'Port of First Arrival' (biosecurity) audit by MPI was completed. Significant improvements were achieved in debris and dust management. Environmental management of infrastructure projects on port and at hub locations is ongoing. Regular engagement with regulatory authorities and weekly assurance inspections are continuing.
Minimise risk to the environment	System: consistency with ISO14001	Audit and completion of first stage certification (note 1 below)	EnviroMark certification audit held on 30th and 31st July 2019. CPL subsequently informed the Gold certification achieved.
	Incidents: number of registered environmental incidents(FY2015 baseline – 32)	Minimum 15% decrease from baseline	Eight reported environment incidents in Q4. No notifiable incidents. FY19 41 incidents were reported in the year. This is above the FY15 baseline but reflects the post-earthquake conditions including damaged storm water drains and higher activity levels.
	Complaints: number of complaints from external stakeholders about environmental performance	Zero	One public complaint received regarding noise from scrap ship loading at Aotea Quay (resulted in further review of operational controls). Noise management for significant projects such as Kings Wharf resilience works (stone column and piling) and the demolition of former BNZ building has been a focus. Three public complaints received in FY19 for port operational noise at night.
Realise opportunities to be more sustainable	Greenhouse gas emissions (quantity CO2 equivalent) emissions measured in accordance with ISO 14064 – 1:2006 and the Greenhouse Gas Protocol.	Meet targets identified in Emissions Management Plan	Progress is being made on a range of carbon reduction initiatives such as fuel transition (e.g. biofuels), electrification, energy efficiency, waste minimisation and increased use of rail.
	Ozone depleting substances used (quantity methyl bromide released to atmosphere)	100% recapture	100% recapture for the period.

	Solid waste to landfill (quantity)	Waste minimisation integrated into EQ recovery projects	Significant quantities of waste continue to be reused in resilience and regeneration projects e.g. Hinemoa Street access improvements. Preparations underway for further reuse of demolition waste from CESCO House and former BNZ building. Total demolition waste concrete volumes over 25,000m3. Office and kitchen waste minimisation scheme implemented. CentrePort is a finalist in the Wellington Gold awards for waste minimisation efforts.
Improve stakeholder relations	Environmental Consultative Committee meeting frequency	At least three per annum	No meeting held in Q4 due to unavailability of external members. Next meeting scheduled for 8 August. Engagement with external stakeholders occurred via other channels e.g. Sanctuary to Sea Project and through direct contact at project level.
	Iwi engagement	Pre lodgement consultation undertaken for 100% of resource consent applications	Achieved.
	Transparency	Performance against targets reported in Annual Report	2019 Annual Report includes coverage of environmental performance.
Develop a culture of awareness and responsibility	Board sub-committee (Health Safety and Environment) meeting frequency	At least four per annum	Meeting held in May 2019. Next meeting scheduled for September 2019.
	Internal "sustainability subcommittee" meeting frequency	At least three per annum	Health Safety & Environment committee meetings held six weekly.

Notes: 1. Based on a three stage certification process to achieve ISO 14001 (using EnviroMark or similar)

Regeneration Measures

Objective	Performance measure	Performance target FY19	
		FY19	*Q4 and FY 19*
Planning supports the appropriate regeneration and growth of the port	Planning completed on time and with input from key stakeholders	Medium Term Operating Plan finalised in full by Dec 2018 Port Regeneration Plan developed by Jun 2019	Medium Term Plan adopted and workstreams progressing for implementation. New main gate entrance works commenced. Regeneration Plan delayed due to insurance claim status, as advised in April 2019. Core elements of the Regeneration Plan are progressing.
Infrastructure restoration and challenge	Demolition programme on target as contained in Medium Term Operating Plan	On target	15 buildings in total demolished. BNZ deconstruction (stage 1 strip-out) commenced, with Shed 19 complete. Enabling works commenced on both Central Group and remainder of Shed 51 to enable hard demolition.
	Natural hazard resilience programme developed	Performance standards determined Sea level rise adaptation strategy developed Results fed into Port Regeneration Plan	Awaiting further testing to refine ground information/modelling. Information certain enough to drive medium-term resilience profile and longer term spatial layouts/infrastructure.
	Restoration of buildings on target as contained in Medium Term Operating Plan	On target	Shed 39 ground floor works 70% complete by 30 June 2019.
	Traffic and pedestrian management solutions on target as contained in Medium Term Operating Plan	On target	Hinemoa Street upgrade to allow main gate alignment commenced, along with former Shed 35 land remediation in Q4 FY19. Target for commencement in Q3 FY20. Pedestrian movements to be rationalised.

General Performance Target

Objective	Progress Update
The company will, in consultation with the shareholders, continue to develop performance targets in the financial, environmental and social areas.	Performance targets are reviewed and agreed in the development of the Statement of Intent.
CentrePort will report achievement against the above targets in the quarterly reports to shareholders and the annual report. The report will include specific initiatives to enhance the environment in which we operate.	Quarterly reporting has been scheduled with the shareholders.
CentrePort will also report in its quarterly report to shareholders the company's strategy when it is completed with quarterly updates of any amendments to the strategy.	Quarterly reporting has been scheduled with the shareholders.

Social Performance Targets

Objective	Performance measure	Performance target FY19	FY19 Outcome
Make a positive social contribution	Contribute to the desired outcome of the Wellington Regional Strategy	Provision of workplace opportunities and skills enhancements of employees.	As at 30 June 2019, CentrePort directly employs 242 staff. BERL estimate that CentrePort indirectly supports 26,300 jobs throughout central New Zealand.
		Ensuring the regional economy is connected by the provision of high quality port services to support international and coastal trade.	BERL estimate that CentrePort enables $4.2bn of New Zealand's Gross Domestic Product.
		Collaborating with key partners to improve service outcomes.	CentrePort in partnership with KiwiRail, provide the CentreRail service linking hubs located in Taranaki, Whanganui, Palmerston North, the Wairarapa and Marlborough to the port in Wellington. The CentreRail service provides a cost effective service for exporters and importers by connecting Central New Zealand with global markets. CentrePort is actively working to expand the capacity and range of services at some existing locations, along with develop new locations.
	Support the regional community	Investing in community sponsorship and engaging in community activities to enhance relationships.	CentrePort made $102,059 of donations during the year
	Develop enduring relationships	Undertake regular meetings with representative community groups.	During the year CentrePort supported a range of community cultural, sporting and business activities including Export New Zealand Export Awards, the Royal Port Nicholson Yacht Club's International Youth Match Racing Regatta, the Waterbourne water sports festival beach clean up event, and the Whanganui Regional Business Awards.

Remuneration of directors of the Parent Company

Details of Directors' remuneration are as follows:

	2019 $'000	2018 $'000
S H Sharif (Retired)	6	11
P M Lamason (Chairperson)	-	-
R W G Blakeley	-	-
N S W Ward	-	-
B H Donaldson	-	-
I D McKinnon	-	-
N O Leggett	6	5
H M Mexted	-	-
	12	16

Relevant entries in the interests register

Disclosure of interests by Directors for the year ended 30 June 2019:

S H Sharif (Retired 7 December 2019)

Flirtey Limited (Director)

Coastal Oil Logistics Ltd (Independent advisor)

Greater Wellington Rail Limited (Director)

WRC Holdings Limited (Director)

Animal Control Products Limited (Director)

NZ Standards Board Approval Board (Member)

Motor Trades Association Group Inc (Director)

NZ Institute of Safety Management Inc (Member of Advisory Board)

MTA Group Investments Limited (Director)

Everest Enterprises Lmited (Director and shareholder)

P M Lamason

Wellington Regional Council (Councillor)

Hutt Mana Charitable Trust (Deputy Chair and Trustee)

Hutt Valley District Health Board (Member)

Greater Wellington Rail Limited (Director)

WRC Holdings Limited (Director)

B H Donaldson

Wellington Regional Council (Councillor)

Greater Wellington Rail Limited (Director)

WRC Holdings Limited (Director)

R W G Blakeley

Wellington Regional Council (Councillor)

Greater Wellington Rail (Director)

WRC Holdings Limited (Director)

Capital and Coast District Health Board (Member)

I D McKinnon

Wellington Regional Council (Councillor)

Greater Wellington Rail Limited (Director)

WRC Holdings Limited (Director)

Wellington Regional Council (Councillor)

N O Leggett

WRC Holdings Limited (Director)

Greater Wellington Rail Limited (Director)

NZ Alcohol Beverages Council (Executive Director)

Spark Foundation (Board Member)

Hutt Mana Charitable Trust (Trustee)

MITO Industry Training (Director)

Road Transport Forum (Chief Executive)

H M Mexted

Greater Wellington Rail Limited (Director)

New Zealand Walking Access Commission (Board Member)

Ministry of Social Development (General manager Communications and Engagement)

N S W Ward

WRC Holdings Limited (Director)

Greater Wellington Rail Limited (Director)

Youth Hostel Association (Director)

St John of God Hauora Trust (Board Member)

Directors' interest register

Directors have had no interest in any transaction or proposed transactions with the Group.

Directors' insurance

The Company has arranged Directors' and Officers' Liability insurance cover to indemnify the Directors against loss as a result of actions undertaken by them as directors and employees respectively, provided they operate within the law. This disclosure is made in terms of section 162 of the Companies Act 1993.

Directors' use of company information

The Board received no notices during the year from Directors requesting use of company information received in their capacity as Directors which would not have otherwise been available to them.

Remuneration of Employees

Port Investments Limited has no employees. The Group comprising CentrePort Limited and its subsidiaries who received remuneration and other benefits in excess of $100,000 is tabulated below:

	Number of current employees
$100,001 - $110,000	**25**
$110,001 - $120,000	**29**
$120,001 - $130,000	**16**
$130,001 - $140,000	**10**
$140,001 - $150,000	**4**
$150,001 - $160,000	**3**
$160,001 - $170,000	**5**
$170,001 - $180,000	**3**
$180,001 - $190,000	**1**
$190,001 - $200,000	**2**
$200,001 - $210,000	**1**
$210,001 - $220,000	**3**
$220,001 - $230,000	**4**
$240,001 - $250,000	**2**
$250,001 - $260,000	**1**
$260,001 - $270,000	**1**
$290,001 - $300,000	**2**
$320,001 - $330,000	**1**
$340,001 - $350,000	**1**
$350,001 - $360,000	**2**
$400,001 - $410,000	**1**
$650,001 - $660,000	**1**
	118

Auditor

The Auditor-General is the appointed auditor in accordance with section 15 of the Public Audit Act 2001 and section 70 of the Local Government Act 2002. The Auditor-General has appointed Jacques Coetzee of Audit New Zealand to undertake the audit.

For, and on behalf of, the Board of Directors

Director

September 26, 2019

Director

September 26, 2019

Port Investments Limited
Statement of Comprehensive Income
For the year ended 30 June 2019

	Notes	Group 2019 $'000	Group 2018 $'000	Parent 2019 $'000	Parent 2018 $'000
CONTINUING OPERATIONS					
Revenue from Contracts with Customers	3	**67,579**	56,889	**3,077**	1,538
Other Revenue	3	**17,119**	16,954	**59**	43
Operating Revenue		**84,698**	73,843	**3,136**	1,581
Share of associate profit accounted for using the equity method	3	**10,220**	22,999	**-**	-
TOTAL INCOME		**94,918**	96,842	**3,136**	1,581
Earthquake related items					
Temporary works expenditure	4	**(24,220)**	(33,628)	**-**	-
Impairment of assets	4	**(3,271)**	(2,596)	**-**	-
Earthquake costs	4	**(2,174)**	-	**-**	-
Net insurance recovery	4	**90,382**	55,583	**-**	-
Gain / (loss) in fair value movements					
Net gain on disposal of property, plant and equipment	3	**(1,814)**	(32)	**-**	-
Fair value (loss)/gain on financial instruments	3	**-**	8,778	**-**	-
Fair value (loss) / gain on revaluation of Investment property	3	**1,021**	(826)	**-**	-
EXPENDITURE					
Expenses, excluding finance costs	3	**(80,788)**	(69,187)	**(114)**	(129)
Interest paid	3	**(608)**	(12,381)	**(1,084)**	(996)
Total expenses		**(81,396)**	(81,568)	**(1,198)**	(1,125)
(Deficit) / surplus before income tax and subvention payment		**73,446**	42,553	**1,938**	456
Income tax (expense)	5	**(1,336)**	(5,581)	**-**	-
NET (DEFICIT) / SURPLUS FOR THE YEAR		**72,110**	36,972	**1,938**	456
Total comprehensive income for the year is attributable to:					
Owners of Port Investments Limited		**55,262**	28,172		
Non-controlling interest		**16,848**	8,800		
		72,110	36,972		

Group	Notes	Attributable to equity holders of the Company: Revaluation Reserve $'000	Attributable to equity holders of the Company: Retained earnings $'000	Non-controlling interest $'000	Total equity $'000
Balance as at 1 July 2017		6,615	106,993	45,771	159,379
Total Comprehensive Income for the Year		-	28,172	8,800	36,972
Dividends		-	-	(461)	(461)
Balance as at 30 June 2018		6,615	135,165	54,110	195,890

Group	Notes	Attributable to equity holders of the Company: Share Capital $'000	Attributable to equity holders of the Company: Retained earnings $'000	Non-controlling interest $'000	Total equity $'000
Balance as at 1 July 2018		6,615	135,165	54,110	195,890
Total Comprehensive Income for the Year		-	55,262	16,848	72,110
Dividends		-	(1,900)	(924)	(2,824)
Balance as at 30 June 2019		6,615	188,527	70,034	265,176

Parent	Notes	Attributable to equity holders of the Company: Share Capital $'000	Attributable to equity holders of the Company: Retained earnings $'000	Total $'000
Balance as at Balance as at 01 July 2017		-	2,203	2,203
Comprehensive Income for the year		-	456	456
Balance as at 30 June 2018		-	2,659	2,659

Parent	Attributable to equity holders of the Company: Share Capital $'000	Attributable to equity holders of the Company: Retained earnings $'000	Total $'000
Balance as at 1 July 2018	-	2,659	2,659
Comprehensive Income for the Year	-	1,938	1,938
Dividends	-	(1,900)	(1,900)
Balance as at 30 June 2019	-	2,697	2,697

	Notes	Group 2019 $'000	Group 2018 $'000	Parent 2019 $'000	Parent 2018 $'000
ASSETS					
Current assets					
Cash and cash equivalents	7	**91,725**	2,309	**1**	1
Trade and other receivables	6	**10,555**	9,068	**-**	-
Inventories	8	**1,832**	1,351	**-**	-
Insurance receivable	4	**50,000**	59,268	**-**	-
Current accounts		**3,564**	3,281	**3,564**	3,281
Total current assets		**157,676**	75,277	**3,565**	3,282
Non-current assets					
Property, plant and equipment	9	**126,897**	126,339	**-**	-
Intangible assets	10	**3,077**	3,053	**-**	-
Investments in subsidiaries	11	**-**	-	**44,000**	44,000
Investments in joint ventures	12	**(190)**	74,584	**-**	-
Investment properties	14	**62,453**	18,180	**-**	-
Total non-current assets		**192,237**	222,156	**44,000**	44,000
Total assets		**349,913**	297,433	**47,565**	47,282
LIABILITIES					
Current liabilities					
Trade and other payables	16	**14,263**	10,225	**241**	84
Borrowings	17	**-**	22,040	**-**	-
Current tax liability		**2,821**	-	**-**	-
Provision for employee entitlements	18	**3,695**	3,523	**-**	-
Current accounts		**628**	539	**628**	539
Other financial liabilities	21	**-**	-	**-**	-
Total current liabilities		**21,407**	36,327	**869**	623
Non-current liabilities					
Borrowings	17	**44,000**	44,000	**44,000**	44,000
Provision for employee entitlements	18	**282**	645	**-**	-
Deferred tax liabilities	15	**19,047**	20,571	**-**	-
Other financial liabilities	21	**-**	-	**-**	-
Total non-current liabilities		**63,329**	65,216	**44,000**	44,000
Total liabilities		**84,736**	101,543	**44,869**	44,623
Net assets		**265,177**	195,890	**2,696**	2,659
EQUITY					
Reserves		**6,615**	6,615	**-**	-
Retained earnings		**188,528**	135,165	**2,696**	2,659
Non-controlling interest	19	**70,034**	54,110	**-**	-
Total equity		**265,177**	195,890	**2,696**	2,659

Director

26 September, 2019

Director

26 September, 2019

	Notes	Group 2019 $'000	Group 2018 $'000	Parent 2019 $'000	Parent 2018 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash was provided from:					
Receipts from customers		**84,457**	71,374	**-**	-
Dividend income received		**-**	500	**3,078**	1,538
Interest received		866	88	**59**	43
Taxation refund		**-**	1,535	**-**	-
Business interruption -temporary Work		**24,220**	33,628	**-**	-
Business interruption - loss of rentals		**6,622**	8,477	**-**	-
		116,165	115,602	**3,137**	1,581
Cash was disbursed to:					
Payments to suppliers and employees		(75,822)	(58,924)	**(125)**	(114)
Income taxation paid		**(123)**	-	**-**	-
Tax transfer from SPV's		**(966)**	-	**-**	-
Temporary work		**(22,740)**	(36,678)	**-**	-
Termination of interest rate swaps		**-**	(9,543)	**-**	-
Interest paid		(1,483)	(3,011)	**(916)**	(996)
NET CASH FLOWS FROM OPERATING ACTIVITIES	20	15,031	7,446	**2,096**	471
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash was provided from:	13				
Earthquake insurance payment received		**68,808**	16,895	-	-
Cash balance from acquired joint venture		**47,944**	16,758	-	-
Sale of property, plant & equipment		**459**	229	-	-
Cash was applied to:					
Purchase of property, plant & equipment		**(7,757)**	(7,651)	-	-
Development of investment properties		**(2,636)**	(2,707)	-	-
Earthquake capital expenditure		**(8,263)**	(6,141)	-	-
Other transfers		**885**	(90)	-	-
Acquisition of joint venture		**-**	(7,750)	-	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		**99,440**	9,543	**-**	-
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash was applied to:					
Dividends paid to shareholders		(2,823)	(462)	-	-
Repayment of bank borrowings		**(18,000)**	(18,000)	-	-
Movement in current account - wellington regional council and wellington regional council holdings limited		**(195)**	(471)	**(2,096)**	(471)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(21,018)**	(18,933)	**(2,096)**	(471)
Net increase/(decrease) in cash, cash equivalents & bank overdraft at year end		**93,453**	(1,944)	**-**	-
Opening cash, cash equivalents/(overdraft)		**(1,728)**	216	**1**	1
CASH, CASH EQUIVALENTS & BANK OVERDRAFT AT YEAR END	7	**91,725**	(1,728)	**1**	1

1 Statement of compliance

The "Group" consists of Port Investments Limited and its 76.9% subsidiary CentrePort Limited. Port Investments Limited (the Company) is a council controlled trading organisation owned by WRC Holdings limited. Wellington Regional Council owns 100% of WRC Holdings limited. They are profit-oriented entities incorporated in New Zealand.

The financial statements are presented in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 2013 and the Local Government Act 2002 and New Zealand Generally Accepted Accounting Practices (NZ GAAP).

These financial statements are prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). They comply with International Financial Reporting Standards ('IFRS') and other applicable financial reporting standards as appropriate for profit-oriented entities. New Zealand equivalent is NZIFRS.

Unless otherwise stated, all amounts are rounded to $000 and are expressed in New Zealand currency.

The Financial Statements were authorised for issue by Port Investment Limited on 26 September 2019.

2 Summary of significant accounting policies

(a) Basis of preparation

The financial statements have been prepared on the basis of historical cost except for the revaluation of operational port freehold land, investment properties and financial instruments as outlined below.

Cost is based on the fair value of the consideration given in exchange for assets.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2019. The comparative information presented in these financial statements is for the year ended 30 June 2018.

The group adopted NZ IFRS 15 (revenue from contracts with customers). This resulted in disclosures and new policy changes but no numerical restatements.

Specific accounting policies

The specific accounting policies adopted in the preparation of these financial statements, which materially affect the measurement of the statement of comprehensive income, statement of movements in equity, statement of financial position and statement of cash flows are set out below:

(b) Critical accounting estimates and judgements

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Detailed information about each of these estimates and judgements is included in the notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving significant estimates or judgements are:

Revenue recognition relating to insurance revenue from the Port insurance claim (note 4)

Fair value of Port land (note 9) and investment property (note 14)

Impairment of Port assets held at cost (note 9)

Income tax calculations (note 5)

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Parent and entities (including structured entities) controlled by the Parent (its subsidiaries). Control is achieved when the Parent is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through it's power over the investee.

The results, assets, and liabilities of joint ventures are incorporated into these financial statements using the equity method.

(d) Statement of cash flows

The following are the definitions used in the statement of cash flows:

(a) Cash and cash equivalents comprise cash on hand, cash in banks and investment in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within cash.

(b) Investing activities are those activities relating to the acquisition and disposal of Property, Plant & Equipment, Investment Property, Intangible Assets and Joint Ventures. Investments include securities not falling within the definition of cash.

(c) Financing activities are those activities that result in the changes in size and composition of the capital structure of the Group. This includes both equity and debt not falling within the definition of cash. Dividends paid in relation to capital structure are included in financing activities.

(d) Operating activities comprise the principal revenue-producing activities of the group and other activities that are not considered to be investing or financing activities.

(e) Revenue recognition

The Group's accounting policies for its revenue streams are disclosed in detail below.

(i) Revenue from Port Operations

The Group receives revenue from contracts with customers from its port operations.

Performance obligations and timing of revenue

The majority of revenue from Port Operations is from services provided by the Group to its customers including wharfage, stevedoring, and marine services. Revenue is recognised as the services are delivered over time. On partially completed contracts revenue is recognised based on the stage of completion of the service using the output method. For partially completed wharfage and stevedoring services revenue is recognised based on the quantity of goods moved across the Port out of the total required to be moved (i.e. an output method). This is considered a faithful depiction of revenue as wharfage contracts are typically for the movement of a set quantity of goods across the Port. For partially completed marine services revenue is recognised as the number of times the vessel has been brought into and out of the Port out of the required total. This is considered a faithful depiction as marine service contracts are to bring a vessel in and out of the Port a set number of times. Payment for services rendered is due upon completion of the contracted service.

Determining the transaction price

Most of CentrePort's revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by references to those fixed prices.

Some contracts provide customers with rebates based on volumes of goods moved across the port. Historical experience enables the Group to estimate reliably the value of rebates that will be earned and restrict the amount of revenue that is recognised such that it is highly probable that there will not be a reversal of previously recognised revenue when rebates are provided.

Allocating amounts to performance obligations

For all contracts there is a fixed unit price for each service provided. Therefore there is no judgment involved in allocating the contract price as the contract price is the fixed price multiplied by the quantity of services provided. Where a customer orders more than one type of service the Group is able to determine the split of the total contract price between each service by reference to the services standalone selling price.

Incremental costs of obtaining and fulfilling a contract

The costs of obtaining and fulfilling a contract are recognised as an expense when incurred. These costs do not result in the recognition of a separate asset as all contracts are service contracts where revenue is recognised over time by reference to the stage of completion using the output method.

Practical expedients

Based on the above the Group will apply practical expedient B16 as it considers that its right to consideration for services performed corresponds directly with the amount of services performed by the Group to date. Therefore the Group recognises revenue at the amount to which it has a right to invoice.

(ii) **Other Revenue**

Other revenue is made up of rental income from leases that is recognised in accordance with NZ IAS 17. This is recognised on a straight-line basis over the term of the relevant lease.

(iii) **Dividend and Interest Revenue**

Dividend revenue from investments is recognised on a receivable basis. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(iv) **Disaggregation of Revenue**

All of the Groups revenue from Contracts with Customers relate to Port Operations.

(f) Property, plant and equipment

The Group has five classes of property, plant and equipment:

Operational port freehold land
Buildings
Wharves and paving
Cranes and floating equipment
Plant, vehicles and equipment

Operational Port Land is stated at fair value at the date of revaluation less any subsequent impairment losses. Fair value is determined by reference to the highest and best use of land as determined by the independent valuer. Operational Port Land was last independently valued by Bayley's, a registered valuer, on 30 June 2017. The Directors are satisfied that there has not been a material movement in the fair value as at 30 June 2019.

The fair value of Operational Port Land is recognised in the financial statements of the Group and reviewed at the end of each reporting period to ensure that the carrying value of land is not materially different from its fair value. Any revaluation increase of Operational Port Land is recognised in other comprehensive income and accumulated as a separate component of equity in the properties revaluation reserve, except to the extent it reverses a previous revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit and loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation is charged to the profit and loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation.

Property, Plant & Equipment is recorded at cost less accumulated depreciation and impairment. Cost represents the value of the consideration to acquire the assets and the value of other directly attributable costs that have been incurred in bringing the assets to the location and condition necessary for their intended service. All Property, Plant & Equipment is depreciated, excluding land.

The Board and management have undertaken a process to determine what constitutes Investment Property and what constitutes Property, Plant & Equipment. There is an element of judgement in this. There is a developed Port plan, and those items of land that are considered integral to the operations of the Port have been included in Operational Port Land. Land held specifically for capital appreciation or to derive rental income has been classed as Investment Property.

(g) Depreciation

There is no depreciation on Operational Port Land or Investment Properties. Depreciation on other Property, Plant & Equipment is charged on a straight line basis so as to write off the cost of the Property, Plant & Equipment to their estimated residual value over their expected economic lives. The expected economic lives are as follows:

Buildings, Wharves and Paving	10 to 50 years
Cranes and floating equipment	4 to 30 years
Plant, vehicles and equipment	2 to 20 years

The economic useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

(h) Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured at its fair value at the reporting date. Gains or losses arising from changes in fair value of investment property are included in statement of comprehensive income in the period in which they arise.

The Group has the following classes of Investment Property:

Developed investment property
Land available for development
Lessors interests

(i) Intangible assets

Software is a finite life intangible and is recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over their estimated useful lives between 1 and 5 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

(j) Impairment of assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidation entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the statement of comprehensive income immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had not impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the statement of comprehensive income immediately, unless the relevant assets is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(k) Borrowing costs

Borrowing costs are recorded at amortised cost. Borrowing costs directly attributable to capital construction are capitalised as part of the cost of those assets. All other borrowing costs are recognised as an expense in the period in which they are incurred.

The parent, Port Investments Limited, does not hold any property, plant or equipment.

(l) Investments in subsidiaries and associates

Investments in subsidiaries are valued annually at the lower of cost and net asset backing. The change in valuation is recognised in the statement of comprehensive income.

Investments in associates are stated at the fair market value of the net tangible assets at acquisition plus the share of post-acquisition increases in reserves.

(m) Interest in Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results, assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in a joint venture is initially recognised in the consolidated Statement of Financial Position at cost and adjusted thereafter to recognise the Group's share of the revenue or expenditure and other comprehensive income of the joint venture.

An investment is accounted for using the equity method from the date on which the investee becomes a joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with NZ IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (the higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with NZ IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with a joint venture of the Group, profit and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interest in the joint venture that are not related to the Group.

(n) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held on call with banks with less than 32 days maturity, and term deposits with greater than 32 days maturity but can be available within three months.

(o) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first in, first out (FIFO) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Cost of spare parts is calculated using the weighted average cost method. Spare parts are held for maintenance purposes only.

(p) Trade Receivables

Trade receivables are recognised at amortised cost, less provision for expected credit losses. Amortised cost is considered approximate to trade receivables fair value. Expected credit losses are determined using a lifetime expected credit loss provision for trade receivables. The expected loss rates are based on the Group's historical credit losses experienced over the prior three year period. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. As at 30 June 2019 the group had no material expected credit losses.

(q) Income tax

Recognition and Measurement

The tax expense for the period comprises current and deferred tax. Tax is recognised on the income statement, except to the extent that it relates to items recognised in the statement of comprehensive income or directly in equity. In this case, the tax is recognised in the statement of comprehensive income or directly in equity, respectively.

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate. This is then adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements and by unused tax losses.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only to the extent that they will be utilised.

(r) Goods and services tax (GST)

Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST), except for receivables and payables which are recognised inclusive of GST.

Cash flows are included in the cash flow statement on a net basis for GST purposes. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(s) Provision for employee entitlements

A provision for employee entitlements is recognised as a liability in respect of benefits earned by employees but not yet received at balance date when it is probable that settlement will be required and they are capable of being measured reliably. The present value is determined by discounting the future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liabilities.

(t) Provision for dividends

Dividends are recognised in the period that they are authorised and approved.

(u) Financial instruments

Financial instruments issued by the companies

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of comprehensive income.

All recognised financial assets and liabilities are subsequently measured at either amortised cost or fair value through profit or loss, depending on the classification of the financial asset or liability. The classification depends on the nature and purpose of the financial asset or liability and is determined at the time of initial recognition.

Amortised cost

Financial assets and liabilities are classified as measured at amortised cost if the financial asset or liability is held to collect or make payment on contractual cash flows, and those cash flows are solely payments of principal and interest on the principal outstanding.

Cash and cash equivalents, trade receivables, loans, trade payables, and other payables are recorded at amortised cost using the effective interest method less any impairment.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the instrument or a shorter period, where appropriate, to the net carrying amount of the financial assets or financial liability.

Fair Value through Profit or Loss (FVTPL)

All other financial assets or liabilities that are not measured at Amortised Cost are measured at fair value through profit or loss.

Financial assets and liabilities at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in the statement of comprehensive income. The net gain or loss recognised in the statement of comprehensive income includes any dividend or interest earned or paid on the financial asset or liability and is included in the 'Fair value (loss)/gain on financial instruments' on the Statement of Comprehensive Income.

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).

Assumptions for valuation models are based on management's judgements and estimates. Changes in the assumptions used in these models and projections of future cash flows could affect the reported fair value of financial instruments.

Offsetting Financial Instruments

Financial Assets and Liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables
Cash and cash equivalents, trade receivables, loans, and other receivables are recorded at amortised cost using the effective interest method less impairment.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the instrument or a shorter period, where appropriate, to the net carrying amount of the financial assets or financial liability.

Fair Values

The Group considers that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximate their fair values. The fair value of derivative instruments is determined using a hierarchical basis that reflects the significance of the inputs used in making the measurements.

Trade and other Payables

Trade payables and other accounts payable are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services and are subsequently recorded at amortised cost using the effective interest method.

Borrowings

Borrowings are recorded initially at amortised cost.

Borrowing costs are recorded at amortised cost. Borrowing costs directly attributable to capital construction are capitalised as part of the cost of those assets. All other borrowing costs are recognised as an expense in the period in which they are incurred.

(v) Foreign currency translation

Transactions in foreign currency are converted at the 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 transactions are recognised in the Statement of Comprehensive Revenue and Expense.

(w) Standards, amendments, and interpretations effective in the current period

New standards adopted by the Group

The Group has applied NZ IFRS 15 Revenue from Contracts with Customers for the first time for the annual reporting period commencing 1 July 2018.

NZ IFRS 15 Revenue from Contracts with Customers

The Group has applied NZ IFRS 15 in accordance with the fully retrospective transitional approach. Apart from providing additional disclosures on the Group's revenue transactions, the application of NZ IFRS 15 has not had any impact on the financial position and the financial performance of the Group. No adjustments have had to be made to either the current or comparative period as a result of adopting NZ IFRS 15. The Group has consequently not used any of the practical expedients available under NZ IFRS 15 C5 for first time adoption.

New standards not yet adopted

The following are the significant new or revised standards or interpretations in issue that are not yet required to be adopted by entities preparing financial statements for periods ending 30 June 2019.

NZ IFRS 16 – Leases

Effective for reporting periods beginning on or after 1 January 2019. The main changes under the standard for lessees are;

- All operating leases other than those that are short term (less than 12 months) or considered low value are required to be presented on the balance sheet.
- All leases on the balance sheet will give rise to a combination of interest expenses on the lease liability and depreciation of the right of use asset.

The impact of NZ IFRS 16 will be determined by the level of operating lease commitments greater than 12 month's duration at adoption. The companies operating lease commitments are set out in Note 22. Management is yet to assess the impact of these standards and does not expect to adopt them before their respective effective dates.

NZ IFRS 9 - Financial Instruments

Effective for reporting periods beginning on or after 1 January 2019. NZ IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2019 but is available for early adoption. When adopted, the standard will affect in particular the Group's accounting for its available for sale financial assets, since NZ IFRS 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available for sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

(x) Leases

Recognition and Measurement

Group entities lease certain land and plant. Leases are finance leases wherever the terms of the lease transfer substantially all the risk and rewards of ownership to the lessee. All other leases are classified as operating leases.

Group as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Group as Lessor

Operating leases relate to subleases of properties (excluding land) leased with lease terms between 1 and 12 years, with an option to extend for a further period between 1 to 6 years. All operating lease contracts (excluding land) contain market review clauses. An operating lease relating to land has a term of 125 years. The lessee does not have an option to purchase the property or land at expiry of the lease period.

3 Operating surplus/(deficit) before subvention and taxation

	Notes	Group 2019 $'000	Group 2018 $'000	Parent 2019 $'000	Parent 2018 $'000
Income					
Dividend Income from Subsidiaries		-	-	3,077	1,538
Subsidiary revenue		67,579	56,889	-	-
Rental income		17,060	16,911	-	-
Interest received		59	43	59	43
Share of profit of investments using the equity method		10,220	22,999	-	-
		94,918	96,842	3,136	1,581
Gain/(Loss) in fair value movements					
Net gain on disposal of property, plant and equipment		(1,814)	(32)	-	-
Fair value (loss)/gain on financial instruments		-	8,778	-	-
Fair value (loss) / gain on revaluation of investment property		1,021	(826)	-	-
		(793)	7,920	-	-
Expenses, excluding finance costs					
Amortisation	10	167	214	-	-
Depreciation	9	6,736	5,032	-	-
Directors fees and expenses		499	498	13	16
Employee benefits expense		27,217	25,225	-	-
Audit services		365	302	7	17
Tax advice		12	11	12	11
Repairs and maintenance		5,815	3,717	-	-
Rates and Insurance		8,480	6,913	7	6
Rental and lease expenses		1,133	1,586	-	-
Management fees		75	79	75	79
Other operating expenses		30,289	25,610	-	-
		80,788	69,187	114	129
Finance costs					
Interest costs		608	2,884	1,084	996
Realised swap (profit)/loss		-	9,497	-	-
Total finance costs		608	12,381	1,084	996
Operating surplus before subvention, taxation and earthquake related items		12,729	23,194	1,938	456

4 Earthquake Income and Expenses

Kaikoura Earthquake

A 7.8 magnitude earthquake struck on 14 November 2016 in Kaikoura which has had a significant impact on CentrePort. The earthquake significantly damaged Port infrastructure and Port properties including the land on which the Port operates. The major Port operations impacted were the container services and the investment property portfolio. Other Port services including logs, ferries, fuel, cruise and break bulk activities had substantially recovered immediately following the earthquake.

The impact of the earthquake has been reflected in these financial statements with the information available to the date these financial statements are signed. The insurance claim process is well advanced and engineering damage assessments have been completed. However there is considerable uncertainty in relation to the final quantification for the settlement of the insurance claim. The Group is working closely with independent advisors and the insurers' assessors to progress the claim.

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

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

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

Insurance and property related impacts for CentrePort and CentrePort Properties Limited are set-out below. As the SPVs were equity accounted until 31 May 2019, the impact of the earthquake in relation to the SPVs is accounted for separately as described in note 12.

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

The following table shows the net proceeds applied in the financial statements for the year ended 30 June 2019 for CentrePort and CentrePort Properties Limited:

	Material Damage $'000	Business Interruption $'000	2019 $'000	2018 $'000
Loss of gross profits and rents	-	6,622	6,622	8,477
Temporary works expenditure incurred to date	-	24,220	24,220	33,628
Material damage - preliminary estimates	59,540	-	59,540	13,478
Total Insurance income	59,540	30,842	90,382	55,583
Total insurance income received to date				
Total Insurance Income	210,769	101,236	312,005	221,624
Less progress payments received	(160,769)	(101,236)	(262,005)	(162,356)
Receivable as at 30 June 2019	50,000	-	50,000	59,268

Business Interruption

An estimate of the amount recoverable for CentrePort's loss of gross profits has been made for the period to 30 June 2019. The amount has been calculated based on the estimated loss of revenue and has not yet been agreed with the insurer and therefore could be subject to change in future periods. CentrePort Property Limited's loss of gross profit of $0.3m is per the final settlement.

A change to the estimated loss of revenue of +/- 10% would result in an increase/decrease in the loss of gross profits income estimate accrued of $0.6m for the current year.

Material Damage Insurance Receivable

The Group has insurance cover for damage incurred to its insured assets and infrastructure. The insurers have accepted that the damage is covered under the Group's insurance policies, however, the final claim settlement amount has not yet been agreed. As a result assumptions have been made and judgement applied in determining the insurance proceeds to be recognised for material damage.

Where the minimum amount recoverable for damage to specific port assets can be reliably estimated, it has been recorded as income. There is potential for adjustments to be made to insurance amounts recognised in prior periods (based on estimates at that time) when the claim is settled and these may be material.

There is a contingent asset in relation to the insurance claim for the Port (note 24).

Earthquake Deductible Expenditure

Under the insurance policies the Group is liable to meet a deductible amount toward the cost of repair or reinstatement of the damaged assets. The total of the deductible relating to CentrePort infrastructure is $13.5m.

Impairment of Assets

Engineering damage assessments have been completed and submitted to the insurers. In completing the damage assessments further damage arising from the earthquake has been identified resulting in a further $2.6m impairment being recognised during the year (2018: $1.9m). An impairment of $0.7m (2018: $0.6m) has been taken to investment property for higher than forecasted costs of repairs.

	2019 $'000	2018 $'000
Asset impairment arising out of the earthquake:		
- Estimated asset impairments relating to damaged or obsolete assets (note 9)	**2,621**	1,996
- Impairment and fair value write-down on investment properties (note 14) owned by Centreport Properties Ltd	**650**	600
	3,271	2,596

Port Land

An adjustment of $63m to the fair value of land has been made to recognise the resilience work that needs to be undertaken to support the land. This adjustment is discussed in (note 9).

Tax impact

For information on the material assumptions and sensitivities related to the impact of the earthquake on income tax please refer to note 5.

5 Taxation

	Group 2019 $'000	2018 $'000	Parent 2019 $'000	2018 $'000
(a) The Income Taxation Expense is Represented By:				
Current Year Taxation expense	2,861	(938)	-	-
Deferred tax expense (note 15)	(1,525)	6,519	-	-
Income Taxation Expense / (Benefit)	1,336	5,581	-	-
Continuing operations	1,336	5,581	-	-
	1,336	5,581	-	-
(b) Relationship between income tax and accounting surplus:				
Net surplus (deficit) before tax	73,446	42,553	1,938	456
	73,446	42,553	1,938	456
Income Taxation on the Surplus for the Year at 28%	20,565	11,915	543	128
Taxation Effect of:				
- Imputation credits	-	-	(862)	(86)
- Add back Equity Earnings in Joint Ventures	-	-	-	-
- Insurance Income Allocated to Capital	-	-	-	-
- Change in fair values of investment properties	(286)	273	-	-
- Asset Impairments	-	-	-	-
- Capital Gain on Sale of Asset	-	-	-	-
- Non-deductible Expenditure	1,163	249	-	-
- Unused tax losses and tax offsets not recognised	(376)	-	-	-
- Previously unrecognised and unused tax losses now recognised and utilised	-	-	-	(42)
Unused tax losses and tax offsets not recognised	-	-	319	-
- Depreciation on held for sale properties	-	-	-	-
- Building additions / disposals with no deferred tax impact	-	-	-	-
Permanent Differences	-	344	-	-
Non Assessable Income	(19,623)	(7,342)	-	-
	1,443	5,439	-	-
(Over) / under provision of income tax in previous period	(107)	142	-	-
Income tax expense	1,336	5,581	-	-
(c) Imputation credit account balances				
Balance at the end of the period	16,683	13,689	14,051	13,593
(d) Tax expense / (benefit) is represented by:				
Current tax expense	2,861	(938)	-	-
Deferred tax expense / (benefit)	(1,525)	6,519	-	-
	1,336	5,581	-	-

(e) Tax losses not recognised

At the Parent level, Port Investments Limited has unrecognised tax losses of $11.099 million (2018: $9.962 million) available to be carried forward and to be offset against taxable income in the future. The tax effect of these losses at 28% is $3.108 million (2018: $2.789 million).

At the Group level, Port Investments Limited has no unrecognised tax losses available to be carried forward and to be offset against taxable income in the future.

The ability to carry forward tax losses is contingent on continuing to meet the requirements of the Income Tax Act 2007.

	Group		**Parent**	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Income Tax Receivable				
Opening Balance	-	601	-	-
Refund Received	**123**	(1,535)	-	-
Harbour Quays Current tax balance	**(85)**	-	-	-
Prior Year Adjustment	**(61)**	319	-	-
Transfer losses to deferred tax	-	7,456	-	-
Current Year Tax Liability / (Benefit)	**(2,798)**	(6,841)	-	-
Closing Balance	**(2,821)**	-	-	-

Key assumptions

A number of assumptions have been applied in the tax calculation as a result of the different tax rules that apply to insurance proceeds and asset repairs or reinstatement. The most material assumption is an allocation of $60m (2018: $3m) of the insurance proceeds to assets that are likely to be deemed to be disposed for tax purposes, this brings the cumulative allocation of insurance proceeds to $180m (2018: $120m).

The allocation is based on the indemnity value of the key assets considered to be irreparable as a result of the earthquake. This assumption results in non-taxable capital gains in the current year of $60m (2018: $3m) with a tax effect of $17m (2018: $1m) being the proceeds over and above original cost.

The historic tax depreciation claimed on the assets deemed to be destroyed that is likely to be recovered by Inland Revenue has been reflected as a deferred tax liability with a tax effect of $17m (2018:$17m). The remainder of the proceeds are deemed to be taxable as the related expenditure on repairs will be deductible. These estimates are based on the best information at the time of signing the accounts and the tax positions will be finalised in due course as the insurance claim is settled.

6 Trade & other receivables

	Group		Parent	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Trade debtors	**8,400**	7,793	-	-
Related party (payables) / receivables	**16**	(11)	-	-
Other receivables	**1,750**	1,079	-	-
Prepayments	**389**	207	-	-
	10,555	9,068	-	-

	Group		Parent	
Provision for doubtful debts	**2019**	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Opening balance	-	23	-	-
Amounts written off during the year	-	(23)	-	-
Closing balance	-	-	-	-

The average credit period on sales is 30 days.

Included in trade receivables are debtors with a carrying amount of $2.1 million, which are past due at 30 June 2019 (2018: $1.5 million). The Group believes that the amounts are recoverable.

7 Current assets - Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held on call with banks, other short-term, highly liquid investments with original maturities of three months or less. The overdraft balance of $0 million (2018: $4.0m) has not been netted off cash in hand (note 17).

	Group		Parent	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Cash at bank and in hand	**91,725**	2,309	**1**	1

Cash at bank and cash in hand is a current asset of $92 million (2018: (-$1.7 million)).

	Group		Parent	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Cash at bank and in hand	**91,725**	2,309	**1**	1
Bank overdrafts (note 17)	**-**	(4,037)	**-**	-
Cash and cash equivalents	**91,725**	(1,728)	**1**	1

8 Current assets - Inventories

	Group		Parent	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Kaiwharawhara crushed concrete	**781**	-	**-**	-
Inventories				
Spares stock control	**933**	1,237	**-**	-
Fuel and stock control	**118**	114	**-**	-
	1,832	1,351	**-**	-

9 Property, plant & equipment

Group	Port Land at Fair Value $'000	Buildings at Cost $'000	Wharves and Paving at Cost $'000	Cranes and Floating Equipment at Cost $'000	Plant, Vehicles & Equipment at Cost $'000	Work in progress $'000	Total $'000
Cost	-	-	-	-	-	22,639	22,639
Accumulated depreciation	-	-	-	-	-	(9,094)	(9,094)
Net book amount	-	-	-	-	-	13,545	13,545
Year ended 30 June 2018							
Opening net book amount	50,652	7,547	17,943	24,958	12,637	4,867	118,604
Transfer to Investment Property	(127)	-	-	-	-	-	(127)
Additions	-	-	-	349	63	14,864	15,276
Transfers from work in progress (note 13)	2,889	134	120	11,620	680	(15,501)	(58)
Disposals	(23)	(1)	-	-	(50)	-	(74)
Reclassification	-	-	1,252	5,442	(5,469)	(1,252)	(27)
Impairment	-	(794)	(330)	-	(872)	-	(1,996)
Temporary works depreciation	-	-	-	(228)	-	-	(228)
Depreciation Charge	-	(431)	(994)	(2,524)	(1,082)	-	(5,031)
Depreciation charge	-	-	-	-	-	-	-
Closing net book amount	53,391	6,455	17,991	39,617	5,907	2,978	126,339
At 30 June 2018							
Cost or Valuation	116,391	29,545	102,624	68,808	18,383	8,838	344,589
Accumulated impairment	(63,000)	(7,644)	(34,405)	(3,580)	(1,714)	(5,860)	(116,203)
Accumulated depreciation	-	(15,446)	(50,228)	(25,611)	(10,762)	-	(102,047)
Net book amount	53,391	6,455	17,991	39,617	5,907	2,978	126,339

Group	Port Land at Fair Value $'000	Buildings at Cost $'000	Wharves and Paving at Cost $'000	Cranes and Floating Equipment at Cost $'000	Plant, Vehicles & Equipment at Cost $'000	Work in progress $'000	Total $'000
Year ended 30 June 2019							
Opening net book amount	53,391	6,455	17,991	39,617	5,907	2,978	126,339
Transfer to investment property	-	-	-	-	-	-	-
Additions	-	-	67	6	-	12,723	12,796
Transfers from work in progress	-	771	989	1,523	1,901	(5,375)	(191)
Disposals	-	-	-	(861)	(1,452)	-	(2,313)
Impairment	-	(66)	-	(2,555)	-	-	(2,621)
Temporary works depreciation	-	-	-	(377)	-	-	(377)
Depreciation charge	-	(345)	(1,026)	(5,254)	(111)	-	(6,736)
Closing net book amount	53,391	6,815	18,021	32,099	6,245	10,326	126,897
At 30 June 2019							
Cost or Valuation	53,391	22,550	69,276	58,754	17,119	10,326	231,416
Accumulated impairment	-	-	-	-	-	-	-
Accumulated depreciation	-	(15,735)	(51,255)	(26,655)	(10,874)	-	(104,519)
Net book amount	53,391	6,815	18,021	32,099	6,245	10,326	126,897

Operational Port Land

The Operational port land is measured at fair value less any allowance for impairment.

Operational Port Land was last independently valued by Bayleys, a registered valuer, on 30 June 2017. The assessed value at that time was $110.5m (which excludes $3.1m of additions during the year ended 30 June 2017 and $2.9m of additions during the year ended 30 June 2018) which was adjusted by $63.0m for estimated Operational Port Land resilience costs. The Directors are satisfied that there has not been a material movement in the fair value as at 30 June 2019.

	2019 $'000
Industrial Zoned Land	79,590
Commercial Zoned	8,832
Other Port Land	25,231
Total Operational Port Land	113,653
Provision for Resilience	(63,000)
Carrying Value Operational Port Land	50,653
Additions, Transfers, and Disposals of Port Land	2,738
Carrying Value Operational Port Land 30 June 2019	53,391

Valuation Approach Operational Port Land

The fair value of Operational Port Land has been determined in accordance with Australia and New Zealand Valuation and Property Standards, in particular Valuation Guidance Note NZVGN 1 Valuations for Use in New Zealand Financial Reports and IVS 300 Valuations for Financial Reporting and NZ IFRS 13 (Fair Value Measurement).

The fair value of Operational Port Land is based on the highest and best use for transport distribution, road/rail/port linkages and logistics.

The fair value of Operational Port Land is determined with reference to a fair value hierarchy of inputs. All inputs into the determination of fair value of Operational Port Land sit within level 3 of this hierarchy as they are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Each freehold parcel of land is valued on a rate per square metre basis using the direct sales comparison approach. In carrying out this comparison, consideration is given to:
- sales of land or development sites within the wider Wellington region
- size, shape, location and access to services
- road frontage, exposure to vehicles
- allowable height and density of use.

Key assumptions underlying the valuation are set out below:

Land at Aotea Quay, the Northern Reclamation and Point Howard was valued in their current condition.

Parts of the port incurred significant settlement resulting in undulations and sharp height variations to some sealed areas. The valuation was completed on the basis that all remediation work was complete, including re levelling and laying new seal.

The table below summarises the valuation approach and key assumptions used by the valuers to arrive at fair value and the sensitivity of the valuation to movements in unobservable inputs.

Freehold land	Fair value $'000	Valuation approach	Key valuation assumptions	Valuation impact
Industrial Zoned	$79,590	Comparison to sales of industrial land in similar locations	Weighted average land value $40 - $600 psm	+/- 5% ($4.0m)

Commercial Zoned	$8,831	Comparison to sales of commercially zoned land in similar locations	Weighted average land value $750 - $2,100 psm	+/- 5% ($0.4m)

Operational Port Land Resilience

An adjustment of $63.0m (2018: $63.0m) has been made to the fair value of Operational Port Land at 30 June 2019 to recognise the resilience work that needed to be undertaken to support the land. The resilience works costs are estimated with reference to the expected costs for remediation works undertaken for part of the operational port land.

There is a high level of uncertainty attached to the level of adjustment to be recognised for port land resilience. This uncertainty includes the appropriate level of resilience required for each area of land, the range of potential technical solutions available to provide the desired level of resilience, and the cost of each potential solution.

Planning for the works to be undertaken is underway. The adjustment to the fair value of Operational Port Land is a critical accounting estimate as the actual costs of resilience works may differ significantly from the estimate.

A 15% increase/decrease in the estimate of the cost of the works would result in a movement in the fair value of Operational Port Land of $9.5m.

Valuation Approach - Other Port Leasehold Land

A capitalised net rental approach is used to value leasehold land, where market ground rental is capitalised with reference to sales of lessors interests, with an allowance made for differences between contract and market rents adjusted for the terms of the lease. Inputs into this valuation approach are:

- comparable recent rental settlements on a rate per square metre of land,
- perpetually renewable or terminating lease
- rental review periods
- forecast trends for interest rates and market based property yields.

Market rental is assessed using both the:

- Classic approach under which the valuer adjusts a basket of comparable rental settlements for a ground rental rate psm pa and multiplies by the land area leased, and the
- Traditional approach whereby the valuer assesses a market land value and applies a market based ground rental percentage against this value.

Value is assessed once the market rental is assessed; the overage or underage is calculated until rent review date. This is then adjusted for the value of the right to renew if it is a perpetual lease or the present value of the market value of the site deferred until the lease end.

The following table summarises the key inputs and assumptions used by the valuer to arrive at fair value and the sensitivity of the valuation to movements in unobservable inputs.

Other Port Land	Fair value $'000	Valuation approach	Key valuation assumptions	Valuation impact
Other port land	$25,231	Capitalised Net Market Value	Lessees Capitalisation Rate 6.75% to 7.00%	+/- 0.25% +/- $763K to $817k

10 Intangible assets

Group	Goodwill $'000	Computer software $'000	Total $'000
At 30 June 2018			
Cost	2,675	4,038	6,713
Accumulated amortisation and impairment	-	(3,426)	(3,426)
Net book amount	2,675	612	3,287
Year ended 30 June 2018			
Opening net book amount	2,675	612	3,287
Transfers from WIP	-	56	56
Reclassification	-	27	27
Disposals	-	(103)	(103)
Amortisation charge	-	(214)	(214)
Closing net book amount	2,675	378	3,053
At 30 June 2018			
Cost	2,675	4,065	6,740
Accumulated amortisation and impairment	-	(3,687)	(3,687)
Net book amount	2,675	378	3,053

Group	Goodwill $'000	Computer software $'000	Total $'000
Year ended 30 June 2019			
Opening net book amount	2,675	378	3,053
Additions	-	-	-
Transfers from WIP	-	191	191
Amortisation charge	-	(167)	(167)
Closing net book amount	2,675	402	3,077
At 30 June 2019			
Cost	2,675	4,254	6,929
Accumulated amortisation and impairment	-	(3,852)	(3,852)
Net book amount	2,675	402	3,077

The amortisation expense is included in operating expenses in the statement of comprehensive income.

11 Investments in subsidiaries

PIL owns 76.9% of CentrePort group and the Group had the following subsidiaries at 30 June 2019.

All group companies have a common balance date of 30 June and all significant inter-company transactions have been eliminated on consolidation.

Name	Principal activity	Place of incorporation and operation	Equity holding 2019	2018
CentrePort Limited	Port operations	New Zealand	**76.9%**	76.9%
CentrePort Property Management Limited	Management Services	New Zealand	**76.9%**	76.9%
CentrePort Properties Limited	Investment in special purpose vehicle	New Zealand	**76.9%**	76.9%
Harbour Quays Property Limited	Investment in special purpose vehicle	New Zealand	**76.9%**	76.9%
Harbour Quays Shed 39 Limited	Commercial rental property	New Zealand	**76.9%**	76.9%
Wellington Port Coldstores Limited	Cold Storage	New Zealand	**76.9%**	76.9%

On 20 November 2017, Harbour Quays D3 Limited and Harbour Quays C1 Limited were removed from the Companies Register. In addition, on 12 January 2018 CentrePac Limited and CentrePort Limited were amalgamated.

On 31 January 2018, CentrePort Limited purchased the remaining 50% of shares of Wellington Port Coldstores Limited from Hamstead Enterprises Limited.

12 Aggregated Joint Venture Information

Recognition and Measurement

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results, assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in a joint venture is initially recognised in the consolidated Balance Sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture.

An investment is accounted for using the equity method from the date on which the investee becomes a joint venture.

When necessary, the entire carrying amount of the investment is tested for impairment in accordance with NZ IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (the higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with NZ IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with a joint venture of the Group, profit and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interest in the joint venture that are not related to the Group.

Interests in Joint Ventures

Prior to 1 June 2019 Harbour Quays A1 Limited, Harbour Quays D4 Limited and Harbour Quays F1F2 Limited (the SPVs) were accounted for as joint ventures of the Group although the SPVs are wholly owned by CentrePort Properties Limited. The SPVs had issued Mandatory Convertible Notes (MCNs) to the Accident Compensation Corporation (ACC) which provided the ACC with joint control over the SPVs.

During the year ended 30 June 2019, the Group redeemed the MCNs issued by the SPVs to the ACC, and as a result the Group obtained full control of the SPVs from 31 May 2019. Refer to note 13 for further information on the redemption of the MCNs.

Summarised balance sheet

	Port Associates		**Property Associates**		**Total**	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000	**2019 $'000**	2018 $'000
Current						
Cash and cash equivalents	**60**	18	-	35,015	**60**	35,033
Insurance receivable	-	-	-	90,595	-	90,595
Other current assets (excluding cash)	**113**	156	-	440	**113**	596
Total current assets	**173**	174	-	126,050	**173**	126,224
Other current liabilities (including trade payables)	**(118)**	(126)	-	(3,079)	**(118)**	(3,205)
Total current liabilities	**(118)**	(126)	-	(3,079)	**(118)**	(3,205)
Non-current						
Non-current assets	**77**	77	-	36,608	**77**	36,685
Total non-current assets	**77**	77	-	36,608	**77**	36,685
Financial liabilities	**(510)**	-	-	(84,872)	**(510)**	(84,872)
Other liabilities	-	(370)	-	-	-	(370)
Total non-current liabilities	**(510)**	(370)	-	(84,872)	**(510)**	(85,242)
Net assets	**(378)**	(245)	-	74,707	**(378)**	74,462
Share of Net Assets	**(189)**	(123)	-	74,707	**(189)**	74,584

Summarised statements of comprehensive income

	Port Associates		Property Associates		Total	
	2019	2018	**2019**	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Revenue	**1,236**	1,326	**4,362**	2,280	**5,598**	3,606
Operating expenses	**(1,336)**	(1,664)	**(3,067)**	(3,868)	**(4,403)**	(5,532)
Net finance cost	**-**	-	**(11,910)**	(5,430)	**(11,910)**	(5,430)
	(100)	(338)	**(10,615)**	(7,018)	**(10,715)**	(7,356)
	-	-	**-**	-	**-**	-
Earthquake Related Items						
Costs and impairments	**-**	-	**(154)**	(8,749)	**(154)**	(8,749)
Insurance income	**-**	2,857	**21,384**	38,073	**21,384**	40,930
Post-tax profit from continuing operations	**(100)**	2,519	**10,615**	22,306	**10,515**	24,825
Income tax (expense)/ benefit	**-**	-	**(329)**	(2,068)	**(329)**	(2,068)
	(100)	2,519	**10,286**	20,238	**10,186**	22,757
Fair value adjustments	**-**	-	**-**	1,500	**-**	1,500
Prior period adjustment	**(33)**	-	**-**	-	**(33)**	-
	(133)	2,519	**10,286**	21,738	**10,153**	24,257
Share of comprehensive income	**(66)**	1,260	**10,286**	21,738	**10,220**	22,998
Dividends received from joint venture or associate	**-**	-	**-**	500	**-**	500

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in the joint venture

	Port Associates		Property Associates		Total	
	2019	2018	**2019**	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Opening net assets 30 June	**(245)**	11,858	**74,706**	53,468	**74,461**	65,326
Profit/(loss) for the year	**(133)**	2,519	**10,286**	21,738	**10,153**	24,257
Transfer of ownership of net assets						
WPCL	**-**	(14,622)	**-**	-	**-**	(14,622)
SPV's	**-**	-	**(84,992)**	-	**(84,992)**	-
Dividend	**-**	-	**-**	(500)	**-**	(500)
Closing net assets	**(378)**	(245)	**-**	74,706	**(378)**	74,461
Interest in joint venture	**(189)**	(123)	**-**	74,706	**(189)**	74,583
Carrying value	**(189)**	(123)	**-**	74,706	**(189)**	74,583

Details of the Group's material joint ventures at the end of the reporting period are as follows:

		Proportion of ownership interest	
Name of entity	**Principal activities**	**2019**	2018
Harbour Quays A1 Limited*	Commercial rental property	**100%**	100%
Harbour Quays D4 Limited*	Commercial rental property	**100%**	100%
Harbour Quays F1F2 Limited*	Commercial rental property	**100%**	100%
Direct Connect Container Services Limited	Transport hubbing and logistics	**50%**	50%

*The SPV's Harbour Quays A1, Harbour Quays D4, and Harbour Quays F1F2 redeemed the MCNs issued to ACC on 31 May 2019. As a result the Group obtained full control and the SPV's have been consolidated from that date. Refer to note 13 for further detail.

	Group	
	2019 $'000	2018 $'000
Carrying amount at beginning of year	**74,584**	59,397
Consolidation of net assets of SPV's on acquisition	**(84,994)**	-
Share of profit / (loss) of joint ventures	**10,220**	22,999
Dividends from joint ventures	-	(500)
Consolidation of net assets of Wellington Port Coldstores Limited on acquisition	-	(7,311)
Total current assets	**(190)**	74,585
Represented by:		
Harbour Quays A1 Limited	-	18,157
Harbour Quays D4 Limited	-	13,599
Harbour Quays F1F2 Limited	-	42,952
Other Joint Venture Companies	**(190)**	(123)
	(190)	74,585

Earthquake damage

The investment properties owned by the SPV companies were significantly damaged in the November 2016 earthquake.

The insurance claim for the properties was settled in October 2019 for $170.4m, of which $158.2m related to the SPVs.

A summary of the SPV earthquake treatment follows.

Harbour Quays A1 Limited

The former Statistics New Zealand building sustained significant damage as a result of the Kaikoura earthquake. The land that was occupied by the building has been developed into a carpark. The total insurance claim for Harbour Quays A1 Limited was $40.3m, comprised of $4.0m for loss of rental income and $38.0m for material damage, less a deductible of $1.7m.

Harbour Quays D4 Limited

The CustomHouse property was damaged in the earthquake and damage assessments concluded that both the structural and non structural damage was relatively minor. The building was repaired and reoccupied in December 2017. The total insurance claim for Harbour Quays D4 Limited was $5.5m, comprised of $4.1m for loss of rental income and $3.0m for material damage, less a deductible of $1.6m.

Harbour Quays F1F2 Limited

The former BNZ House sustained significant damage in the earthquake and is in the process of being demolished. The total insurance claim for Harbour Quays F1F2 Limited was $112.4m, comprised of $24.0m for loss of rental income and $93.0m for material damage, less a deductible of $4.6m.

13 Redemption of Mandatory Convertible Notes

Summary of Acquisition

On 10 May 2019 the Group redeemed the Mandatory Convertible Notes (MCNs) issued by Harbour Quays A1 Limited, Harbour Quays D4 Limited and Harbour Quays F1F2 Limited (the SPVs) to the Accident Compensation Corporation (ACC) and as a result acquired the control of the SPVs on 31 May 2019.

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

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

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

(a) *Assets and liabilities acquired*

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value $'000
Acquisition-related costs	-
Fair Value as at 31 May 2019	
Cash and cash equivalents	47,944
Trade receivables	845
Insurance Receivables	-
Investment properties	36,873
Deferred tax assets	-
Trade payables	(312)
Income tax payable	(84)
Income in advance	(274)
Deferred tax liabilities	-
Net identifiable assets acquired	84,992

There was no goodwill recognised as a result of the step acquisition as the fair value of the net assets acquired equals the fair value of the equity interest held immediately before the acquisition and there was no intangible assets or contingent liabilities identified that were not previously recorded as part for the SPV's net assets.

13 Redemption of Mandatory Convertable Notes (continued)

(b) *Purchase consideration – cash outflow*

	$'000
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	-
Less: Balances acquired	
Cash	47,944
Net outflow of cash – investing activities	47,944

(c) *Acquired receivables*

The fair value of acquired trade receivables is $0.8m. The gross contractual amount for trade receivables due is $0.8m, all of which is expected to be collectible.

(d) *Revenue and profit contribution*

The acquired businesses contributed revenues of $4.4m and net profit of $10.3m to the Group for the period from 1 July 2018 to 31 May 2019.

If the acquisition had occurred on 1 July 2018, consolidated pro-forma revenue and profit for the period ended 30 June 2019 would have been $4.7m and $11.4m respectively.

These amounts have been calculated using the subsidiary's results and adjusting them for:

- differences in the accounting policies between the Group and the subsidiary, and
- the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 July 2018, together with the consequential tax effects.

(e) Acquisition-related costs

Acquisition-related costs of $72k are included in administrative expenses in the Statement of Comprehensive Income and in operating cash flows in the Statement of Cash Flows.

14 Investment Properties

Investment Property

Investment Property, which is property held to earn rentals and/or for capital appreciation, is measured at its fair value determined by an independent valuer at the reporting date. Gains or losses arising from changes in fair value of investment property are recognised in profit or loss in the period in which they arise.

The Group has the following classes of Investment Property:

- Developed Investment Property
- Land Available for Development
- Lessors Interests

Valuation Approach

The fair value of Investment Property is based on the highest and best use for commercial property. The fair value of Investment Property is determined with reference to a fair value hierarchy of inputs as described in note 1(t). This hierarchy reflects the significance of the inputs used in making the measurements. All inputs into the determination of fair value of Investment Property sit within level 3 of this hierarchy.

	Group		Parent	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Developed Investment Properties	**37,323**	4,500	-	-
Land Available for Development	**24,949**	13,516	-	-
Lessors interest	**181**	164	-	-
	62,453	18,180	-	-

	Group		Parent	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Developed Investment Properties				
Developed Investment Property as at 1 July	**4,500**	4,750	-	-
Transfer to Port Land	**29,191**	-	-	-
Additions	**3,806**	201	-	-
Impairment relating to earthquake damage	**(757)**	(600)	-	-
Increase / (decrease) in fair value	**583**	149	-	-
	37,323	4,500	-	-
Land Available for Development				
Land Available for Development as at 1 July	**13,515**	12,023	-	-
Transfer to Port Land	**7,682**	-	-	-
Additions	**3,224**	2,506	-	-
Impairments and Fair Value Change (earthquake)	**107**	-	-	-
Increase / (decrease) in fair value	**421**	(1,013)	-	-
	24,949	13,516	-	-
Lessors Interests				
Transfers from Property, Plant, and Equipment	**164**	127	-	-
Fair value change	**17**	37	-	-
	181	164	-	-
Investment Properties	**62,453**	18,180	-	-

Developed Investment Property - Valuation

Developed investment property consists of the building and leasehold interest in the land for both Shed 39 and the Customhouse (2018: Shed 39). These properties are leased to third parties.

The Developed Investment Property was valued on 30 June 2019 by independent registered valuers of the firm Colliers International. The property is valued in accordance with Australia and New Zealand Valuation and Property Standards for assessing the market value of the property, in particular Valuation Guidance Note NZVGN 1 - Valuations for Use in New Zealand Financial Reports and IVS 101-105 and 400. Following the consolidation of the SPV's (note 12) the value determined by Colliers International was $37.9 m (2018: $8.1m). After allowing for impairment based on the expected costs to repair the properties, the fair value of the investment properties is $37.3m (2018: $4.5m).

Developed Investment Property is valued using a combination of the following approaches:

- Market capitalisation approach - This is where fair value is determined by capitalising the property's market ground rental with reference to sales of lessors interests, and then an allowance is made for the difference between contract rent (either over or under) discounted until a notional equilibrium point in the lease term.
- Discounted cashflow approach - This is where fair value is determined by a present value of the projected cashflow of the property over a period, making allowances for such variables as discount rates, growth rates, rental levels, vacancy allowances, capital expenditure and outgoings, and terminal yields.

Land Available for Development - Valuation

Land Available for Development consists of the Harbour Quays Development Land and the sites of the former BNZ Building and the former Statistics House (2018: Harbour Quays Development Land). These were valued on 30 June 2019 by independent registered valuers of the firm Colliers International. The sites were valued in accordance with Australia and New Zealand Valuation and Property Standards for assessing the market value of the property, in particular Valuation Guidance Note NZVGN 1 - Valuations for Use in New Zealand Financial Reports and IVS 101-105 and 400. Following the consolidation of the SPV's (note 12) the value determined by Colliers International was $38.9m (2018: $23.4m) based on the below assumptions:

- It is assumed that all 'normal' site services are fully reinstated, and no allowance has been made for any remedial or repair work required to the site or surrounding land and infrastructure.
- The former BNZ Building is in the process of being deconstructed. It is assumed that this work is complete and the land is vacant. No allowances for the cost of this were included in the valuation.

Land Available for Development is valued using the direct sales comparison approach. This is where the subject property is compared with recently sold properties of a similar nature with fair value determined through the application of positive and negative adjustments for their differing features. In carrying out this comparison, consideration is given to sales of similar property within the wider Wellington region.

After allowing for impairment based on the expected costs to repair or demolish the properties, the fair value of the investment properties is $25.0m (2018: $13.5m)

Lessors Interests - Valuation

The Lessors Interests were valued on 30 June 2019 by independent registered valuers of the firm Colliers international. The property is valued in accordance with Australia and New Zealand Valuation and Property standards for assessing the market value of the property, in particular Valuation Guidance Note NZVGN 1 - Valuations for Use in New Zealand Financial Reports and IVS 101-105 and 400. The value determined by Colliers International was $0.18 (2018:$0.16m).

Lessors interest is valued using the market capitalisation approach. This is where fair value is determined by capitalising the property's market ground rental with reference to sales of lessors interests, and then an allowance made for the difference between contract rent (either over or under) discounted until a notional equilibrium point in the lease term.

The table below summarises the valuation approach used by the valuers before allowances for infrastructure service costs to arrive at fair value and the sensitivity of the valuation to the movements in unobservable inputs.

	Fair Value $'000	**Valuation Approach**	**Key Valuation Assumptions**	**Valuation Impact**
Developed Investment Property	$37,900	Market Capitalisation	Market capitalisation rate - the rate of return determined through analysis of comparable, market-related sales transactions, which is applied to a property's sustainable net income to derive value	8.00% to 9.25%
Land Available for Development	$38,857	Direct sales comparison	Weighted average land value - the rate per sqm applied to the subject property	$100 to $2,500
Lessors Interest	$181	Market Capitalisation	Lessors interest yield - A rental percentage applied to the land value to arrive at current market ground rent	6.75%
Developed Investment Property	$37,900	Discounted Cashflow	Discount rate - the rate of return used to determine the present value of future cash flows	8.75% to 10%

15 Deferred tax

	Group 2019 $'000	2018 $'000	Parent 2019 $'000	2018 $'000
The balance comprises temporary differences attributable to:				
Tax losses	**3,653**	3,082	-	-
Temporary differences	**(22,699)**	(23,653)	-	-
Balance at 30 June	**(19,046)**	(20,571)	-	-

	Group 2019 $'000	2018 $'000	Parent 2019 $'000	2018 $'000
Unrecognised deferred tax balances				
Tax losses	-	-	**(3,108)**	(2,789)
Temporary differences	-	-	**(3)**	(3)
	-	-	**(3,111)**	(2,792)

Movements - Group	Investment properties $'000	Property, plant and equipment $'000	Trade and other payables $'000	Other financial liabilities $'000	Tax losses $'000	Insurance recoverable $'000	Total $'000
At 1 July 2017	251	5,717	3,159	2,458	10,268	(35,908)	(14,055)
Charged to income	134	160	(768)	(2,458)	(7,186)	3,602	(6,516)
At 30 June 2018	385	5,877	2,391	-	3,082	(32,306)	(20,571)

Movements - Group	Investment properties $'000	Property, plant and equipment $'000	Trade and other payables $'000	Tax losses $'000	Insurance recoverable $'000	Total $'000
At 1 July 2018	385	5,877	2,391	3,082	(32,306)	(20,571)
Charged to income	(743)	502	(818)	571	2,013	1,525
At 30 June 2019	(358)	6,379	1,573	3,653	(30,293)	(19,046)

16 Current liabilities - Trade and other payables

	Group 2019 $'000	2018 $'000	Parent 2019 $'000	2018 $'000
Trade payables	**14,022**	10,141	-	-
Accrued expenses	**241**	84	**241**	84
	14,263	10,225	**241**	84

17 Borrowings

	Group		Parent	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Current				
Bank overdrafts	-	4,037	-	-
Bank borrowings	-	18,003	-	-
Total secured current interest bearing borrowings	-	22,040	-	-
Total current interest bearing liabilities	-	22,040	-	-
WRC Holdings loan	**44,000**	44,000	**44,000**	44,000

CentrePort entered into revolving cash advance agreements with ANZ Bank New Zealand Limited and Westpac Banking Corporation Limited. The bank facilities total $50m with renewal dates ranging from 1 to 4 years. Included in the bank facilities is an evergreen facility of $25m subject to a 13 month cancellation notice.

The majority shareholder, Greater Wellington Regional Council has guaranteed the Group borrowings up to the full limit of the facility. CentrePort pays a guarantee fee to Greater Wellington Regional Council (refer to note 23 Related Party Transactions).

Refer to note 21 Financial Risk Management for additional information about the Group's exposure and sensitivity to interest rate risk.

18 Provision for employee entitlements

	Group 2019 $'000	2018 $'000	Parent 2019 $'000	2018 $'000
Current				
Employee benefits	**3,695**	3,523	**-**	-
	3,695	3,523	**-**	-
Non-current				
Employee benefits	**282**	645	**-**	-
Total provisions	**3,977**	4,168	**-**	-

The rate used for discounting the provision for future payments is 2.5% (2018: 2.9%).

19 Equity

Non-Controlling interest

	Group 2019 $'000	2018 $'000	Parent 2019 $'000	2018 $'000
Opening non-controlling interest	**54,110**	45,771	**-**	-
Non-controlling share of operating surplus / (deficit)	**16,848**	8,800	**-**	-
Non-controlling share of movements in revaluation reserve	**-**	-	**-**	-
Non-controlling share of dividends paid or payable	**(924)**	(461)	**-**	-
Total non-controlling interest	**70,034**	54,110	**-**	-

The non-controlling interest represents the Manawatu Regional Council's 23.1% share of CentrePort Limited.

Share capital

Ordinary Shares

10,000,100 $1 shares, uncalled

20 Reconciliation of surplus for the year with cash flows from operating activities

	Group		Parent	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Profit for the year	**72,110**	36,972	**1,938**	456
Add/(less) non-cash items:				
Depreciation	**7,113**	5,260	-	-
Amortisation	**167**	214	-	-
Earthquake related costs	**3,271**	2,596	-	-
Decrease / (increase) in financial instruments - assets	-	(8,778)	-	-
Write down / (up) of investments properties	**(1,021)**	826	-	-
Equity accounted earnings less dividends received from Investments	**(10,220)**	(22,499)	-	-
Deferred tax liability	**(316)**	40	-	-
Gain / (loss) on disposal of fixed asset	**1,814**	32	-	-
Add/(less) movements in working capital:				
Accounts receivable	**(1,015)**	(2,130)	-	-
Accounts payable	**3,828**	4,293	**158**	15
Insurance receivable	**9,268**	3,416	-	-
Inventory	**(481)**	73	-	-
Borrowings	-	(146)	-	-
Taxation - refund	**2,737**	601	-	-
Taxation - provision	**(1,208)**	6,476	-	-
Current account Wellington Regional Council	-	-	-	-
Employee entitlements	**(191)**	263	-	-
working capital recognised on WPC acquisition	-	(1,900)	-	-
Add/(less) items classified as investing and financing activities:				
Accounts payable related to property, plant and equipment	**(619)**	(537)	-	-
Accounts receivable related to property, plant and equipment	-	-	-	-
Account payable relate to earthquake capital expenditure	**(433)**	(841)	-	-
Insurance progress payment schedule	**(68,808)**	(16,895)	-	-
Other	**(965)**	110	-	-
Net cash inflow from operating activities	**15,031**	7,446	**2,096**	471

21 Financial risk management

Nature of activities and management policies with respect to financial instruments:

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, and the basis of measurement applied in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the Financial Statements.

Capital risk management

CentrePort manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 17, cash reserves and retained earnings.

Externally imposed capital requirements

CentrePort has borrowing covenant requirements for gearing and interest cover ratios. Performance against covenants is reported quarterly to the Audit and Risk Committee. These covenants have been complied with during the period.

(a) Market risk

Interest rate risk

The Group is exposed to interest rate risk through the Group's treasury investment portfolio if market interest rates decline below annual budgeted amounts.

Interest rate sensitivity

At reporting date, keeping all variables constant, an increase in interest rates of +1% would decrease the profit in PIL parent by $440,000 (2018: $440,000 decrease) and increase the profit of PIL Group by $477,000 (2018: $637,000 decrease). A reduction in interest rates of -1% would increase the profit in PIL parent by $440,000 (2018: $440,000 increase) and decrease the profit of PIL Group by $477,000 (2018: $637,000 increase).

Maturity profile of financial instruments

The following table details the Group's exposure to interest rate risk at 30 June 2019 and 30 June 2018:

	Weighted average interest rate	Variable interest rate*	Maturity profile of financial instruments						Non-interest bearing	Total
			Within one year	1-2 years	2-3 years	3-4 years	4-5 years	5+ years		
	%	%	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group 2019										
Trade and other payables			14,263	-	-	-	-	-	14,263	14,263
Payables to employees			3,695	-	-	-	-	-	3,695	3,695
Debt - Parent	2.27	2.42	-	-	44,000	-	-	-	-	44,000
Debt - CentrePort	-	-	-	-	-	-	-	-	-	-
Total			17,958	-	44,000	-	-	-	17,958	61,958
Group 2018										
Trade and other payables			10,225	-	-	-	-	-	10,225	10,225
Payables to employees			3,523	-	-	-	-	-	-	3,523
Debt - Parent	1.99	2.03	-	-	-	-	-	44,000	-	44,000
Debt - CentrePort	2.54	1.94	22,040	-	-	-	-	-	-	22,040
Total			35,788	-	-	-	-	44,000	10,225	79,788
Parent 2019										
Trade and other payables			241	-	-	-	-	-	241	241
Borrowings - WRCH	2.27	2.42	-	-	44,000	-	-	-	-	44,000
Total			241	-	44,000	-	-	-	241	44,241
Parent 2018										
Trade and other payables			84	-	-	-	-	-	84	84
Borrowings - WRCH	1.99	2.03	-	-	-	-	-	44,000	-	44,000
Total			84	-	-	-	-	44,000	84	44,084

* Excluding bank margin

(b) Credit risk

Credit risk is the risk that the counter party to a transaction with the Group will fail to discharge its obligations, causing the Group to incur a financial loss. The Group is exposed to credit risk through the normal trade credit cycle and advances to third parties. The Group performs credit evaluations on all customers requiring credit and generally does not require collateral. Maximum exposures to credit risk as at balance date are the carrying value of financial assets in the statement of financial position.

Trade and other receivables include amounts that are unimpaired but considered past due as at balance date.

Insurance receivables credit risk

A total of $50m (2018: $59m) is recognised by CentrePort as a receivable in relation to insurance proceeds at balance date due from various insurance institutions. The credit ratings of the largest insurance credit exposure as published by Standard & Poors is rated A+ and above as at the date of these financial statements.

Concentrations of credit risk

The Group does not have any significant credit risk exposure other than insurance receivable to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by International credit-rating agencies.

Currency risk

The Group enters into forward exchange contracts to hedge the Group's foreign currency risk on major asset purchases.

As at 30 June 2019, The Group had not entered into any forward contracts (2018: nil).

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds at short notice to meet its financial commitments as they fall due. To reduce the exposure to liquidity risk the Group has a bank overdraft facility of $2m through a set off arrangement, (2018: $2m) and banking facilities of $50m at balance date (note 17) (2018: $125m). No funds (2018: $22m) had been drawn down by the Group at balance date. The bank overdraft of $4m as at 30 June 2018 was offset by $2.3m (2018: $2.3m) of cash in hand (note 7).

Liquidity profile of financial instruments

The following tables detail the group liquidity profile based on undiscounted cash outflows at 30 June 2019 and 30 June 2018, assuming future interest cost on borrowings at nil (2018: nil) of the average debt for each period.

Group - 30 June 2019	Less than one year	1-2 Years	2-5 Years	5+ Years	Total
	$'000	$'000	$'000	$'000	$'000
Trade and other payables	14,263	-	-	-	14,263
Payables to employees	3,695	-	-	-	3,695
Borrowings	1,066	1,064	44,533	-	46,663
Total	19,024	1,064	44,533	-	64,621
Group - 30 June 2018					
Trade and other payables	10,225	-	-	-	10,225
Payables to employees	3,523	-	-	-	3,523
Borrowings	22,040	-	-	44,000	66,040
Total	35,788	-	-	44,000	79,788
Parent - 30 June 2019					
Trade and other payables	869	-	-	-	869
Borrowings	1,066	1,064	44,533	-	46,663
Total	1,935	1,064	44,533	-	47,532
Parent - 30 June 2018					
Trade and other payables	623	-	-	-	623
Borrowings	-	-	-	44,000	44,000
Total	623	-	-	44,000	44,623

(d) Financial instruments by category

Assets	At amortised cost $'000	Loans and receivables $'000	Total $'000
Group			
At 30 June 2019			
Cash and cash equivalents	-	91,725	91,725
Trade and other receivables	-	10,555	10,555
Insurance Receivable	-	50,000	50,000
Other financial assets	-	3,564	3,564
	-	155,844	155,844

	At amortised cost $'000	Loans and receivables $'000	Total $'000
At 30 June 2018			
Cash and cash equivalents	-	2,309	2,309
Trade and other receivables	-	9,068	9,068
Insurance Receivable	-	59,268	59,268
Other financial assets	-	3,281	3,281
	-	73,926	73,926

	At amortised cost $'000	Loans and receivables $'000	Total $'000
Parent			
At 30 June 2019			
Cash and cash equivalents	-	1	1
Other financial assets	-	3,564	3,564
	-	3,565	3,565

	At amortised cost $'000	Loans and receivables $'000	Total $'000
At 30 June 2018			
Cash and cash equivalents	-	1	1
Other financial assets	-	3,281	3,281
	-	3,282	3,282

Liabilities	**Derivatives classified as held for trading $'000**	**Financial liabilities at amortised cost $'000**	**Total $'000**
Group			
At 30 June 2019			
Trade and other payables	-	14,263	14,263
Borrowings	-	44,000	44,000
Other financial liability	-	3,977	3,977
	-	62,240	62,240
At 30 June 2018			
Trade and other payables	-	10,225	10,225
Borrowings	-	66,040	66,040
Other financial liability	-	4,168	4,168
	-	80,433	80,433
Parent			
At 30 June 2019			
Trade and other payables	-	869	869
Borrowings	-	44,000	44,000
Other financial liability	-	-	-
	-	44,869	44,869
At 30 June 2018			
Trade and other payables	-	623	623
Borrowings	-	44,000	44,000
Other financial liability	-	-	-
	-	44,623	44,623

22 Commitments

Capital Commitments

The parent company, Port Investments Limited had no capital commitments at 30 June 2019 (2018: None).

At balance date CentrePort had entered into commitments for the acquisition of property, plant, and equipment amounting $11.7m for the Group (2018: $5.1m).

Leases

Disclosure for lessees

Future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Parent	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Not longer than 1 Year	**303**	311	**-**	-
Longer than 1 year and not longer than 5 years	**864**	904	**-**	-
Longer than 5 years	**144**	317	**-**	-
	1,311	1,532	**-**	-

Operating Leases as a Lessor

Future minimum lease receipts under non-cancellable operating leases are as follows:

	Group		Parent	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Not later than 1 year	**11,747**	7,717	**-**	-
Later than 1 year and no later than 5 years	**30,471**	23,876	**-**	-
Later than 5 years	**13,370**	18,741	**-**	-
	55,588	50,334	**-**	-

23 Related party transactions

Port Investments Limited is 100% owned by WRC Holdings Limited which is in turn 100% owned by Wellington Regional Council. During the year transactions between the Port Investment Group and related parties included:

Port Investments Limited owns 76.9% of CentrePort Limited with the balance of 23.1% owned by MWRC Holdings Limited, a subsidiary of Manawatu Wanganui Regional Council (trading as Horizons Regional Council).

The Group has a tax loss share arrangement with the Wellington Regional Council and Subsidiaries that allows the Group to purchase tax losses.

Port Investments Limited did not provide any tax losses to any entities in the Greater Wellington Group for the year ended 30 June 2019. (2018: nil).

During the year transactions between the Group and related parties included:

	Group		**Parent**	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Wellington Regional Council				
Interest income on intercompany current accounts	**59**	43	**59**	43
Payment for management fees	**(75)**	(79)	**(75)**	(79)
Income received from rent and services	**707**	703	-	-
Payment for use of navigational facilities, debt guarantee fee CentrePort	**(845)**	(1,069)	-	-
Current account - Wellington Regional Council	**3,564**	3,281	**3,564**	3,281
WRC Holdings				
Dividend paid or proposed				
Interest expense on Port Investments Limited advance	**1,084**	996	**1,084**	996
Advance WRC Holdings	**44,000**	44,000	**44,000**	44,000
Income received from rent and services performed.	-	-	-	-
Payment for goods and services	-	-	-	-
Direct Connect Container Service Limited				
Income received from rent and services performed	**511**	209	-	-
Loan advances	**(70)**	(110)	-	-
Payment for services performed	**(244)**	(138)	-	-
Wellington Port Coldstore Limited				
Income received from rent and services performed.	-	103	-	-
CentrePort Limited				
Dividend paid or proposed	-	-	**3,077**	1,538
Harbour Quays A1 Limited	-	-	-	-
Amounts received for tax losses transferred	**(743)**	33	-	-
Harbour Quays D4 Limited	-	-	-	-
Amounts received for tax losses transferred	**401**	168	-	-
Harbour Quays F1F2 Limited	-	-	-	-
Amounts received for tax losses transferred	**1,308**	455	-	-

At year-end the following outstanding balances with related parties were recorded as an asset/(liability):

	2019 $'000	2018 $'000
Wellington Regional Council and subsidiaries (Net)	**2,936**	2,742
Direct Connect Container Service Limited (Net)	**16**	47

During the year Harbour Quays A1 Limited, Harbour Quays D4 Limited and Harbour Quays F1F2 Limited paid management fees of $0.2m to CentrePort Property Management Limited (2018: $0.2m).

Key Management Personnel Compensation

The compensation of the Directors and executives, being the key management personnel of the entities, is set out below:

	Group 2019 $'000	Group 2018 $'000	Parent 2019 $'000	Parent 2018 $'000
Short-term employee benefits	**4,223**	3,158	**13**	16
Total key management personnel compensation	**4,223**	3,158	**13**	16

24 Contingent Assets

The Group has made a claim with its insurers for damages incurred to its insured port assets and infrastructure from the November 2016 earthquake. The insurers have accepted that the damage is covered under the group insurance policies, however, the final settlement amount has not yet been agreed.

Until the insurance claim process is finalised it is not possible to reliably estimate the value of the contingent asset.

25 Contingent liabilities

Subsidiary companies - CentrePort Limited:

There were no contingent liabilities as at 30 June 2019 (2018: nil).

Port Investments Limited

There were no contingent liabilities as at 30 June 2019 (2018: nil)

26 Subsequent events

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

Port Investments Limited
Statement of compliance and responsibility
As at 30 June 2019

Compliance

The Directors and management of the Company confirm that all the statutory requirements of the Local Government Act 2002 in relation to the financial report have been complied with.

Responsibility

The Directors and management of the Group accept responsibility for the preparation of the annual Financial Statements and the Statement of Service Performance and the judgements used in them.

The Directors have authority to sign these financial statements.

The Directors and management of the Company accept responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Directors and management of the Company, the annual Financial Statements and the Statement of Service Performance for the year ended 30 June 2019 fairly reflect the financial position and operations of the Company.

Director	Director	Chief Financial Officer
September 26, 2019	September 26, 2019	September 26, 2019

Auditors' report
To the shareholders of Port Investments Limited