2025 Port Otago Annual Report

Always open

PORT OTAGO CELEBRATES 150 YEARS

Contents

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Full year review

from the Chair and Chief Executive

Our strategy: New Zealand's always open port

Reflecting earlier generations' experiences of navigating similar challenges, Port Otago's strategy in 2025 focuses on adaptability and resilience. As larger vessels, shifting market demands and environmental pressures continue to reshape the maritime industry, our long-term motivation is simple: to contribute towards a healthy future for our owners, the people of our region.

Ensuring our channel is always open and resilient to extreme weather events is fundamental to our port's safe and efficient operation. For the past 150 years, we have benefited from in-house dredging capability, which has allowed us to respond quickly to weather events and to deepen the channel progressively, so it is always open to bigger ships. Port Otago has now partnered with Napier Port to acquire a new Damen trailing suction hopper dredge that will carry out capital and maintenance dredging at both ports.

Our new survey boat, *Mātai Awa*, has already improved our dredging efficiency. The Survey team works alongside our Dredge team to provide real-time readings as they dredge, removing any chance of over-dredging, lowering diesel usage and resulting in a lighter touch on nature.

Our Marine team used advanced modelling to better understand our future channel, tug and wharf infrastructure needs, so we can accommodate larger bulk, container and cruise ships. The modelling underlined that two 70-tonne bollard pull tugs were needed to safely manoeuvre larger vessels. As a result, Port Otago ordered a new Damen 2312 70-tonne tug, which will arrive in January 2026 and partner with our existing Damen 70-tonne *Tug Taiaroa*.

PORT OTAGO CELEBRATES 150 YEARS

Port Otago reached the extraordinary milestone of 150 years young in October 2024.

A highlight of the celebratory year was the opening and gifting of the refurbished Port Chalmers Maritime Museum back to the community, acknowledging our past while looking towards the future.

We celebrated the 150 years with a function at the Dunedin Town Hall, where we reflected on achievements and challenges faced by our forebears. Previous generations talked about adapting to larger ships, reconfiguring landside requirements, defending against extreme weather events and introducing new technology – the same issues and opportunities facing our business today.

Space to grow

The partnership with Dynes Group to build an inland port/freight hub at Mosgiel, called Southern Link, was established in December 2024. The joint venture owns 60 hectares of land in Dukes Road, adjacent to the Fonterra distribution centre and existing rail infrastructure. We are working through the consenting process to rezone the site as industrial land, so we can establish a new container depot, warehousing and bulk storage. Empty container storage and repair activities will move from Port Chalmers Container Terminal to Southern Link, freeing up space for full-container imports and exports and transshipping services. Work on a new $15m rail siding at Port Chalmers, enabling rail connection between the container terminal and Southern Link, is scheduled for September 2025 completion. With government-committed funding, we look forward to working with KiwiRail to build the replica rail siding at Southern Link, facilitating the removal of trucks from Dunedin roads.

Our data-led future

Our IT team built on the previous year's IT infrastructure investment to provide real-time integrated performance metrics for our business, so we can now make better decisions on the deployment of labour and resources.

The Board and members of the Leadership Team visited ports and inland ports in Australia to observe different modes of container automation. We have engaged logistics consultant Portwise to evaluate options and update our master plan by December 2025.

Rebuilding confidence in cruise

A highlight of the year was the Tourism Minister's announcement that cruise ships are welcome in Fiordland, sending a positive signal to the world's cruise companies that New Zealand is open for business. It will take time to rebuild confidence and rebalance the commercial settings to attract more cruise ships back to New Zealand shores.

We welcomed 91 cruise ships this season, down from 118 the previous year.

Another solid year for property

Our industrial property portfolio is 100% tenanted – a good position at this stage of the property cycle. Demand for new design/build/lease projects remains slow, with corporates reluctant to invest during these uncertain economic conditions. In Hamilton, Chalmers Properties completed a new warehouse build for RML Machinery and, in Dunedin, it is on track for the Otago Regional Council to move into its new space in January 2026.

Our kaimahi

It was a settled year for our Board and Leadership Team, with no personnel changes.

We reviewed the skills and roles needed for a **data led** future and that resulted in a restructure of our office staff. While it was a challenging time for our kaimahi, we are now in a position to leverage our investment in systems and data.

To our kaimahi, thank you for continuing to deliver for our customers, keeping each other safe and adapting to changing work processes.

Safety: Our highest priority

Managing and eliminating critical risks remains our focus.

This year, Maritime New Zealand introduced an industry-approved code of practice and our kaimahi adapted quickly to the new work methods that further mitigate suspended load risk on vessels. We invested in a formal assurance programme that audits critical risk controls and complements our visual safety leadership conversations (VSLs).

A sustainable future

During the past year, we have focused on removing waste and gaining operational efficiencies, while strengthening our infrastructure resilience to extreme weather events. Our Sustainability team completed detailed work on the plan to deliver on our emission reduction roadmap, while our Infrastructure team updated the asset management plan to capture emission reduction plans for each asset.

$36.9 million

$36.9m underlying profit, up from $34.4m last year

$18 million

$18m dividend, up from $16m last year

91

91 cruise ships, down from 118 last season

Positive financial performance

Underlying profit for the year of $36.9m was up 7%, compared to $34.4m last year. A strong result from our property business was offset by higher operating costs and lower revenue in the port business.

Container throughput of 249,000 TEU was 7% lower than last year, due to the loss of the MSC Capricorn service in the first quarter of the financial year. In November, Maersk removed the Polaris service and introduced a new direct-to-China service, the Northern Star, which was warmly welcomed by our region's exporters.

Marine and cargo revenue was negatively impacted by fewer cruise vessels calling Port Chalmers and Dunedin. Bulk cargo volumes were similar to last year, at 1.7m tonnes, reflecting the stable nature of non-containerised cargo flows in the lower South Island.

Investment property rentals increased $2.4m, as we reviewed rents in the Auckland and Dunedin property portfolio, and invested in new warehouse developments at Te Rapa Gateway, Hamilton.

Total operating expenses increased to $94.4m, up $7m compared to last year. Staff costs increased $3.8m, following the full-year impact of our main Collective Employment Agreement's change in conditions. Materials and services increased $2.7m, due to increased maintenance costs and higher IT costs, as we transition to a data-led business.

The group result was boosted by $10.7m of one-off gains from divestment of Dunedin leasehold land. Combined with the $32.9m revaluation gain on the investment property portfolio, the group's net profit after tax was $64.6m, compared to $30.4m last year.

Total assets increased by more than $70m, to $988m. This included an unrealised $32.9m change in the fair value of investment property, new investment property builds and purchases of port operating assets.

Total borrowings increased $23m, to $163m, with the debt to capital ratio increasing to 18% from 16% last year. The shareholder's equity ratio reduced from 78% to 77%.

Dividends paid to our shareholder, the Otago Regional Council, increased $2m to $18m, in line with the Statement of Corporate Intent.

The year ahead

We expect shipping reliability to be volatile, due to ongoing global supply chain issues. We are always open to accommodating our customers' needs and continue to invest in infrastructure that will provide space to grow. Consenting and construction of Stage 2 of Southern Link is a key project for the next 12 months.

We look forward to the arrival of our new Damen 2312 tug and expect to be big-ship capable by the second half of the financial year. Our always open channel project will focus on reinforcing our harbour defences to withstand more frequent extreme weather events. Channel design work is due to be completed mid 2026.

Disappointingly, there is a further reduction in cruise ship volumes for 2025/26, with only 80 vessels booked to visit Port Chalmers and Dunedin. However, recent government support for the cruise sector will help rebuild cruise numbers in the years ahead.

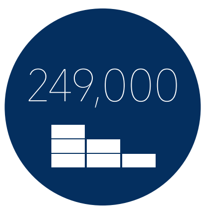
We expect economic conditions to improve post Christmas and our Property team is well positioned to respond to renewed demand for warehouse builds.

We look forward to supporting customers' growth on the back of an improved economy. We are well placed to partner and invest, as we continue creating value for our community-owned shareholder.

Tim Gibson
Chair

Kevin Winders
Chief Executive

Property 100% tenanted



249,000 TEU, down from 268,000 last year

22.0 TRIFR, up from 13.8 last year

Underlying profit as financial performance measure

Port Otago understands the importance of reported profits meeting accounting standards. Because we comply with accounting standards, users of the financial statements know that comparisons between different companies can be made with confidence and that there is integrity in our reporting approach.

However, we believe an underlying profit measurement can also assist understanding business performance – particularly for an organisation such as Port Otago, where revaluation changes can distort financial results and make it difficult to compare profits between years.

For this reason, Port Otago refers to underlying profits, alongside reported results. That is, when we report the results, we exclude fair value changes of investment property adjusted for changes that relate to development projects completed during the year and one-off items such as the deferred tax impact of the legislative change to remove building tax depreciation deductions.

The table shows the reconciliation between reported profit and underlying profit for the years ended 30 June 2025 and 2024.

	2025 $000	2024 $000
Profit for the year	64,604	30,423
Less		
Unrealised change in the fair value of investment property	(32,974)	(4,391)
Income tax on revaluations	1,820	151
Profit for the year before revaluations	33,450	26,183
Plus		
Development margin on completed property projects	4,304	2,321
Income tax on development margin	(807)	(409)
Development margin net of tax	3,497	1,912
Deferred tax liability on buildings arising from legislative change	-	6,339
Underlying profit	**36,947**	**34,434**

Notes to table

We have made the following adjustments to show underlying profit for the years ended 30 June 2025 and 2024:

1. Reversed out the impact of revaluations of investment property in 2025 and 2024. A user of the financial statements should monitor changes in investment property over time as a measure of growing value. However, a change in one particular year is too short to measure long-term performance. Changes between years can be volatile and, consequently, will impact comparisons. The revaluation is unrealised and therefore is not considered when determining dividends in accordance with the dividend policy.

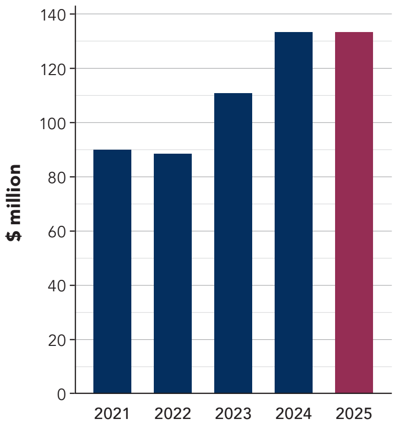
2. Added back the unrealised change in the fair value of investment property that relates to investment property development projects completed during the year. This margin is the result of commercial arrangements entered into and is largely within our control, year by year.

3. Reversed out the taxation impacts of the above movements in both the 2025 and 2024 financial years.

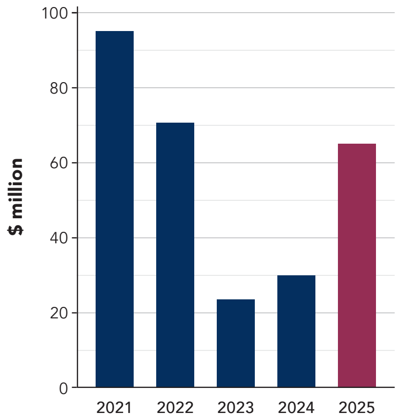
4. Reversed out the deferred tax liability on buildings arising from legislative change in 2024.

Our 2025 results

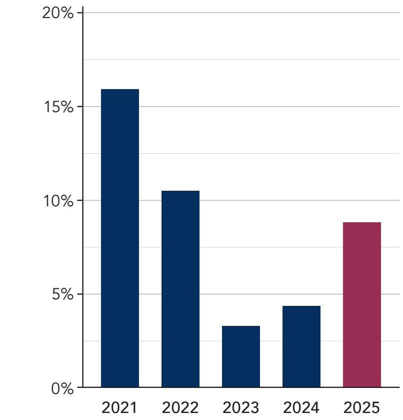
Revenue



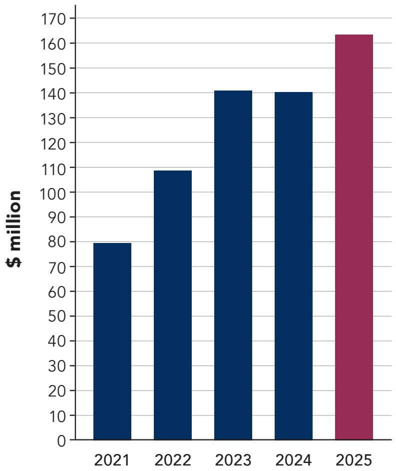
Net profit after tax



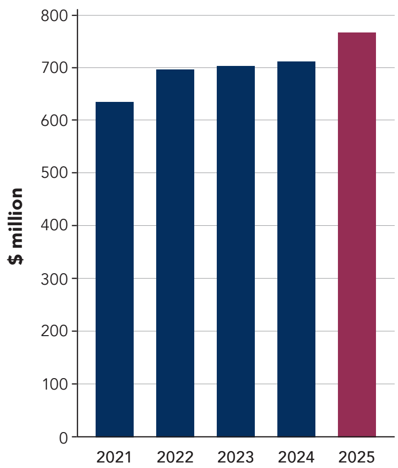
Return on equity



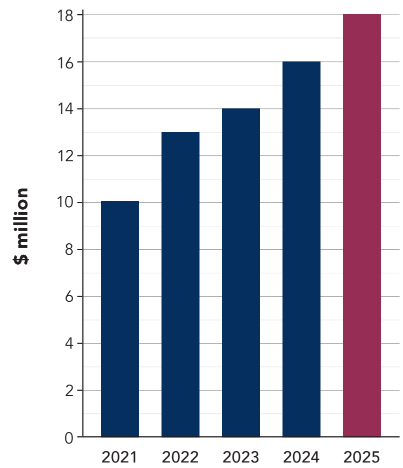
Bank debt



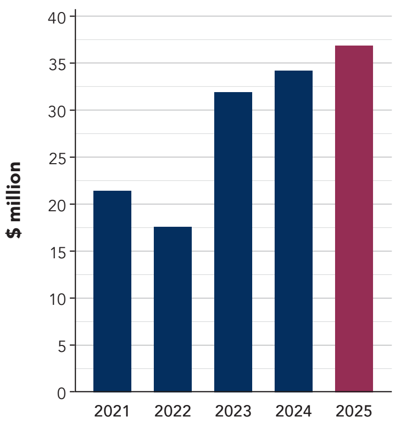
Shareholder equity



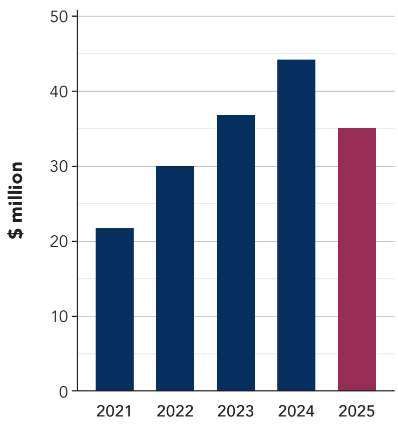
Dividends



Underlying profit



Operating cash flow



Consolidated group financial statements

Consolidated income statement

~ for the year ended 30 June 2025

	Notes	2025 $000	2024 $000
Revenue	A1	**132,328**	**133,171**
Operating expenses	A2		
Staff costs		(47,689)	(43,870)
Purchased materials and services		(32,881)	(30,131)
Depreciation, amortisation and impairment		(13,814)	(13,497)
Total operating expenses		**(94,384)**	**(87,498)**
Contribution from operating activities		**37,944**	**45,673**
Finance income		288	219
Finance expense		(5,167)	(6,069)
Net finance costs	A3	**(4,879)**	**(5,850)**
Gain on disposal of property		10,681	3,638
Joint venture share of profit (loss)		(369)	-
Fair value change in ineffective interest rate swaps		(1,188)	(639)
Unrealised change in the fair value of investment property	B1	32,974	4,391
Profit before income tax		**75,163**	**47,213**
Income tax expense	A4	(10,559)	(16,790)
Profit for the year		**64,604**	**30,423**

Consolidated statement of comprehensive income

~ for the year ended 30 June 2025

	2025 $000	2024 $000
Profit for the year	64,604	30,423
Other comprehensive income that may be reclassified to profit and loss in subsequent periods		
Cash flow hedges		
Fair value change in effective interest rate swaps and foreign exchange forward contracts (net of tax)	(1,755)	(1,072)
Total comprehensive income for the year	**62,849**	**29,351**

The accompanying notes form part of these financial statements

Consolidated statement of changes in equity

~ for the year ended 30 June 2025

	Notes	Share capital $000	Investment property revaluation reserve $000	Hedging reserve $000	Retained earnings $000	Total equity $000
Balance at 1 July 2023		**20,000**	**385,758**	**2,114**	**296,048**	**703,920**
Profit for the period		-	-	-	30,423	30,423
Transfer (from) / to		-	4,391	-	(4,391)	-
Other comprehensive income		-	-	(1,072)	-	(1,072)
Total comprehensive income		**-**	**4,391**	**(1,072)**	**26,032**	**29,351**
Transactions with owners in their capacity as owners						
Dividends paid	D2	-	-	-	(16,000)	(16,000)
Other movements						
Revaluation reserve reclassified to retained earnings on disposal of assets		-	(13,216)	-	13,216	-
Balance at 30 June 2024	D1	**20,000**	**376,933**	**1,042**	**319,296**	**717,271**
Profit for the period		-	-	-	64,604	64,604
Transfer (from) / to		-	32,974	-	(32,974)	-
Other comprehensive income		-	-	(1,755)	-	(1,755)
Total comprehensive income		**-**	**32,974**	**(1,755)**	**31,630**	**62,849**
Transactions with owners in their capacity as owners						
Dividends paid	D2	-	-	-	(18,000)	(18,000)
Other movements						
Revaluation reserve reclassified to retained earnings on disposal of assets		-	(24,389)	-	24,389	-
Balance at 30 June 2025	D1	**20,000**	**385,518**	**(713)**	**357,315**	**762,120**

The accompanying notes form part of these financial statements

Consolidated statement of financial position

~ for the year ended 30 June 2025

	Notes	2025 $000	2024 $000
Current assets			
Cash and cash equivalents		110	55
Trade and other receivables	C1	18,032	19,046
Non-current assets held for sale	B3	-	15,795
Maintenance inventories	C3	1,915	2,047
Derivative financial instruments	F6	870	1,626
Other financial assets	D3	483	-
		21,410	38,569
Non-current assets			
Property inventories	B2	14,908	13,966
Investment property	B1	661,820	607,214
Property, plant and equipment	B5	275,788	248,404
Investment in joint venture	E4	6,986	-
Intangible assets	B6	3,635	4,101
Derivative financial instruments	F6	574	1,310
Other financial assets	D3	3,242	2,088
		966,953	877,083
Total assets		**988,363**	**915,652**
Current liabilities			
Trade and other payables	C2	19,384	14,650
Borrowings	D3	60,693	55,080
Employee entitlements	C4	7,418	7,562
Derivative financial instruments	F6	1,058	-
Lease liabilities	C5	293	297
Income tax payable		2,936	6,229
		91,782	83,818
Non-current liabilities			
Borrowings	D3	102,832	85,323
Employee entitlements	C4	1,116	1,014
Derivative financial instruments	F6	1,676	600
Lease liabilities	C5	1,576	1,992
Deferred tax liabilities	A4	27,261	25,634
		134,461	114,563
Total liabilities		**226,243**	**198,381**
Equity			
Share capital		20,000	20,000
Reserves		384,805	377,975
Retained earnings		357,315	319,296
Total equity	D1	**762,120**	**717,271**
Total equity and liabilities		**988,363**	**915,652**

For and on behalf of the Board of Directors

The accompanying notes form part of these financial statements

T D Gibson Chair

P F Heslin Director

Consolidated cash flow statement

~ for the year ended 30 June 2025

	Notes	2025 $000	2024 $000
Cash flows from operating activities			
Receipts from customers		127,031	129,870
Payments to suppliers and employees		(73,967)	(72,912)
Interest paid		(5,269)	(5,586)
Income tax payments		(11,543)	(8,697)
Net GST received (paid)		(1,238)	1,750
Net cash flows from operating activities	G1	**35,014**	**44,425**
Cash flows from investing activities			
Proceeds from sale of investment property		32,604	18,641
Proceeds from sale of property, plant and equipment		10,240	11
Insurance proceeds		602	841
Purchase and development of investment property		(30,436)	(24,956)
Purchase of property, plant and equipment		(41,896)	(21,338)
Advance to joint venture		(7,355)	-
Interest capitalised	A3	(1,870)	(1,122)
Net cash flows from/(to) investing activities		**(38,111)**	**(27,923)**
Cash flows from financing activities			
Proceeds from borrowings		57,295	8,000
Repayment of borrowings		(35,810)	(8,225)
Dividends paid	D2	(18,000)	(16,000)
Repayment of lease liabilities	G2	(333)	(277)
Net cash flows from/(to) financing activities		**3,152**	**(16,502)**
Increase (decrease) in cash held		55	-
Cash held at beginning of period		55	55
Cash held at end of period		**110**	**55**

The accompanying notes form part of these financial statements

Notes to the financial statements

Reporting entity

Port Otago Limited ("the Company") is a limited company incorporated and domiciled in New Zealand. The address of its registered office and principal place of business is disclosed in the directory of the integrated report.

The financial statements presented are those of Port Otago Limited and its subsidiaries ("the Group"). The ultimate owner of the Group is the Otago Regional Council. Port Otago Limited operates a full service container port at Port Chalmers and provides wharf facilities in Dunedin. The principal activities of the Group are further described in section E.

These financial statements have been prepared to comply with the Companies Act 1993, the Financial Reporting Act 2013 and the Port Companies Act 1988.

The financial statements of Port Otago Limited are for the year ended 30 June 2025 and were issued by the Board on 27 August 2025.

Basis of preparation

These financial statements of Port Otago Limited have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand.

Accounting policies applied in these financial statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) issued and are effective as at the time of preparing these statements as applicable to Port Otago Limited as a profit-oriented entity. In complying with NZ IFRS Port Otago Limited is simultaneously in compliance with International Financial Reporting Standards (IFRS).

The preparation of financial statements in accordance with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The financial statements are presented in New Zealand dollars. All values are rounded to the nearest thousand dollars ($'000).

Measurement base

These annual financial statements have been prepared under the historical cost convention except for the revaluation of certain assets and the recognition at fair value of certain financial instruments (including derivative financial instruments).

New standards, amendments and interpretations

There are no new standards or amendments to existing standards that are effective for the year ended 30 June 2025 that have a material effect on the financial statements of the Group. There were also no standards, except for NZ IFRS 18 Presentation and Disclosure in Financial Statements ("NZ IFRS 18"), issued but not yet effective that could have a material effect on the Group.

NZ IFRS 18 was issued in May 2024 as a replacement for NZ IAS 1 Presentation of Financial Statements ("NZ IAS 1") and applies to an annual reporting period beginning on or after 1 January 2027. Most of the presentation and disclosure requirements would largely remain unchanged together with other disclosures carried forward from NZ IAS 1. NZ IFRS 18 primarily introduces the following:

- a defined structure for the statements of changes in equity by classifying items into one of the five categories: operating, investing, financing, income taxes, and discontinued operations. Entities will also present expenses in the operating category by nature, function, or a mix of both, based on facts and circumstances, and
- disclosure of management-defined performance measures in a single note together with reconciliation requirements, and additional guidance on aggregation and disaggregation principles (applied to all primary financial statements and notes).

Critical estimates and assumptions

The Group makes estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results and are continually being evaluated based on historical experience and other factors, including expectations of future events that are expected to be reasonable under the circumstances. There are no estimates or assumptions in the view of Directors that have a risk of causing a significant adjustment to the carrying amounts of assets or liabilities.

Further information about areas of estimation uncertainty that have the most significant effect on the amount recognised in the financial statements is disclosed in the relevant notes:

- Fair value measurements of property portfolio assets (note B4)
- Useful lives of property, plant and equipment (note B5)

Comparatives

Certain prior period assets and liabilities have been reclassified between functional categories for consistency with the current period.

Section A Financial Performance

A1 Revenue

Marine and cargo services and warehousing and logistics services revenue

Marine and cargo services revenue is derived from an integrated performance obligation for the provision of channel navigation, berthage, wharfage, stevedoring and empty container services. Warehousing and logistics services revenue is derived from the storage and container packing of customer cargo. Revenue is based on the service price specified in the relevant tariffs or specific customer contract. The contract price for the services performed reflects the value transferred to the customer and is accounted for as a single performance obligation and recognised over-time. Revenue is shown net of rebates and discounts.

Property rentals

Port property rentals are derived from leased property (see note B5) integral to the import and export of goods through the port and subject to an operating lease with a port customer. Revenue is recognised on a straight-line basis over the lease term.

Investment property rentals are recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

	2025 $000	2024 $000
Disaggregation of revenue		
Marine and cargo services	82,136	85,062
Warehousing and logistics services	9,404	8,580
Port property rentals	8,105	8,406
Investment property rentals	32,683	30,264
Insurance proceeds	-	859
Total revenue	**132,328**	**133,171**

A2 Operating expenses

Expenses incurred in the financial year of $94.4 million (2024: $87.5 million) for the Group include the following:

	2025 $000	2024 $000
Staff costs		
Wages and salaries	45,309	41,771
Employer superannuation contribution	2,380	2,099
Total staff costs	**47,689**	**43,870**

Salaries and other short and long-term employee benefits, paid or accruing to key management personnel during the financial year totalled $5,877,411 (2024: $5,056,651).

	2025 $000	2024 $000
Audit services - Ernst & Young	196	190
Non audit services - Ernst & Young	3	14
Directors fees	622	536
Expense relating to short-term leases	377	337
Sponsorship	582	451

Non audit services comprise fees to Ernst & Young of $2,800 for a market remuneration survey report (2024: people advisory services $11,992 and provision of a tax model $1,750).

	Notes	2025 $000	2024 $000
Depreciation, amortisation and impairment			
Depreciation of property, plant and equipment	B5	13,039	12,161
Impairment of property, plant and equipment	B5	-	584
Amortisation of intangibles	B6	537	511
Amortised leasing costs		238	241
Total depreciation, amortisation and impairment		**13,814**	**13,497**

A3
Net finance costs

Borrowing costs directly attributable to the acquisition and/or construction of property, plant and equipment and investment property development projects are capitalised as part of the cost of those assets. Other borrowing costs are expensed in the period in which they are incurred.

Finance income includes interest income accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the asset to that asset's net carrying amount.

	2025 $000	2024 $000
Finance income	288	219
Interest expense and bank facility fees	(6,891)	(7,024)
Interest on lease liabilities	(146)	(167)
Interest capitalised*	1,870	1,122
Finance expense	**(5,167)**	**(6,069)**
Net finance costs	**(4,879)**	**(5,850)**
*Weighted average capitalisation rate on funds borrowed	4.7%	4.7%

A4
Income tax

Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax except to the extent that it relates to items recognised directly in equity, in which case the tax expense is also recognised in equity. The current tax payable is based on taxable profit for the period. Taxable profit differs from profit reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using the tax rates that have been enacted by the balance date. Port Otago Limited is part of a consolidated tax group including its subsidiaries, Chalmers Properties Limited and Fiordland Pilot Services Limited. The total charge for the year can be reconciled to the accounting profit as follows:

	2025 $000	2024 $000
Profit before income tax	75,163	47,213
Prima facie tax expense at 28%	(21,046)	(13,220)
Non deductible items	32	(44)
Non assessable income	2,916	1,024
Unrealised change in the fair value of investment property	7,414	1,078
Deferred tax liability on buildings arising from legislative change	-	(6,339)
Prior year adjustment to current tax	129	325
Deferred tax relating to the origination and reversal of temporary differences	(4)	386
Income tax expense	**(10,559)**	**(16,790)**
Allocated between:		
Current tax	(8,249)	(10,212)
Deferred tax	(2,310)	(6,578)
	(10,559)	**(16,790)**

Deferred tax

Deferred tax is provided in full, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the balance date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax (assets) and liabilities	**Property, plant and equipment** $000	**Investment property** $000	**Property inventories** $000	**Financial instruments** $000	**Other** $000	**Total** $000
Balance at 1 July 2023	9,752	10,609	210	1,412	(2,510)	19,473
Charged / (credited) to hedging reserve direct to equity				(417)		(417)
Charged / (credited) to income statement	5,906	1,177	(96)	(244)	(165)	6,578
Balance at 30 June 2024	**15,658**	**11,786**	**114**	**751**	**(2,675)**	**25,634**
Charged / (credited) to hedging reserve direct to equity	-	-	-	(683)	-	(683)
Charged / (credited) to income statement	(408)	2,889	-	(430)	259	2,310
Balance at 30 June 2025	**15,250**	**14,675**	**114**	**(362)**	**(2,416)**	**27,261**

Imputation credits	**2025** $000	**2024** $000
Imputation credits available to shareholder for future use	73,986	62,292

Section B Capital assets used to operate the business

B1 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at its fair value at the balance sheet date. On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition investment properties are measured using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in the Income Statement for the period in which they arise. Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The fair value of investment property reflects the Directors' assessment of the highest and best use of each property and amongst other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions. The fair value also reflects the cash outflows that could be expected in respect of the property. No depreciation is provided for on investment properties.

Gains or losses on the disposal of investment properties are recognised in the Income Statement in the period in which the risks and rewards of the investment property have been fully transferred to the purchaser. Borrowing costs are capitalised if they are directly attributable to the acquisition or construction of a qualifying property. Capitalisation of borrowing costs will continue until the asset is substantially ready for its intended use. The rate at which borrowing costs are capitalised is determined by reference to the weighted average borrowing costs and the average level of borrowings. Investment properties under construction are carried at cost until it is possible to reliably determine their fair value, from which point they are carried at fair value less costs to complete.

	Notes	2025 $000	2024 $000
Balance at beginning of year		607,214	604,914
Transfer from property inventories	B2	-	4,446
Transfer to non-current assets held for sale	B3	-	(15,795)
Capital expenditure and improvements		29,602	22,000
Disposals		(9,315)	(13,675)
Net movement in prepaid leasing costs and lease incentives		(377)	(189)
Interest capitalised		1,722	1,122
Unrealised change in the fair value of investment property		32,974	4,391
Balance at end of year		**661,820**	**607,214**
Comprising:			
Industrial		350,157	327,255
Retail and office		97,038	66,104
Ground leases		214,625	213,855
		661,820	**607,214**
Valuations by valuer			
Bayleys Valuations Limited		221,825	239,715
Jones Lang LaSalle Limited (JLL)		187,435	176,225
Savills (NZ) Limited		100,200	97,000
CVAS (NZ) Limited (Colliers)		95,500	60,000

B2
Property inventories

Transfers from investment property to property inventories occur when there is a change in use evidenced by the commencement of a development with a view to sell. Future development stages that have not yet commenced and are being held for capital appreciation are accounted for in investment property. Property inventories are accounted for as inventory under NZ IAS 2 and initially recognised at deemed cost represented by the fair value at the time of commencement of the development. Further costs directly incurred through development activities are capitalised to the cost of the property inventories. Property inventories are valued annually and are measured at the lower of cost and net realisable value. Where costs exceed the fair value of the property inventories the resulting write-downs are included in the Income Statement in the period in which they arise.

Disposals are recorded in revenue as sales of property inventories with the cost of sales recorded in operating expenses as cost of sales of property inventories.

The $14.9 million carrying value at balance date reflects the cost of 6.1 hectares of developed land for sale. In their June 2025 valuation, Jones Lang LaSalle stated a net realisable value of $31.1 million for this land on hand. At June 2024, the $14.0 million carrying value of developed land reflected the cost of 6.1 hectares of developed land. Jones Lang LaSalle stated a net realised value for the developed land on hand at June 2024 of $30.7 million.

	Notes	2025 $000	2024 $000
Balance at beginning of year		13,966	15,507
Transfer to investment property	B1	-	(4,446)
Development expenditure and improvements		942	2,905
Balance at end of year		**14,908**	**13,966**
Comprising:			
Developed land for sale		14,908	13,966
		14,908	**13,966**

Inventory classified as non-current

The non-current property inventories relate to land and developments that are expected to be held for greater than 12 months.

B3 Non-current assets held for sale

Property classified as held for sale is measured at:

- fair value for investment property held for sale (NZ IAS 40); and
- fair value less estimated costs of disposal, measured at the time of transfer, for items transferred from property, plant and equipment (NZ IFRS 5).

Property is classified as held for sale if the carrying amount will be recovered through a sales transaction rather than through continuing use. Property is not depreciated or amortised while it is classified as held for sale.

	Notes	2025 $000	2024 $000
Balance at beginning of year		15,795	-
Transfer from investment property	B1	-	15,795
Disposals		(15,795)	-
Balance at end of year		**-**	**15,795**

B4
Fair value measurements of Investment Property

Critical estimates and assumptions

The valuation of investment property requires estimation and judgement. The fair value of investment properties is determined from valuations prepared by independent valuers using Level 3 valuation techniques. Level 3 valuation techniques use inputs for the asset that are not based on observable market data, that is, unobservable inputs. All investment properties were valued as at balance date by Bayleys, JLL, Savills or Colliers (2024: Bayleys, JLL, Savills or Colliers) who are independent valuers and members of the New Zealand Institute of Valuers. There is a policy of rotation of independent investment property valuers. Other than in exceptional circumstances, the terms of rotation for ground leases are every four years and all other investment properties, every three years.

As part of the valuation process, management verifies all major inputs to the independent valuation reports, assesses movements in individual property values and holds discussions with the independent valuer. The fair value was determined using Level 3 valuation techniques via a combination of the following approaches:

- **Direct Capitalisation:** The subject property rental is divided by a market derived capitalisation rate to assess the market value of the asset. Further adjustments are then made to the market value to reflect under or over renting, additional revenue and required capital expenditure.
- **Discounted Cash Flow:** Discounted cash flow projections for the subject property are based on estimates of future cash flows, supported by the terms of any existing lease and by external evidence such as market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.
- **Sales Comparison:** The subject property is related at a rate per sqm as a means of comparing evidence. In applying this approach a number of factors are taken into account such as but not limited to, size, location, zoning, contour, access, development potential and end use, availability of services, profile and exposure, current use of surrounding properties, geotechnical and topographical constraints.

Significant inputs used together with the impact on fair value of a change in inputs:

Range of significant unobservable inputs

Inputs used to measure fair value	2025		2024		Sensitivity
Market capitalisation rate (%) [1]	4.5%	7.8%	4.5%	15.0%	The higher the capitalisation rates and discount rate, the lower the fair value
Discount rate (%) [2]	6.8%	9.0%	6.8%	12.0%	
Terminal capitalisation rate (%) [3]	4.8%	8.0%	4.8%	15.3%	
Market rental ($ per sqm) [4]	$13	$450	$13	$425	The higher the market rental and growth rates, the higher the fair value
Rental growth rate (%) [5]	1.5%	3.0%	1.5%	3.0%	

1. The capitalisation rate applied to the market rental to assess a property's value, determined through similar transactions taking into account location, weighted average lease term, size and quality of the property.
2. The rate applied to future cash flows relating transactional evidence from similar properties.
3. The rate used to assess the terminal value of the property.
4. The valuers' assessment of the net market income which a property is expected to achieve under a new arm's length leasing transaction.
5. The rate applied to the market rental over the future cash flow projection.

Valuation sensitivity

A sensitivity analysis that shows how a change to capitalisation and discount rates affects the value of the Group's investment property is provided below. The metrics chosen are those single-value inputs where movements are likely to have the most significant impact of the fair value of investment properties.

The capitalisation rate relates to the direct capitalisation approach and the discount rate relates to the discounted cash flow approach. Generally, a change in the capitalisation rate is accompanied by a directionally similar change in the discount rate. The table below assesses each of these inputs in isolation and assumes all other inputs are held constant.

30 June 2025	Adopted value $000	Capitalisation rate -25bps	Capitalisation rate +25bps	Discount rate -25bps	Discount rate +25bps
Ground leases					
Actual valuation ($000)	$214,625				
Impact of assumption change ($000)		$10,721	($9,743)	$11,040	($9,995)
Impact of assumption change (%)		5.0%	(4.5%)	5.1%	(4.7%)
Industrial, retail and office					
Actual valuation ($000)	$390,335				
Impact of assumption change ($000)		$17,121	($15,685)	$7,493	($6,707)
Impact of assumption change (%)		4.4%	(4.0%)	1.9%	(1.7%)

30 June 2024	Adopted value $000	Capitalisation rate -25bps	Capitalisation rate +25bps	Discount rate -25bps	Discount rate +25bps
Ground leases					
Actual valuation ($000)	$229,650				
Impact of assumption change ($000)		$11,002	($10,037)	$11,310	($10,305)
Impact of assumption change (%)		4.8%	(4.4%)	4.9%	(4.5%)
Industrial, retail and office					
Actual valuation ($000)	$359,085				
Impact of assumption change ($000)		$15,595	($14,309)	$6,862	($6,508)
Impact of assumption change (%)		4.3%	(4.0%)	2.0%	(1.8%)

B5
Property, plant and equipment

Property, plant and equipment is stated at cost, less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. When significant, interest costs incurred during the period required to construct an item of property, plant and equipment are capitalised as part of the asset's total cost.

Property is classified as property, plant and equipment if the property is held to meet the strategic purposes of the port, or to form part of buffer zones to port activity, or to assist the provision of port services, or to promote or encourage the import or export of goods through the port.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Income Statement when the asset is derecognised.

	Land $000	Buildings and improvements $000	Harbour improvements $000	Plant, equipment and vehicles $000	Work in progress $000	Total $000
Cost						
Balance 1 July 2023	42,988	94,349	91,473	124,296	27,240	380,346
Additions	-	-	-	-	20,755	20,755
Transfer from work in progress	-	20,457	10,269	7,757	(38,483)	-
Transfer to intangible assets	-	-	-	-	(407)	(407)
Impairment	-	-	-	(1,417)	-	(1,417)
Disposals	(8)	(1,835)	-	(472)	-	(2,315)
Cost at 30 June 2024	**42,980**	**112,971**	**101,742**	**130,164**	**9,105**	**396,962**
Additions	-	-	-	-	48,915	48,915
Transfer from work in progress	8,114	7,262	294	6,055	(21,725)	-
Transfer to intangible assets	-	-	-	-	(70)	(70)
Disposals	(5,242)	(59)	-	(10,733)	-	(16,034)
Cost at 30 June 2025	**45,852**	**120,174**	**102,036**	**125,486**	**36,225**	**429,773**
Accumulated depreciation						
Balance 1 July 2023	1,093	34,709	30,849	72,863	-	139,514
Depreciation for period	313	3,683	1,978	6,187	-	12,161
Impairment	-	-	-	(832)	-	(832)
Disposals	-	(1,823)	-	(462)	-	(2,285)
Accumulated depreciation at 30 June 2024	**1,406**	**36,569**	**32,827**	**77,756**	**-**	**148,558**
Depreciation for period	307	4,441	1,715	6,576	-	13,039
Impairment	-	-	-	-	-	-
Disposals	(134)	(59)	-	(7,419)	-	(7,612)
Accumulated depreciation at 30 June 2025	**1,579**	**40,951**	**34,542**	**76,913**	**-**	**153,985**
Net book value						
At 30 June 2024	41,574	76,402	68,915	52,408	9,105	248,404
At 30 June 2025	**44,273**	**79,223**	**67,494**	**48,573**	**36,225**	**275,788**

Included in property, plant and equipment are the following assets, all integral to the import or export of goods through the port and subject to an operating lease with a port customer.

Leased assets	Land $000	Buildings and improvements $000	Total $000
Cost			
Balance 1 July 2023	9,494	41,479	50,973
Additions	-	38	38
Cost at 30 June 2024	**9,494**	**41,517**	**51,011**
Additions	-	-	-
Cost at 30 June 2025	**9,494**	**41,517**	**51,011**
Accumulated depreciation			
Balance 1 July 2023	-	10,421	10,421
Depreciation for period	-	1,105	1,105
Accumulated depreciation at 30 June 2024	**-**	**11,526**	**11,526**
Depreciation for period	-	1,391	1,391
Accumulated depreciation at 30 June 2025	**-**	**12,917**	**12,917**
Net book value			
At 30 June 2024	9,494	29,991	39,485
At 30 June 2025	**9,494**	**28,600**	**38,094**

Estimates and assumptions

At each balance date, the Group reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful lives and residual value estimates of property, plant and equipment requires the Group to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the Group, and expected disposal proceeds from the future sale of the asset. An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset, therefore impacting on the depreciation expense recognised in the Income Statement and carrying amount of the asset in the Statement of Financial Position. The Group minimises the risk of this estimation uncertainty by physical inspection of assets, asset replacement programmes and analysis of prior asset sales.

Depreciation

Property, plant and equipment are depreciated on a straight-line basis so as to allocate the costs of assets over their estimated useful lives. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate, and depreciated on a straight-line basis over the remaining estimated useful life of the asset.

Land	nil
Buildings, improvements and building fit-out	5-50 years
Harbour improvements	
- Wharves	10-70 years
- Berth and channel dredging	nil
Vessels and floating plant	5-30 years
Right-of-use assets	1-10 years
Other plant, equipment and vehicles	3-35 years

Impairment of property, plant and equipment

Property, plant and equipment assets are reviewed at each balance sheet date for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If an indication of impairment exists then the asset's recoverable amount is estimated. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised whenever the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised immediately in the Income Statement.

B6
Intangible assets

The cost of acquiring an intangible asset is amortised from the date the asset is ready for use on a straight-line basis over the periods of expected benefit.

	Notes	Computer software $000	Resource consents $000	Total
Cost				
Balance 1 July 2023		8,657	6,338	14,995
Transfer from property, plant and equipment work in progress	B5	407	-	407
Disposals		(24)		(24)
Cost at 30 June 2024		**9,040**	**6,338**	**15,378**
Transfer from property, plant and equipment work in progress	B5	70	-	70
Disposals		(77)	-	(77)
Cost at 30 June 2025		**9,033**	**6,338**	**15,371**
Accumulated amortisation				
Balance 1 July 2023		8,252	2,538	10,790
Amortisation expense		223	288	511
Disposals		(24)	-	(24)
Accumulated amortisation at 30 June 2024		**8,451**	**2,826**	**11,277**
Amortisation expense		249	288	537
Disposals		(78)	-	(78)
Accumulated amortisation at 30 June 2025		**8,622**	**3,114**	**11,736**
Net book value				
At 30 June 2024		589	3,512	4,101
At 30 June 2025		**411**	**3,224**	**3,635**

Computer software

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period.

Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses.

Costs incurred for the development of software code that enhances, modifies or creates additional capability to existing on-premise systems and meets the definition of and recognition criteria for an intangible asset are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis. The amortisation periods range from 1 to 5 years. The useful lives of these assets are reviewed at least at the end of each financial year.

Resource consents

For resource consents the amortisation periods range from 3 to 25 years. Where the periods of expected benefit or recoverable values have diminished, due to technological change or market conditions, amortisation is accelerated or the carrying value is written down. Resource consents relate to the granting of the consents which will allow Port Otago Limited to deepen to 15 metres and widen the channel in Otago Harbour so larger ships will be able to call at Port Chalmers. Amortisation of the carrying amounts of consents commenced on the activation of the consents and will be amortised over the life of the consents which is either 3 years or 20 years. An additional 25 year consent was granted in June 2017 to undertake maintenance dredging and disposal of dredge spoil.

Section C
Operating assets and liabilities used to operate the business

C1
Trade and other receivables

Trade and other receivables arise in the ordinary course of business and are initially valued at fair value and subsequently measured at amortised cost using the effective interest method less any provision for impairment. Port Otago invoices for services as they are performed, generally on a monthly basis. They are non-interest bearing and have payment terms of generally the 20th of the month following the invoice.

The carrying value of trade and other receivables includes an expected credit loss allowance of $138,000 in respect of trade receivable balances at 30 June 2025 (2024: $5,000). To measure the expected credit loss allowance amount, historical loss rates are adjusted to reflect forward-looking information. Trade receivables are grouped in accordance with the days past due. The Group identified business confidence and global growth to the most relevant credit risk factors.

	2025 $000	2024 $000
Trade receivables	14,909	14,555
Prepayments	956	1,758
Lease receivable	2,167	2,131
Insurance claim receivable	-	602
Balance at end of year	**18,032**	**19,046**

The status of trade receivables at the reporting date is as follows:

	2025 $000	2024 $000
Not past due	14,728	14,474
Past due 30-60 days	63	45
Past due 61-90 days	28	32
Past due more than 90 days	228	9
Gross receivable	**15,047**	**14,560**
Less allowance for expected credit losses	(138)	(5)
Balance at end of year	**14,909**	**14,555**

C2
Trade and other payables

Trade and other payables represent unsecured liabilities for goods and services provided to the Group prior to end of the financial year which are unpaid. Trade and other payables are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are assumed to be the same as their fair values due to their short-term nature.

	2025 $000	2024 $000
Accounts payable	5,966	4,374
Other accrued charges	12,823	8,444
GST payable	595	1,832
Balance at end of year	**19,384**	**14,650**

C3
Maintenance inventories

Inventories are stores, materials and maintenance spares to be consumed in the rendering of services and are stated at the lower of cost or net realisable value. The cost of stores, materials and maintenance spares are determined on a weighted average basis.

C4
Employee entitlements

Provision is made for benefits accruing to employees in respect of salaries and wages, annual leave, sick leave, long service leave, retiring allowances, superannuation contributions and incentive plans when it is probable that settlement will be required. Provisions made in respect of employee benefits expected to be settled within 12 months are measured at undiscounted amounts based on remuneration rates that the Group expects to pay. Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to the reporting date. These provisions are affected by a number of estimates including projected interest rates, the expected length of service of employees and future levels of employee earnings. Long service leave accrued to key management personnel at balance date totalled $139,739 (2024: $90,751).

	2025 $000	2024 $000
Accrued wages, salaries and other benefits	1,808	2,401
Annual leave	5,431	5,028
Long service leave	1,085	983
Employee retiring allowances	31	30
Sick leave accrual	179	134
Balance at end of year	**8,534**	**8,576**
Analysed as:		
Current	7,418	7,562
Non-current	1,116	1,014
	8,534	**8,576**

C5
Leases

As lessor

The Group has entered into commercial property leases including perpetual ground leases. These leases have remaining non-cancellable lease terms of up to 21 years. Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. The Group has determined that it retains all significant risks and rewards of ownership of the commercial property leases and has therefore classified the leases as operating leases. Property leased out under operating leases is included in investment property and property, plant and equipment in the Statement of Financial Position. Undiscounted future minimum rentals receivable under non-cancellable commercial property leases including amounts up to the next renewal term for perpetual ground leases are:

	2025 $000	2024 $000
Rentals receivable		
Less than 1 year	37,640	34,452
1 - 2 years	34,590	33,434
2 - 3 years	32,217	27,021
3 - 4 years	27,859	24,887
4 - 5 years	22,894	20,628
Greater than 5 years	140,648	98,765
Minimum future lease receivable	**295,848**	**239,187**

As lessee

The Group leases plant, equipment and land for port operations typically for fixed periods of 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The Group recognises a right-of-use asset and a lease liability at the commencement date of a lease except for short-term leases, where the lease term is less than 12 months, or related to low value assets, which are expensed on a straight-line basis over the term of the lease. On initial recognition lease liabilities are recognised at the net present value of the future lease payments discounted using the interest rate implicit in the lease. Lease liabilities are subsequently measured at amortised cost. Right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability. Right-of-use assets are included within property, plant and equipment in the Statement of Financial Position and are subsequently measured on the same basis.

	2025 $000	2024 $000
Right-of-use assets - plant, equipment and land		
Balance at beginning of year	1,993	2,306
Disposals	(91)	-
Depreciation	(307)	(313)
Balance at end of year	**1,595**	**1,993**
Lease liabilities		
Balance at beginning of year	2,289	2,567
Disposals	(221)	-
Interest expense	146	167
Lease payments - cash	(345)	(445)
Balance at end of year	**1,869**	**2,289**
Lease liabilities		
Current	293	297
Non-current	1,576	1,992
	1,869	**2,289**

Section D
Business funding

D1
Equity

	2025 $000	2024 $000
Share capital	20,000	20,000
Investment property revaluation reserve	385,518	376,933
Hedging reserve	(713)	1,042
Retained earnings	357,315	319,296
Total equity	**762,120**	**717,271**

Capital management strategy

The Group's capital is its equity, which comprises the share capital, reserves and retained earnings noted above. Equity is represented by net assets. The owners of the Group require the Board to manage its revenue, expenses, assets and liability transactions prudently. The Group's equity is therefore managed as an integral component of these prudent transactions. The objective of managing the Group's equity is to ensure that the Group effectively achieves its objectives while providing a financial return to the owners. The Group manages capital on the basis of the equity ratio with a target range of 70% to 85%.

Share capital

At 30 June 2025 Port Otago Limited has 20,000,000 ordinary shares (2024: 20,000,000 ordinary shares). All shares are fully paid ($1.00 per share) and have no par value. All shares carry equal voting rights and the right to share in any surplus on the winding up of the Group.

Investment property revaluation reserve

The investment property revaluation reserve relates to the revaluation of investment properties.

The unrealised change in the fair value of investment property is initially recognised in the Income Statement and then transferred to the investment property revaluation reserve within equity. Realised changes in the fair value of investment property are reclassified from the investment property revaluation reserve to retained earnings, within equity upon disposal of investment property assets.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of the cash flow hedging instruments relating to interest and foreign exchange payments that have not yet occurred.

Retained earnings

The purpose of the retained earnings reserve is to hold funds for future investment or returns to the shareholder.

D2
Dividends

	2025 $000	2024 $000
First interim dividend	9,000	7,500
Second interim dividend	9,000	7,500
Dividends for the financial year	**18,000**	**15,000**
Adjust for dividends declared after year end:		
2023 final dividend declared October 2023	-	1,000
Dividend distributed to owners as disclosed in the Consolidated Statement of Changes in Equity	**18,000**	**16,000**
Dividends - dollars per share	$0.90	$0.80

D3
Borrowings

Borrowings are recognised initially at fair value. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Income Statement over the period of the borrowings, using the effective interest method. The effective interest rate, incorporating the effect of hedge contracts is 4.9% (2024: 4.8%).

The carrying amount of borrowings reflects fair value as the borrowing finance rates approximate market rates.

	2025 $000	2024 $000
Current liabilities		
Bank loans	3,710	16,725
Related party loans - Otago Regional Council	56,983	38,355
Total current liabilities	**60,693**	**55,080**
Non-current liabilities		
Bank loans	10,000	10,000
Related party loans - Otago Regional Council	92,832	75,323
Total non-current liabilities	**102,832**	**85,323**
Total borrowings	**163,525**	**140,403**

Bank loans

The Group has a $31 million (2024: $31 million) Flexible Credit Facility with ANZ Bank New Zealand Limited (ANZ) which the Group may draw from for terms ranging from call to the termination of the agreement, which is 1 July 2027. In addition, the Group has a revolving $29 million (2024: $29 million) Commercial Flexi Facility with ANZ which is subject to an annual review. The next review is due on 30 November 2025.

The covenants reported to ANZ are an adjusted equity % (shareholder investment / total tangible assets) of greater or equal to 50% and interest cover ratio (EBIT : interest costs) greater or equal to 2.5:1. Both covenants are tested half-yearly at 31 December and 30 June. The adjusted equity % was 77% at 30 June 2025 (2024: 77%) and interest cover ratio 5.4:1 (2024: 6.4:1). The Group has no indication that it will have difficulty complying with these covenants.

The security for advances is a cross guarantee and indemnity between Port Otago Limited, Chalmers Properties Limited and Te Rapa Gateway Limited in favour of the lender, general security agreement over the assets of Port Otago Limited and Chalmers Properties Limited and registered first-ranking mortgages over land.

Related party loans

Port Otago Limited's shareholder, the Otago Regional Council (ORC), has agreed to provide unsecured loans up to a maximum of $150 million (2024: $150 million). The loan amounts, interest rates and repayment dates match loans provided by the New Zealand Local Government Funding Agency (LGFA) to the ORC. Port Otago Limited pays all reasonable costs and expenses incurred by the ORC in connection with the establishment of its LGFA facility and ongoing fees. All loans under the agreement are unsecured.

The loan renewal dates for the loans range from August 2025 to March 2034 (2024: August 2024 to December 2030). The ORC or Port Otago Limited may terminate the related party loan agreement by giving 24 months' notice to the other party. If the termination notice is provided by the ORC, any funding break costs are incurred by the ORC. At 30 June 2025, no termination notice had been received from the ORC.

When borrowing long-term from LGFA, borrower notes must be subscribed for an amount of 5.0% of long-term borrowings (2024: 2.5%). Borrower notes are used by LGFA as a source of capital to ensure there is sufficient capital to match the growth in the LGFA's balance sheet. LGFA redeems the borrower notes plus interest when the related borrowings are repaid or no longer owed to LGFA. At 30 June 2025, the Group, through the ORC, had subscribed to borrower notes totalling $3,725,182 (2024: $2,088,204).

	2025 $000	2024 $000
Other financial assets		
Borrower notes - ORC	3,725	2,088
Total other financial assets	**3,725**	**2,088**
Analysed as:		
Current	483	-
Non-current	3,242	2,088
	3,725	**2,088**

Section E
Group structure

E1
Investment in subsidiaries

The financial statements include those of Port Otago Limited (the Company) and its subsidiaries and joint operations accounted for by line aggregation of assets, liabilities, revenues, expenses and cash flows that are recognised in the financial statements. Joint operations are accounted for on a proportionate basis. Joint ventures are accounted for using the equity method. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits and losses and movements in other comprehensive income.

Under NZ IFRS 11, investments in joint arrangements are classifed as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. A joint venture is a joint arrangement whereby the parties have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the parties have rights to the assets, and obligations for the liabilities, relating to the arrangement.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Subsidiaries are entities that are controlled, either directly or indirectly, by the Company. The results of subsidiaries acquired or disposed of during the period are included in the Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intercompany transactions are eliminated on consolidation.

E2
Principal subsidiaries

The Group included the following subsidiaries at 30 June 2025. All subsidiaries have a 30 June balance date.

Name	% of ownership interest 2025	2024	Principal activity	Principal place of business
Chalmers Properties Limited	100%	100%	Property investment	Dunedin and Auckland
Te Rapa Gateway Limited	100%	100%	Property investment	Hamilton
Fiordland Pilot Services Limited	100%	100%	Shipping services	Fiordland
Port Chalmers Container Terminal Limited	100%	100%	Container services	Port Chalmers

Port Chalmers Container Terminal Limited was incorporated in December 2022 and has no activities.

There are no significant restrictions to the Company settling the liabilities of the subsidiaries or the Company's access to the assets, except for the general security agreement and registered first-ranking mortgages over land as detailed in note D3. There has been no significant change in the risks associated with these interests.

Chalmers Properties Limited has provided an advance to Te Rapa Gateway Limited to fund its share of land acquisition and development expenditure. The current intention of Chalmers Properties Limited is to provide ongoing financial support to Te Rapa Gateway Limited.

Port Otago Limited and Chalmers Properties Limited have a $300,000 overdraft offset facility arrangement (2024: $300,000) which is included in the Group debt facility detailed in note D3. The purpose of this arrangement is to minimise any interest costs to the two entities.

E3
Joint operations accounted for on a proportionate basis

Port Otago Limited and Port of Napier Limited are shareholders in Regional Ports NZ Dredging GP Limited, the general partner of Regional Ports NZ Dredging LP, which was established during the 2025 financial year to procure, own and operate a trailing suction hopper dredge.

As at 30 June 2025, Port Otago Limited has advanced Regional Ports NZ Dredging LP $12.4 million.

Regional Ports NZ Dredging GP Limited has a 30 September balance date and there are no contingent liabilities relating to the Group's interest in the joint operation. Capital commitments of Regional Ports NZ Dredging LP as at 30 June 2025 are $18.2 million (2024: nil).

Summarised financial information of joint operations accounted for on a proportionate basis	**Regional Ports NZ Dredging LP 2025** $000	**Group's 70% share 2025** $000
Cash and cash equivalents	-	-
Other current assets	-	-
Total current assets	-	-
Property, plant and equipment - work in progress	17,689	12,382
Total assets	**17,689**	**12,382**
Current liabilities	-	
Non-current liabilities	-	
Total liabilities	**-**	**-**
Net assets	**17,689**	**12,382**

E4
Joint ventures accounted for using the equity method

Below is the summarised financial information for Southern Link Property Limited in which Chalmers Properties Limited and Dynes Transport Tapanui Limited each hold a 50% ownership interest and has been accounted for using the equity method. Chalmers Properties Limited is a wholly owned subsidiary of Port Otago Limited. Southern Link Property Limited owns properties on the Taieri Plain and intends to rezone the properties from rural to industrial, or otherwise obtain approval to develop these properties into an inland port and logistics park.

Southern Link Property Limited has a 30 June balance date and there are no contingent liabilities relating to the Group's interest in the joint venture.

The contractual terms of the arrangement specify that all parties are only liable to the extent of their respective investment or to contribute any unpaid or additional capital to the arrangement. Unanimous consent of all the parties to the arrangement is required for all capital and material decisions to the extent its impact is in excess of $250,000. Shareholders are restricted from selling, transferring or disposing of any shares without first offering for sale to the other shareholders.

Summarised Balance Sheet	**2025** $000	**2024** $000
Cash and cash equivalents	42	14
Other current assets	81	8
Total current assets	123	22
Investment property	15,814	7,654
Total assets	**15,937**	**7,676**
Current liabilities	(127)	(70)
Non-current liabilities	(324)	(514)
Total liabilities	**(451)**	**(584)**
Net assets (100%)	**15,486**	**7,092**
Extract from Statement of Comprehensive Income		
Operating revenue	219	85
Interest revenue	-	-
Interest expense	(462)	(493)
Profit (loss) before tax	**(404)**	**(10)**
Income tax credit (expense)	189	(514)
Total comprehensive income (loss) (100%)	**(215)**	**(524)**
Group's share of total comprehensive income (loss) (50%)	**(108)**	**(261)**
Carrying value of equity accounted joint ventures		
Balance as at 1 July	-	-
Group's share of accumulated retained losses	(369)	-
Advances to joint venture	8,112	
Elimination of 50% of gain on disposal of property to joint venture	(790)	
Establishment costs	33	-
Balance as at 30 June	**6,986**	**-**

E5
Transactions with related parties

The amounts owing to/from related parties are payable in accordance with the Group's normal terms of trade. No related party debts have been written off or forgiven during the year. Amounts receivable and amounts payable from related parties are set out below. Total remuneration paid to Key Management Personnel is disclosed in note A2.

Transactions with Otago Regional Council

Note D3 details the agreement entered into between the Otago Regional Council (ORC) and Port Otago Limited whereby the ORC will provide unsecured loans up to a maximum of $150 million (2024: $150 million).

The amount paid to the Otago Regional Council for rates, rentals, resource consent fees, property purchases, LGFA transaction fees and interest during the year was $15,084,382 (2024: $8,804,863) with $58,316 outstanding at year end (2024: $949,975). The amount received from the Otago Regional Council for tenant fit-out of the Whare Runaka office build was $6,869,565 and a contribution towards the operation of the Harbour Control Centre at Port Chalmers was $60,000 (2024: $60,000) with $17,250 receivable at year end (2024: $17,250).

Directors

Mr T D Gibson is a Director of Silver Fern Farms Limited, a customer of the Group. The amount received from Silver Fern Farms Limited during the year for container services was $46,750 (2024: $15,745) with $4,554 receivable at year end (2024: $1,704).

Mr T D Gibson is also a Director of Tūhana Business and Human Rights Limited, a subsidiary of Tūhana Consulting Limited. The amount paid to Tūhana Business and Human Rights Limited during the year for consultancy services was $16,152 (2024: $25,354) with nil payable at year end (2024: nil).

Mr R J Fulton is a Director of Fulton Hogan Limited, a supplier and customer of the Group. The amount paid to Fulton Hogan Limited during the year for the supply of goods and services was $2,699,401 (2024: $1,550,564) with $737,831 payable at year end (2024: $129,581). The amount invoiced to Fulton Hogan Limited during the year for property rentals and wharfage was $413,212 (2024: $185,640) with nil receivable at year end (2024: nil).

Mr C C Hopkins is a Director of Farra Engineering, a customer and supplier of the Group. The amount paid to Farra Engineering Limited during the year for services was $66,800 (2024: $53,209) with nil payable at year end (2024: $1,160). The amount invoiced to Farra Engineering Limited during the year for property rentals was $98,596 (2024: $96,260) with nil receivable at year end (2024: $28,346).

Ms A L McLeod is a Partner of Anderson Lloyd, a provider of legal services to the Group. The amount paid to Anderson Lloyd during the year for legal services was $875,716 (2024: $627,145) with $71,030 (2024: $68,966) payable at year end.

Section F
Financial risk management

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including foreign currency risk and interest rate risk). The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group has a treasury policy which limits exposure to market risk for changes in interest rates and foreign currency, counterparty credit risk and liquidity risk. The Group uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures. The Group does not hold derivative financial instruments for speculative purposes.

F1
Credit risk

Credit risk is the potential loss from a transaction in the event of default by a counterparty on its contractual obligations. Financial instruments which potentially subject the Group to credit risk principally consist of bank balances, trade and other receivables, derivative financial instruments and other financial assets.

Risk management

Credit risk is managed for cash and cash equivalents, derivative financial instruments and deposits with banks, as well as credit exposures to trade receivables transactions. Derivative counterparties and cash transactions are limited to high credit quality financial institutions who currently have a Standard & Poor's long-term credit rating of AA- or better. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk. The Group's credit risk is also attributable to trade receivables which comprise a large number of customers, spread across diverse industries. The Group only extends credit after performing a credit assessment, which may include a review of their financial strengths, previous credit history with the Group, payment habits with other suppliers and bank references.

F2
Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its obligations as they fall due. The Group manages the risk by targeting a minimum liquidity level by continuously forecasting cash flows and matching the maturity profiles of financial assets and liabilities. The Group's exposure to liquidity risk on undiscounted cash flows relating to non-derivative and derivative financial liabilities is:

	Weighted average effective interest rate	Carrying amount $000	Contractual cash flows $000	Less than 1 year $000	1-5 years $000	Greater than 5 years $000
As at 30 June 2025						
Trade and other payables		(19,384)	(19,384)	(19,384)	-	-
Lease liabilities		(1,869)	(2,275)	(414)	(1,861)	-
Borrowings (secured)	5.7%	(13,710)	(15,003)	(4,285)	(10,718)	-
Related party loans (unsecured)	4.3%	(149,815)	(171,362)	(61,975)	(109,387)	-
Related party borrower notes (unsecured)	3.9%	3,725	4,654	564	4,090	-
Interest rate derivatives (net)						
Current portion		(660)	(648)	(648)	-	-
Non-current portion		(1,187)	(1,260)	-	(1,326)	66
Foreign currency derivatives						
Current portion		472	(15,288)	(15,288)	-	-
Non-current portion		85	(2,578)	-	(2,578)	-
Total as at 30 June 2025		**(182,343)**	**(223,144)**	**(101,430)**	**(121,780)**	**66**
As at 30 June 2024						
Trade and other payables		(14,650)	(14,650)	(14,650)	-	-
Lease liabilities		(2,289)	(2,829)	(445)	(2,177)	(207)
Borrowings (secured)	6.8%	(26,725)	(28,596)	(17,303)	(11,293)	-
Related party loans (unsecured)	4.4%	(113,678)	(126,125)	(30,897)	(95,228)	-
Related party borrower notes (unsecured)	5.9%	2,088	2,650	234	2,416	-
Interest rate derivatives (net)						
Current portion		1,626	1,846	1,846	-	-
Non-current portion		710	783	-	756	27
Total as at 30 June 2024		**(152,918)**	**(166,921)**	**(61,215)**	**(105,526)**	**(180)**

F3
Market risk

Foreign currency risk

Foreign currency risk is the risk arising from the variability of the NZD currency values of the Group's assets, liabilities and operating cash flows, caused by changes to foreign exchange rates. The Group does not have any material exposure to currency risk except for the one off purchases of assets (e.g. plant and equipment) denominated in foreign currencies. The main foreign currencies the Group transacts with are EUR, USD and AUD. The Group treasury policy requires that foreign exchange contracts must be entered into for the purchase of major items of plant and equipment and that the full amount of the purchase must be hedged. Foreign exchange instruments approved under the treasury policy are forward exchange contracts and currency options.

At reporting date, the Group's exposure to foreign exchange risk, expressed in NZD, was as follows:

Foreign currency forwards	2025 $000	2024 $000
Buy EUR foreign currency (cash flow hedges)	17,866	-

Sensitivity analysis

As shown in the table above, the Group is primarily exposed to changes in EUR/NZD exchange rates. The impact on equity arises from foreign forward contracts designated as cash flow hedges.

If, at reporting date, foreign exchange rates had been 5% higher/lower, with all other variables held constant, the result would increase/(decrease) the hedging reserve by the amounts shown below. Based on historical movements, a 5% increase or decrease in the NZD exchange rate is considered to be a reasonable estimate.

Cash flow hedge reserve	2025 $000	2024 $000
EUR/NZD exchange rate - increase 5%	(824)	-
EUR/NZD exchange rate - decrease 5%	911	-

Interest rate risk

Interest rate risk is the risk of loss to the Group arising from adverse fluctuations in interest rates. The Group has exposure to interest rate risk as a result of long-term borrowings which are used to fund ongoing activities. The Group aims to reduce uncertainty of changes in interest rates by entering into floating-to-fixed interest rate swaps to fix the effective rate of interest to minimise the impact of interest rate volatility on earnings. By using floating-to-fixed interest rate swaps, the economic relationship between the hedged item and the hedging instrument is maintained as the terms of the floating-to-fixed swaps match the terms of the variable rate loan (i.e. notional amount, maturity, payment and reset dates). Hedge effectiveness is assessed on a qualitative basis using the critical terms methodology. Where the critical terms are matched it is expected there will be no ineffectiveness in the hedge relationship. Instruments approved under the treasury policy include vanilla interest rate swaps and forward start swaps.

Effects of hedge accounting on the financial position and performance

The effects of the hedge accounted interest rate swaps on the Group's financial position and financial performance are outlined in the table below. The maturity dates for the outstanding interest rate swaps range from December 2025 to March 2034 (2024: December 2025 to December 2030).

	2025 $000	2024 $000
Carrying amount - asset / (liability)	(1,547)	1,448
Notional amount	93,440	78,440
Hedge ratio	1:1	1:1
Change in fair value of outstanding hedging instruments recognised in the hedging reserve during the financial year	2,994	(1,489)
Weighted average hedged rate	3.7%	3.8%

Effects of non-hedge accounting on the financial position and performance

The effects of the non-hedge accounted interest rate swaps on the Group's financial position and financial performance are outlined in the table below. The maturity date for the outstanding interest rate swaps range from March 2025 to July 2034 (2024: March 2025 to July 2034).

	2025 $000	2024 $000
Carrying amount - asset / (liability)	(300)	888
Notional amount	25,000	33,000
Change in fair value of outstanding non-hedging instruments recognised in the income statement during the financial year	(1,187)	(639)
Weighted average non-hedged rate	3.7%	3.0%

An analysis by maturities of interest rate swaps is provided in note F6 and a summary of the terms and conditions of borrowings in note D3.

F4
Summarised sensitivity analysis

The table below illustrates the potential profit and equity (excluding retained earnings) impact for reasonably possible market movements where the impact is significant.

	-100bps		+100bps	
2025	**Profit** $000	**Other Equity** $000	**Profit** $000	**Other Equity** $000
Interest rate risk				
Hedge accounted derivatives		(2,252)	-	2,135
Non-hedge accounted derivatives	(1,489)	-	1,377	-
Borrowings	1,635	-	(1,635)	-
Total sensitivity to interest rate risk	**146**	**(2,252)**	**(258)**	**2,135**

	-100bps		+100bps	
2024	**Profit** $000	**Other Equity** $000	**Profit** $000	**Other Equity** $000
Interest rate risk				
Hedge accounted derivatives	-	(2,226)	-	2,112
Non-hedge accounted derivatives	(1,524)	-	1,394	-
Borrowings	1,404	-	(1,404)	-
Total sensitivity to interest rate risk	**(120)**	**(2,226)**	**(10)**	**2,112**

F5
Capital risk management

The Group's objective when managing capital is to safeguard its ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group monitors balance sheet strengths and flexibility using cash flow forecast analysis and detailed budgeting processes. In addition, the Group monitors capital on the basis of the equity ratio which is calculated as equity divided by total assets. The equity ratio as at 30 June 2025 is 77% (2024: 78%).

F6
Derivative financial instruments

	2025 $000	2024 $000
Current assets		
Foreign exchange contracts	472	-
Interest rate swaps	398	1,626
Total current assets	**870**	**1,626**
Non-current assets		
Foreign exchange contracts	85	-
Interest rate swaps	489	1,310
Total non-current assets	**574**	**1,310**
Current liabilities		
Interest rate swaps	(1,058)	-
Total current liabilities	**(1,058)**	**-**
Non-current liabilities		
Interest rate swaps	(1,676)	(600)
Total non-current liabilities	**(1,676)**	**(600)**

The notional principal amounts of the interest rate swap contracts are as follows:

	2025 $000	2024 $000
Less than 1 year	18,850	8,000
1 - 2 years	13,095	18,850
2 - 3 years	29,405	13,095
3 - 4 years	7,000	29,405
4 - 5 years	23,850	7,000
Greater than 5 years	26,240	35,090
Total	**118,440**	**111,440**

Derivatives

The Group uses derivative financial instruments to reduce exposure to fluctuations in interest rates and foreign currency exchange rates. The use of hedging instruments is governed by the treasury policy approved by the Board. Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured to fair value at balance date with an adjustment made for credit risk in accordance with NZ IFRS 13 'Fair Value Measurement'. The Group carries interest rate derivatives at fair value. The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the reporting date, taking into account current interest rates. These instruments are included in Level 2 of the fair value measurement hierarchy. Interest rate derivative fair values are valued and are calculated using a discounted cash flow model using FRA rates provided by ANZ Bank New Zealand Limited based on the reporting dates of 30 June 2025 and 30 June 2024. The fair values are estimated on the basis of the quoted market prices for similar instruments in an active market or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument. Changes in the fair value of derivatives which have been successfully designated as part of a cash flow hedge relationship are recognised in the cash flow hedge reserve, to the extent they are effective. Any accounting ineffectiveness is recognised in the Income Statement. If the derivative is not designated as a hedged instrument, the resulting gain or loss is recognised immediately in the Income Statement.

Hedge accounting

The Group manages its exposure to fluctuations in interest rate and foreign currency exchange rates through the use of derivatives. At the start of a hedge relationship, the Group formally designates and documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in cash flows of hedged items.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the cash flow hedge reserve, while the gain or loss relating to the ineffective portion is recognised in the Income Statement. Amounts recognised in equity are recycled in the Income Statement in the period when the hedged item will affect profit or loss (for instance when the interest payment that is hedged takes place). The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in the Income Statement within finance costs when the related interest is recognised. If the hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any amounts previously recognised in equity at that time remain in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur amounts previously recognised in equity are transferred to the Income Statement.

Hedge ineffectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic effectiveness assessments to ensure an economic relationship exists between the hedged item and the hedged instrument. For hedges of foreign currency purchases, the Group enters into hedge relationships where the critical terms of the hedging instrument match, and therefore it is expected that the value of the forward contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying exchange rate. Ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of the Group or the derivative counterparty. The Group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. Hedge ineffectiveness for interest rate swaps is assessed using the same principles as for hedges of foreign currency purchases. It may occur due to differences in critical terms between the interest rate swaps and loans.

Section G
Other information

G1

Reconciliation of profit for the year to net cash flows from operating activities

For the year ended 30 June 2025

	2025 $000	2024 $000
Profit for the year	64,604	30,423
Plus/(less) non-cash items		
Unrealised change in the value of investment property	(32,974)	(4,391)
Depreciation and amortisation	13,814	13,497
Unrealised foreign exchange (gains) losses	-	(23)
Movement in the fair value of ineffective interest rate swaps	1,188	639
Movement in non-current employee entitlements	102	153
Movement in deferred tax	2,309	6,578
Plus/(less) items classified as investing activities		
Gain on disposal of property	(10,681)	(3,638)
Insurance proceeds	(602)	(257)
Joint venture share of (profit) loss	369	-
Movement in working capital items		
Trade and other receivables	1,016	530
Trade and other payables	4,734	(298)
Current employee entitlements	(144)	1,483
Income tax payable	(3,293)	1,514
Maintenance inventories	132	(475)
Movement in other working capital items classified as investing activities	(5,560)	(1,310)
Net cash flows from operating activities	**35,014**	**44,425**

G2

Reconciliation of liabilities arising from financial activities to cash flows

For the year ended 30 June 2025

		2025 $000	2024 $000
Interest bearing liabilities			
Opening interest bearing liabilities		140,605	141,107
Cash movements			
Repayment of borrowings		(35,810)	(8,225)
Subscribed borrower notes	D3	(1,637)	-
Proceeds from borrowings		58,932	8,000
Repayment of lease principal		(333)	(277)
Closing interest bearing liabilities		**161,757**	**140,605**

G3

Capital expenditure commitments

At 30 June 2025 the Group had commitments for capital expenditure of $33.6m (2024: $44.0m) which relates to purchases and refurbishments of port assets and investment property.

G4

Contingencies

There are no contingent liabilities at 30 June 2025 (30 June 2024: nil) other than those arising in the normal course of business.

G5

Significant events after balance date

There have been no events subsequent to balance date which would have a material effect on the Group's financial statements to 30 June 2025.

Independent Auditor's Report

To the readers of Port Otago Limited Group's financial statements for the year ended 30 June 2025

The Auditor-General is the auditor of Port Otago Limited group (the Group). The Auditor-General has appointed me, Brendan Summerfield, using the staff and resources of Ernst & Young, to carry out the audit of the financial statements of the Group on his behalf.

Opinion

We have audited the financial statements of the Group on pages 11 to 53, that comprise the Consolidated statement of financial position as at 30 June 2025, the Consolidated income statement, the Consolidated statement of comprehensive income, Consolidated statement of changes in equity and Consolidated cash flow statement for the year ended on that date and the notes to the financial statements including material accounting policy information.

In our opinion, the financial statements of the Group:

- present fairly, in all material respects:
  - its financial position as at 30 June 2025; and
  - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

Our audit was completed on 27 August 2025. This is the date at which our opinion is expressed.

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

Basis for our opinion

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

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

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

Responsibilities of the Board of Directors for the financial statements

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

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

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

The Board of Directors' responsibilities arise from the Port Companies Act 1988.

Responsibilities of the Auditor for the audit of the financial statements

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

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

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

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

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 3 to 9, but does not include the financial statements, and our auditor's report thereon.

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

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

Independence

We are independent of the Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1)* issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit, we have provided people advisory services which are compatible with those independence requirements. Other than the audit and this engagement, we have no relationship with, or interests in, the Group.

Brendan Summerfield
Ernst & Young
On behalf of the Auditor-General
Christchurch, New Zealand

Statutory information

The following disclosures are made pursuant to the Companies Act 1993 in respect of the financial year ended 30 June 2025.

Employee remuneration

During the year the number of employees, excluding Directors, of Port Otago Limited and its subsidiaries who received total remuneration in excess of $100,000 are:

Remuneration range ($000)	Number of employees (2025)
$1,480 - $1,489	1
$660 - $669	1
$490 - $499	1
$450 - $459	1
$420 - $429	1
$400 - $409	1
$300 - $309	3
$290 - $299	4
$280 - $289	2
$270 - $279	1
$250 - $259	1
$240 - $249	1
$220 - $229	1
$210 - $219	2
$200 - $209	1
$180 - $189	6
$170 - $179	6
$160 - $169	18
$150 - $159	36
$140 - $149	18
$130 - $139	31
$120 - $129	56
$110 - $119	32
$100 - $109	23

Remuneration includes salary, long-term incentives, short-term incentives, motor vehicles and other sundry benefits received in the person's capacity as an employee. Short-term incentive payments are paid in the following financial year to which they relate. Long-term incentives are paid in the financial year following the three year period to which they relate.

Chief Executive remuneration

The Chief Executive's remuneration is made up of base fixed remuneration (base), a short-term incentive (STI) and a long term incentive (LTI). Base remuneration is fixed annually and paid fortnightly through the financial year. The STI is at-risk each year, with a mix of financial, safety and operational targets set at the beginning of each financial year. Performance is assessed by the Board post completion of each financial year and a percentage of the at-risk STI is paid. The LTI scheme was established in 2021 and the initial tranche covers the period from 1 July 2021 to 30 June 2024. The potential at-risk LTI payment for each year has been accrued over the past three years and recognised as an expense in the financial statements of $167,700 in 2022, $167,700 in 2023 and $167,700 in 2024. The Board assessed the at-risk LTI in September 2024, and payment of $503,000, which represents the culmination of these accrued expenses, is included as part of the Chief Executive's total paid remuneration for 2025, disclosed above. The second tranche of LTI, which covers the period from 1 July 2022 to 20 June 2025 has been accrued as an expense in the current financial year, payable on 1 October 2025.

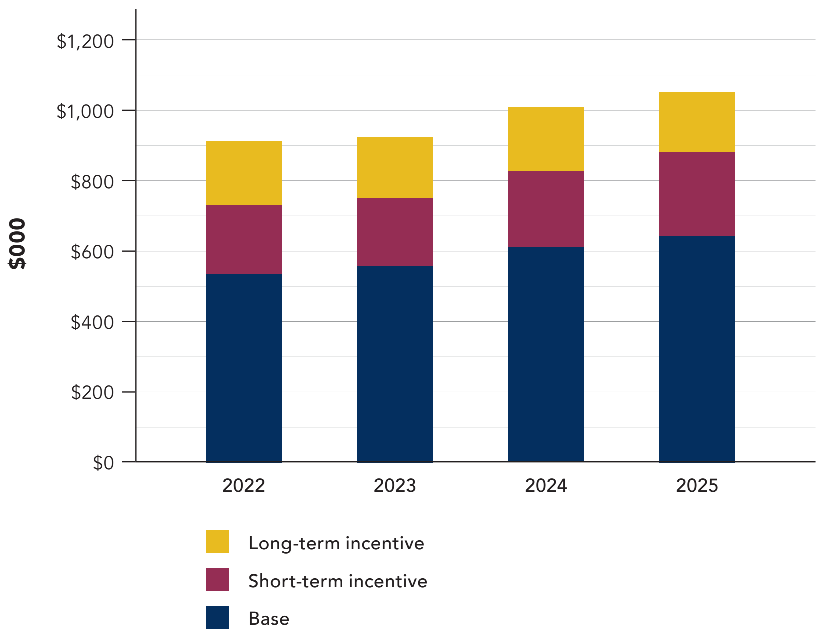
Performance criteria

The LTI payment is contingent upon meeting specific performance criteria that align with the Group's long-term strategic objectives. These criteria include return on equity for the Port business and growth in Investment Property rentals for the Property business.

Disclosure of Prior Year Accruals

From 2022 to 2025, the company expensed the following costs, related to the Chief Executive's remuneration, which were reflected in the respective financial statements.

Chief Executive Remuneration



Directors interests

Directors have disclosed the following general interests for the year ended 30 June 2025 in accordance with Section 140 of the Companies Act 1993:

Director	Entity	Relationship
R J Fulton	Allied FH Limited	Chair
	WFH Properties Limited (and its wholly owned subsidiaries)	Chair
	Aberluer Limited	Director
	Blackhead Quarries Limited (Retired 30 June 2025)	Director
	Fulton Hogan Limited (and its wholly owned subsidiaries)	Director
	Garioch Limited	Director
	Helenslee Investments Limited	Director
	Horokiwi Quarries Limited	Director
	Pokeno Village Holdings Limited	Director
T D Gibson	Skills Group Trust	Chair
	Fiscus Limited	Director
	Livestock Improvement Corporation Limited (and its wholly owned subsidiaries)	Director
	Silver Fern Farms Limited (and its wholly owned subsidiaries)	Director
	Silver Fern Farms Cooperative Limited	Director
	Tūhana Consulting Limited (and its wholly owned subsidiaries)	Director
R A Herd	Constructive Governance Limited	Director
	ENI Engineering Limited	Director
	Nelmac Limited	Director
	Construction Health and Safety New Zealand	Trustee
P F Heslin	Forsyth Barr Custodians Limited	Chair
	Forsyth Barr Cash Management Nominees Limited	Chair
	BHH Investments Limited	Director
	Jedaka Limited	Director
	P Heslin Limited	Director
C C Hopkins	Dunedin International Airport Limited	Chair
	Health Central Limited (Retired January 2025)	Director
	Bletsoe Securities Limited	Director
	CompanyHQ Limited (and its wholly owned subsidiaries)	Director
	Farra Engineering Limited	Director
	GW Batts Trustee Limited	Director
	INMR Measure Limited	Director
	Oakwood Group Limited	Director
	Our Planit Limited	Director
	Mimeo Industrial Limited	Director
	Silveracres Trust	Trustee
	Southmed Limited	Director
	Spade Work Limited	Director
	Veritide Limited	Director
	University of Otago Audit and Risk Committee	Member
R C Lloyd	External Reporting Board (XRB) Sustainability Reporting Committee	Chair
	Concept Car Limited	Director
	Connexa Limited	Director
	NZ Food Waste Champions	Trustee
A L McLeod	Anderson Lloyd Partnership	Partner and Board member
	Anderson Lloyd Shareholding Company Limited (and its wholly owned subsidiaries)	Director

Directors of subsidiary companies

The following persons held office as Directors of subsidiary companies at 30 June 2025:

Company	Director
Chalmers Properties Limited	T D Gibson P F Heslin R J Fulton R A Herd C C Hopkins R C Lloyd A L McLeod
Fiordland Pilot Services Limited	T D Gibson P F Heslin R J Fulton R A Herd C C Hopkins R C Lloyd A L McLeod
Te Rapa Gateway Limited	T D Gibson P F Heslin R J Fulton R A Herd C C Hopkins R C Lloyd A L McLeod
Port Chalmers Container Terminal Limited	T D Gibson P F Heslin R J Fulton R A Herd C C Hopkins R C Lloyd A L McLeod

Directors remuneration

Directors fees for Chalmers Properties Limited are included in the Group Directors remuneration. No directors fees were paid by Fiordland Pilot Services Limited, Te Rapa Gateway Limited and Port Chalmers Container Terminal Limited.

Remuneration paid by the Port Otago Group to Directors during the year was:

	2025 $000	2024 $000
T D Gibson (Chair)	138	120
P F Heslin (Deputy Chair)	92	80
T Campbell (retired 31 December 2023)	-	30
R J Fulton	81	70
R A Herd	74	30
C C Hopkins	81	71
R C Lloyd	81	71
A L McLeod	75	64
	622	**536**

Auditors

The Auditor-General continues as the Company's auditor in accordance with the Port Companies Act 1988. The Auditor-General has appointed Ernst & Young to undertake the audit on its behalf.

The Group audit fee for the year ended 30 June 2025 was $195,598 (2024: $189,657).

Donations

During the year, the Company made no donations (2024:nil).

Indemnities and insurance

Pursuant to section 162 of the Companies Act 1993 and the Constitution, Port Otago has entered into deeds of indemnity and insurance with the Directors of the Group to indemnify them to the maximum extent permitted by law, against all liabilities which they may incur in the performance of their duties as Directors of any company within the Group.

Insurance cover extends to Directors and Officers for the expenses of defending legal proceedings and the cost of damages incurred. Specifically excluded are proven criminal liability and fines and penalties other than those pecuniary penalties which are legally insurable. In accordance with commercial practice, the insurance contract prohibits further disclosure of the terms of the policy. All Directors who voted in favour of authorising the insurance certified that in their opinion, the cost of the insurance is fair to the Company.

Use of company information

There were no notices received from Directors of the Company requesting to use Company information received in their capacity as Director, which would not otherwise have been available to them.

For and on behalf of the Board of Directors

T D Gibson
Chair
27 August 2025

P F Heslin
Director
27 August 2025

Performance targets

A comparison of actual performance with the targets in the Statement of Corporate Intent is as follows:

	Actual	Target	Outcome/comment
Financial			
EBIT	$38m	$39m	Target not achieved
Shareholder's funds (equity) or net assets	$762m	$728m	Target achieved
Return on equity	8.7%	4.5%	Target achieved
Equity ratio	77%	Between 70% - 85%	Within SCI target range of 70% to 85%
Interest cover ratio	5.4	5.0	Target achieved
Dividend	$18m	$18m	Target achieved
Environmental			
Number of harbour spills caused by Port Otago	0	0	Target achieved
Percentage of resource consent compliance monitoring events achieving full compliance	100%	100%	Target achieved
Compliance with Port and Harbour Safety Code (PHSC)			
The requirements of the PHSC continue to be met	Yes	Yes	Target achieved
Risk assessments of new tasks or reviews post incident completed	Yes	Yes	Target achieved
Health, safety and well-being			
Critical risk: Visible Leadership Conversations	953	1,000	Target not achieved
Total Recordable Injury Frequency Rate (TRIFR) - per 1 million hours	22	<10	A significant portion of the increase in TRIFR is due to ergonomic factors causing muscular skeletal strains and sprains

Financial performance measure	Definition
EBIT	Earnings before interest, taxation, realised and unrealised investment property gains
Return on equity	Profit divided by average shareholder's equity
Equity ratio	The percentage that equity represents of total assets within the target range of between 70% and 85%
Interest cover ratio	The number of times interest is covered by the profit before tax, interest and unrealised fair value movements and unrealised impairment charges.

Five year summary

Trade and operational analysis	2025	2024	2023	2022	2021
Container and bulk cargo vessel arrivals	488	551	485	383	403
Otago cruise vessel arrivals	91	118	101	-	-
Total ship calls	579	669	586	383	403
Container throughput (TEU)	249,000	268,900	186,400	166,200	174,800
Bulk cargo tonnes (000's)	1,701	1,701	1,765	1,667	1,853
Employees	320	330	314	290	296

Financial comparisons	2025 $000	2024 $000	2023 $000	2022 $000	2021 $000
Revenue #	132,328	133,171	111,272	88,061	89,998
EBITDA #	51,758	59,170	45,460	34,475	34,671
Profit for the year	64,604	30,423	23,277	70,476	94,507
Underlying profit	36,947	34,434	32,045	17,584	21,412
Dividends for financial year	18,000	16,000	14,000	13,000	10,100
Shareholder's equity	762,120	717,271	703,920	694,478	634,617
Total assets					
Port operations	301,525	290,687	284,740	260,250	243,344
Investment property	686,838	624,965	608,587	581,850	503,225
Total group	988,363	915,652	893,327	842,100	746,569
Cash flows					
Cash flows from operating activities	35,014	44,425	37,125	29,770	21,709
Port operations capital expenditure	(48,765)	(21,338)	(30,718)	(15,480)	(7,592)
Investment property purchases and improvements	(30,436)	(24,956)	(30,981)	(29,447)	(10,515)
Shareholder's equity ratio	77%	78%	79%	82%	85%
Debt/(Debt+Equity) ratio	18%	16%	17%	14%	11%
Return on shareholder's funds *	8.7%	4.3%	3.3%	10.6%	16.0%

* Profit, divided by average shareholder's equity

Excludes gain on sale of investment property and property, plant and equipment and unrealised change in fair value of investment property

Directory

Directors

Tim Gibson	Chair
Pat Heslin	Deputy Chair
Bob Fulton	
Rick Herd	
Chris Hopkins	
Becky Lloyd	
Anne McLeod	

Leadership Team

Kevin Winders	Chief Executive
Stephen Connolly	Chief Financial Officer
Ollie Barton-Jones	Head of IT
Grant Bicknell	GM Marine & Infrastructure
Ross Buchan	Head of Safety
Leigh Carter	Head of People
David Chafer	GM Property
Kevin Kearney	Strategic Projects Manager
Deanna Matsopoulos	GM Operations
Craig Usher	GM Customer
Jodi Taylor	Executive Assistant

Address

15 Beach Street
Port Chalmers 9023, New Zealand
www.portotago.co.nz

Bankers

ANZ Bank New Zealand Limited

Solicitors

Anderson Lloyd

Auditors

Ernst & Young on behalf of the Auditor-General