



MOVING FORWARD

2024 Annual Report



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INTRODUCTION

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The following provides readers with a snapshot of the most significant events for the year ended 30 June 2024.

This includes larger capital projects, financial performance, and company milestones.

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◀ Tiwai Point Aluminium Smelter

Financial Calendar

2024 >

17 October 2024

Annual Meeting - 11:00am

Venue: South Port Board Room, Island Harbour, Bluff

8 November 2024

Final Dividend Payment

Strategy

STRATEGIC FOCUS



In all activities, the Company will ensure a safe workplace, enhanced employee wellbeing, respect for the physical environment, and assessment of cultural impacts. This aspect of the strategy requires the Company to deliver continuous improvement and active engagement in these areas.



Develop and/or influence optimal logistic solutions with port linkages.



Optimise shareholder value and reinvest in our business.



Protect existing trade and develop growth opportunities.



Evaluate and acquire appropriate technology to enhance, protect, and expand our core business.



Strengthen and extend existing New Zealand port relationships/alliances and position the business for potential future sector rationalisation.



Infrastructure, fit for purpose, whole of life. Available, flexible, and resilient, with acceptable returns.



South Port Island Harbour ›

2025 ›

February 2025

2025 Interim Profit
Announcement

March 2025

2025 Interim Dividend Payment
2025 Interim Report Published

30 June 2025

2025 Financial Year End

August 2025

2025 Annual Results
Announcement

COMPANY PROFILE

South Port New Zealand Limited (South Port) is the southernmost commercial port in New Zealand, located at Bluff and operating on a year-round, 24-hour basis. It is situated in the rich, productive province of Southland, and is responsible for generating a sizeable proportion of New Zealand's total exports by value. The region's major cargo-producing sites are within 30km - 80km of the Port.

The Port of Bluff has been operating since 1877, while the Company was formed in 1988, having taken over the assets and liabilities of the former Southland Harbour Board.

South Port was listed on the NZ Stock Exchange (NZX) in 1994 and has Environment Southland, the region's local government environmental agency, as its 66% majority shareholder.

South Port established its off-port Intermodal Freight Centre (IFC) in July 2016. Strategically located adjacent to the KiwiRail railhead in Invercargill, the IFC allows importers and exporters in the Southland and Otago regions to distribute their products promptly and efficiently.

OUR PURPOSE

"To facilitate the best logistic solutions for the region"

The Port proudly provides a full range of marine services, cargo and container shipping, and on-site warehousing for domestic and international customers. It is ideally situated to service Southland's significant export and import industries including aluminium, timber, fisheries, dairy, meat, woodchips, stock food, cement, alumina, fertiliser, and petroleum products.

South Port prides itself on adding value to its import and export customers, providing customised solutions to meet their needs, and partnering with them to achieve their operational objectives.

Facts

Owns and manages **assets which have a book value of:**


\$103
MILLION

Offers full container, break bulk and bulk cargo capability, and services the following main cargoes:


IMPORT – alumina, petroleum products, fertiliser, acid, stock food, and cement.
EXPORT – aluminium, timber, logs, dairy, meat by-products, fish, and woodchips.

Has approximately **46,000m²** of **off-port land available** for future development.


46,000
M²

Directly employs **132 permanent staff** and utilises additional fixed-term and casual staff to support our marine activities and seasonal operations.


132
PERMANENT
STAFF

Is the only Southland-based company listed on NZX – market capitalisation as of 30 June 2024 **equated to \$147 million.**


\$147
MILLION

Has approximately **500m²** of **on-port land available** for further port development or industry establishment.


500
M²

Handles more than **3.2 million tonnes of cargo** in a typical trading year.


3.2
MILLION
TONNES

Has split its land-based operating resource into four main divisions – **dairy warehousing, containers, cool and cold storage, and general cargo.**


1
2
3
4

Undertakes its primary port operation on a **40-hectare man-made Island Harbour** situated at Bluff.


40
HECTARES

Operates a separate dedicated fuel berth at Bluff Town Wharf plus provides the Tiwai Wharf facility to the New Zealand Aluminium Smelter (NZAS) under a long-term licence.



LICENCE

Owns and operates an off-port container packing/unpacking facility adjacent to the KiwiRail railhead at Mersey Street, Invercargill. The 8,000m² site houses a 4,000 m² customs-controlled and MPI transitional warehouse.


8,000
M²

Services vessels carrying approximately **1 million tonnes of cargo** destined for movement across the Tiwai Wharf each year, of which three-quarters are raw material imports, while one-quarter is finished aluminium product.


1
MILLION
TONNES

Financial Highlights

Net Profit After Tax

\$7.38m

▼ 37.0% on previous year \$11.71m

EBITDA

\$21.31m

▼ 6.4% on previous year \$22.77m

Earnings per Share

28.1c

▼ 37.0% on previous year 44.6c

Operating Revenue

\$56.13m

▲ 4.7% on previous year \$53.59m

Dividends Declared Per Share

27.00c

= Same as previous year 27.00c

Return on Shareholders' Funds

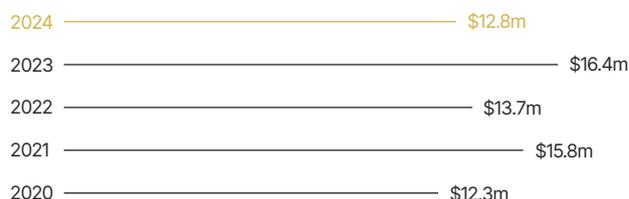
12.3%

Previous year 20.3%

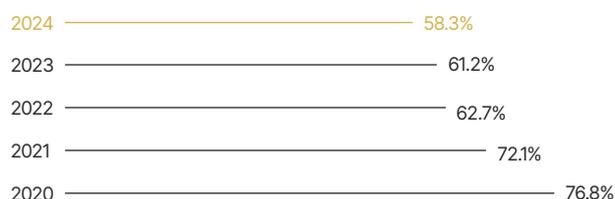
SURPLUS AFTER TAX



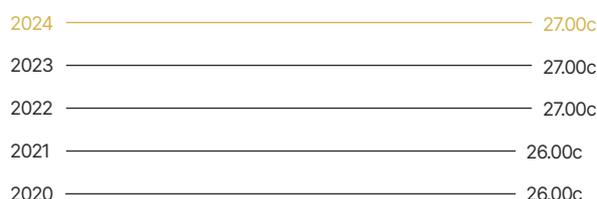
OPERATING CASH FLOW



EQUITY RATIO



DIVIDENDS PAID PER SHARE



RETURN ON EQUITY



RETURN ON ASSETS

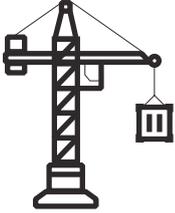


KEY FIGURES

In Thousands of New Zealand Dollars	2024	2023
Operating revenue	\$56,128	\$53,589
Total revenue	\$56,251	\$53,965
Reported surplus after tax	\$7,376	\$11,712
Normalised surplus after tax	\$9,956	\$11,504
EBITDA	\$21,305	\$22,768
Cashflow from operating activities	\$12,786	\$16,448
Total assets	\$103,364	\$97,906
Total equity	\$60,232	\$59,903
Shareholders' equity ratio	58.3%	61.2%
Earnings per share	28.1c	44.6c
Dividends declared per share	27.0c	27.0c
Net asset backing per share	\$2.30	\$2.28
Return on shareholders' funds	12.3%	20.3%
Cargo throughput (000's tonnes)	3,213	3,479

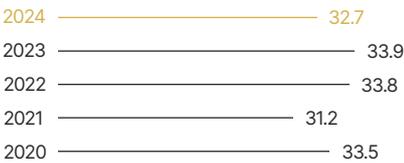
Key Statistics

CRANE PRODUCTIVITY



32.7

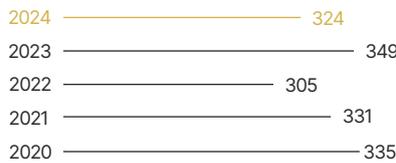
Gross container moves per hour



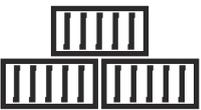
SHIP CALLS



324

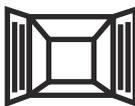
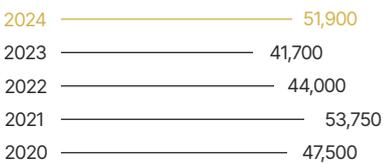


CONTAINERS



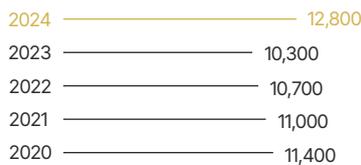
51,900

20 foot container equivalents



12,800

Packed/Unpacked – on port
(based on the total number of containers)



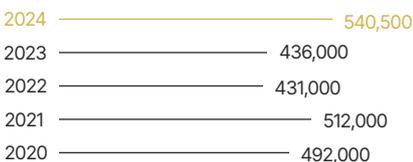
BREAKDOWN OF CARGO



Containers

540,500

Tonnes



Bulk

2,430,000

Tonnes



Break Bulk

242,000

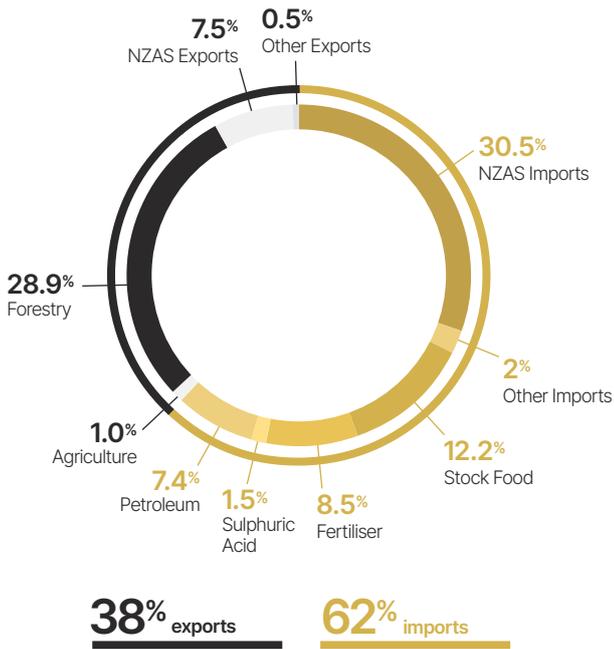
Tonnes



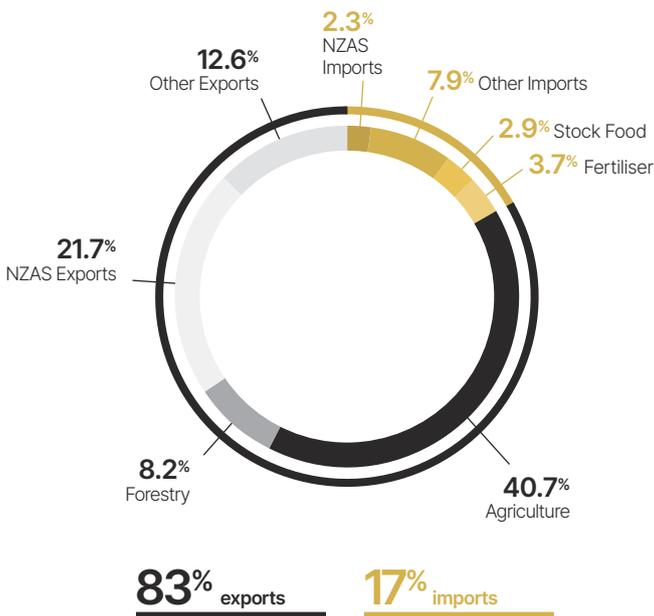
Comparative Cargo Breakdown

2024

BULK/BREAK BULK

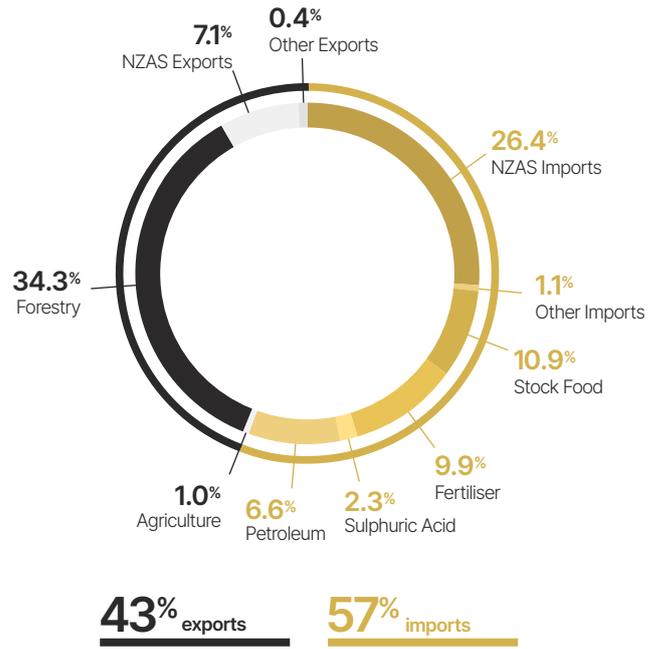


CONTAINERS

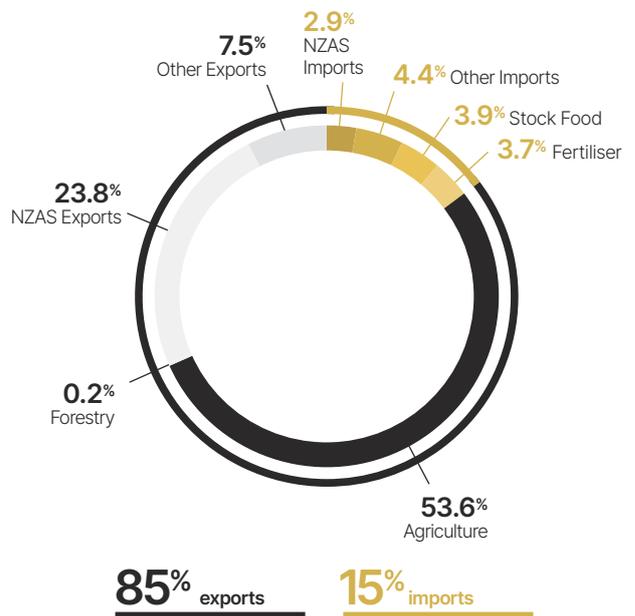


2023

BULK/BREAK BULK



CONTAINERS



Noteworthy Events

2023/2024

1. NPAT of \$7.38 million (2023 - \$11.71 million), a 37.0% decrease on last year.
2. Normalised profit of \$9.96 million (2023 - \$11.50 million), a 13.4% decrease on last year.
3. Total cargo of 3.21 million tonnes (2023 - 3.48 million tonnes), a 7.7% decrease on last year.
4. Total container volumes were up 24.5% on the previous year.
5. NZAS signed a 20-year agreement with electricity generators, extending the life of the smelter to 2044.
6. Cruise vessels continue to call at the Port.
7. Project Kia Whakaū to dredge the channel down to 10.7m at high tide was completed successfully in September 2023.
8. Bulk cargoes were down 12.2% compared to the previous period, led by decreases in forestry products and fertiliser.
9. A full year dividend of 27.0 cents maintained (2023 – 27.0 cents).
10. Government announce intention to extend port coastal permits for a further 20 years.
11. Pilot boat "Murihiku" was purchased during the year as backup for the MV "Takitimu II."
12. South Port is currently working towards its first Climate-Related Disclosures (CRD) under the new Aotearoa New Zealand Climate standards, which will be available on or before 31 October 2024.
13. Microsoft Business Central was chosen and installed as a result of a project to replace our accounting software.
14. South Port held a Port Open Day, inviting the public on to the Port, in October 2023.
15. The Company initiated a flexible work policy which included the opening of an Invercargill office.
16. The Port Industry Association Conference was hosted in Southland.
17. The second stage of Kaiwera Downs wind farm was confirmed by Mercury NZ.
18. A technology pathway was undertaken and completed.
19. Two independent external Health and Safety reviews were completed.
20. 2024 marks 30 years of South Port being listed on the NZX.



Above: Attendees watching a demonstration at the 2023 Port Open Day

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THE YEAR IN REVIEW



Welcome to South Port's Annual Report for the financial year ended 30 June 2024.

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Review of Operations

The 2024 year was marked by very subdued trading conditions and two very positive developments: the commitment by New Zealand Aluminium Smelter (NZAS) to a 20-year electricity agreement, and the completion of dredging of the Bluff Harbour channel.

As foreshadowed in the half year guidance, South Port faced challenging market conditions across all its major cargo categories, particularly forestry and agriculture. Total volumes were down by 7.7%. Pleasingly, the year to 30 June 2024 finished more strongly, highlighted by a 24.5% increase in container volumes (the second highest on record).

The NZAS agreement will provide ongoing stability for a third of our cargo volume, enabling the smelter, the Port, and the community to plan and invest with confidence. The dredging of Bluff Harbour, once the new draft of 10.7m is formally “declared,” will provide an extra metre of draft and open opportunities for larger ships and supply chain efficiencies for South Port. The opportunity for the Company and the region is to take full advantage.

OVERVIEW AND CARGO

The Company recorded an after-tax profit of \$7.38M (2023 - \$11.71M), a 37.0% decrease on last year’s result. This result reflected a 7.7% decrease in cargoes handled through the Port of 3,213,000 tonnes (2023 - 3,479,000 tonnes).

As with most other infrastructure companies, South Port’s result was also negatively impacted by the Government’s decision in March (just after our February profit guidance) to remove tax deductibility for depreciation on commercial buildings. This tax change resulted in a one-off deferred tax expense of \$2.3M for the 2024 financial year.

Normalised Net Profit After Tax, excluding one-offs, was \$9.96M (2023 - \$11.50M), a 13.4% decrease.

Core bulk cargo volumes were down by 12.2% at 2,673,000 tonnes (2023 - 3,043,000 tonnes), reflecting decreases in logs, fertiliser, and woodchip volumes.

Container services port-wide achieved an impressive 24.5% increase in volumes handled in 2024 at 51,900 TEU (2023 - 41,700 TEU), despite a similar number of calls (39 vs 38).

The Company continues to support the New Zealand cruise industry by providing pilotage services at Fiordland and Stewart Island in addition to the allocation of berth space for cruise vessels calling at the Port.

SAFETY, HEALTH AND WELLBEING

Critical risks continue to be the Port’s major focus.

Two independent external parties have been brought in to carry out both a Health and Safety gap analysis, and a traffic management review, for people versus plant in the warehousing division.

These were both excellent processes that identified areas for improvement which are currently being actioned. Follow-up audits and reviews are scheduled for 2025.



Above: Philip Cory-Wright, Board Chair (left), and Nigel Gear, Chief Executive, at the Intermodal Freight Centre (IFC) in Invercargill



NEW ZEALAND ALUMINIUM SMELTER (NZAS)

On 31 May 2024, NZAS announced it had secured electricity supply contracts from Meridian Energy, Contact Energy and Mercury NZ for 20 years, out until 2044.

This was a welcome announcement for both South Port and the Southland region that has heavily relied on this business activity since 1971.

NZAS represents approximately 20% of Net Profit After Tax (NPAT), 30% of the total cargo volume handled through the Port, 20% of bulk vessel calls, and 27% of containers - the majority of which are packed on the Island Harbour.

These are significant numbers and play an important role in the Port's ability to operate an efficient marine and container packing operation, offer backload opportunities on bulk vessels, and to help cement the Mediterranean Shipping Company (MSC) service calls.

Importantly, it is expected this decision will provide the catalyst for generators to commit to investing in additional renewable electricity generation in the Southland province.

WIND FARMS

Mercury NZ subsequently announced, on 7 June 2024, its commitment to the second-stage expansion of the Kaiwera Downs wind farm, increasing the capacity from 43 MW to 198 MW. Construction at the site started in June 2024 and is expected to reach full generation by the end of the 2026 calendar year.

On 21 December 2023, Contact Energy lodged a resource consent application to construct a wind farm on land at Oware, in Southland. The Environmental Protection Authority determined that the application complied with the requirements set out in COVID-19 Recovery (fast-track consenting) Act 2020 and provided the application to the panel appointed to determine the application.

This project is located east of Wyndham and, if constructed, will have the capacity to produce up to 300MW from 55 turbines.

If the project receives resource consent in a timely manner, construction is expected to begin in 2025 and be fully operational in 2027.

OPEN OCEAN AQUACULTURE

In 2019, the New Zealand Government launched its Aquaculture Strategy, setting out a sustainable growth pathway toward \$3 billion in annual aquaculture revenue.

Southland has been targeted to contribute to one third of this growth through the development of both open ocean and land-based aquaculture opportunities.

There are several parties looking to develop open ocean aquaculture farms, including Ngāi Tahu and Sanford.

Ngāi Tahu is currently progressing an application to the Fast Track Advisory Group and Sanford has lodged a consent with Environment Southland to create an open ocean salmon farm, 28km from Bluff and 10km from the nearest island, at the south end of Foveaux Strait.

CLIMATE STANDARDS/ENVIRONMENT

South Port is producing its first climate-related disclosures under the new Aotearoa New Zealand Climate Standards which will be published by 31 October 2024. Through this process, the Port will continue to develop its capability to understand and respond to challenges that the business may face in the future from climate-associated risk, and to take advantage of climate-related opportunities.

On 17 April 2024, the Coalition Government announced its intention to extend port coastal permits, which were due to expire in 2026, for a further 20 years. This was a very welcome announcement.

The Port has been working in several areas to determine our impact on the environment. One of these is to measure the effects on sensitive areas from our Kia Whakaū dredging campaign, which was completed in 2023. We are pleased to say that, so far, there has been no evidence of any negative impact. Monitoring will continue through until 2028.

PROJECT KIA WHAKAŪ

The Kia Whakaū project to dredge and remove seabed materials to 9.7m chart datum (CD), equivalent to an operating high tide draft 10.7m, in the harbour entrance channel was successfully completed and celebrated with a formal opening on 30 October 2023.

The Company is taking a staged approach to the new draft by declaring an interim operating draft of 10.3m at high tide to assess the handling of deeper draft vessels before moving to the full 10.7m.

The final step before we declare a new high tide draft of 10.7m is the implementation of the NCOS Dynamic Under Keel Clearance system. NCOS integrates real time measurement of tides and waves with modelled vessel motions to maximise port efficiency and safety while reducing delays and risk. It is expected that the NCOS system will be operational in the third quarter of 2024.

A number of benefits are already being realised, with the increase of our draft to 10.3m at high tide. More cargo is being loaded on vessels for export than ever before, reducing the number of vessel calls to the Port and increasing cargo loading efficiencies. Many vessels now also have the opportunity to transit through the Port on additional tides (low and high), improving both the supply chain and berth utilisation at the Port.

PILOT BOAT

A second pilot vessel, the "Murihiku," was purchased this past year, out of Australia. She will be an excellent backup for the MV "Takitimu II" which has been our frontline pilot vessel and workhorse since 2006.

PROJECTS

The Company undertook several projects this year including a technology pathway, a property masterplan, and the replacement of our accounting software. Each of these were significant projects and will provide the Company with improved information for decision making going forward.

COMMUNITY AND IWI ENGAGEMENT

Our relationship with the community and iwi is important to both the Company and our employees.

The Port Open Day was held on Sunday 1 October 2023, and formed an important part of our community engagement. This event is an excellent opportunity to open the gates and show off our operations to friends, family, and the community. The event was oversubscribed, and, fortunately, the weather played its part to make this another successful event.

We regularly consult with iwi on our consents plans for the Port and meet informally to discuss a number of matters. This engagement is important to ensure we are meeting cultural requirements around our consenting activities and to further develop our relationship with the local rūnaka.

SOUTH PORT LISTED 30 YEARS

2024 represents 30 years since South Port listed on the NZX, back in 1994. A collage of the annual reports since the first listing has been included in this report.

STAFF

Staff retention is an important aspect in a competitive employment market.

To this end South Port implemented a flexible working policy this past year. A key part of this policy was the establishment of an Invercargill office, providing employees with the opportunity to work at this location once a week and to also use as a base for customer and Board meetings when required.

Although we have seen reduced volumes of bulk cargoes through the Port, the people-intensive areas of containers, warehousing, administration, and marine have been particularly busy. The Company therefore would like to thank our staff for their commitment and continued hard work over the past 12 months.



DIVIDEND

The Board has an ongoing policy of assessing South Port's dividend flow after taking into consideration both its Free Cash Flows (FCF) and its reported profits. FCF is interpreted as being annual operating cash flow less net maintenance capital expenditure. Reported profit is viewed as the Company's annual profit movement plus future maintenance requirements.

Despite the reduction in profit in 2024, the Board is pleased to declare a final dividend of 19.5 cents. This translates to a full year dividend of 27.0 cents per share (2023 – 27.0 cents). Full imputation credits will be attached to all distributions. The 27.0 cent dividend represents a pay-out ratio for 2024 of 96% using reported NPAT and 83% of FCF.

The dividend payment represents a gross return of 6.7% (net 4.8%), based on a share price of \$5.61 as at 30 June 2024.

BOARD COMPOSITION

Ms Nicola Greer and Mrs Michelle Henderson retire this year by rotation and being eligible offer themselves for re-election.

DIRECTOR NOMINATIONS

At the time of writing this report the Company has received no other valid Director nominations.

OUTLOOK

The agricultural and forestry cargoes have been particularly challenging this past financial year, which is reflected in the volumes of bulk cargo being handled through the Port.

Offshore markets, however, remain difficult. Supply chains continue to be disrupted, particularly around regions where conflict is present. These variables are out of our control and are not expected to improve in the near future.

Despite these challenges, the Port remains optimistic about the future opportunities, both for the Company and for the Southland region.

NZAS signing a 20-year contract was a major boost for the Company and provides a consistent number of vessel calls and base cargo that can now be factored into our future planning.

This news will now pave the way for the consenting and construction of wind farms in the Southland region. A large majority of the project cargo associated with this activity is expected to be handled through the Port in coming years.

Project Kia Whakaū is already delivering benefits for the Port, our customers, and shipping companies. This will also play an important role in driving operational and environmental efficiencies going forward and it provides a pathway for growth.

We are aware that there are applications to the Fast Track Advisory Group for aquaculture projects in Murihiku including the Hananui ocean salmon farm, the Impact Marine land based salmon farm, and Kelp Blue ocean kelp farm.

The Company continues to have a wide range of cargoes being handled, which provides us with resilience and helps to smooth out fluctuations in the market.

Therefore, based on all known factors at the date of compiling this report, South Port estimates that earnings in the next financial year will be in the range of \$9.30M – \$10.30M (2024 – \$7.38M).

On the basis of this consistent earnings profile and in the absence of any unforeseen circumstances, the Directors will be endeavouring to at least maintain the current level of dividend payment.



P W Cory-Wright
Chair



N G Gear
Chief Executive

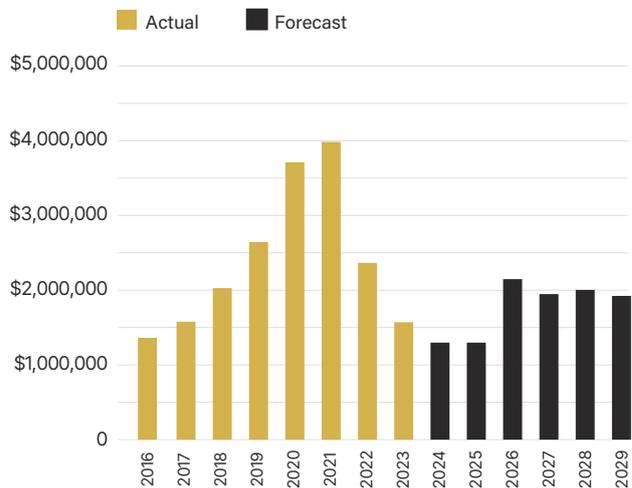


Infrastructure

ASSET MANAGEMENT PLAN

Following a rigorous 6-year maintenance and capital programme, the infrastructure team experienced a relatively quiet FY2024. Due to fluctuating trade volumes driven by global economic conditions, it was decided to limit spending to essential projects only. This approach will continue into the FY2025 budget, as shown in the Wharf Asset Management Plan (AMP) expenditure graph below. Over the past six years, the preventative maintenance efforts have enabled the Company to make these decisions without compromising the structural integrity of port structures or the safety of port users.

Wharf Asset Management Plan Expenditure



SOLAR PANELS – NAVIGATIONAL BEACONS

The Port navigational infrastructure includes four beacons on the Tiwai Peninsula. To increase our resilience, we have introduced an alternative power supply for the beacons – solar. Solar panels were installed to replace the power lines fed from a NZAS transformer.



SYNCROLIFT REFURBISHMENT

Last year, we completed several repairs to the Syncrolift structural steel in preparation for a full recoating with a paint system to prevent corrosion. Given the need to maintain Syncrolift operations, we are unable to close the facility for a long enough duration to apply the paint system to the entire structural steel components. Therefore, we will apply this paint system over three years.

Stage 1 of the paint system was applied during the summer months of FY2024. We engaged external consultants to undertake quality assurance testing during the works to ensure we achieved the expected design life (15+ years).

The preparation process involved:

- › Substantial scaffolding (above water) to provide a safe working environment for contractors
- › Remove platform decking
- › Hydro blasting to remove existing paint system and rust which was collected and disposed of separately
- › Wash down the surface at 6000psi with fresh water and air or blow dry
- › Quality assurance testing to ensure chloride levels were <math><50\text{mg}/\text{m}^2</math>

Following the preparation work we applied three coats of Interzone 954GF with a total paint thickness of 600 microns dry film thickness. Between each coat, quality assurance tests were completed to check for moisture, temperature, and thickness.

On completion, the scaffolding was removed and platform decking reinstated, allowing the Syncrolift to return to normal operations after a 35-day closure.

Stage 2 of 3 is planned for the summer of FY2025.



CONTAINER REPAIR SHED

A purpose-built container repair shed was constructed this year in the area once occupied by Shed 6. It is another project associated with the Port's ongoing commitment to reduce the interaction of people and plant, and improve efficiency.

Previously, container repairs were completed in the open air, within the busy container terminal. The new shed has several benefits such as:

- › A safe repair operation by separating people and plant
- › More space allowing containers to be laid out in preparation for repair
- › The shelter provides weather protection allowing work in all types of weather
- › Safe and secure storage of repair equipment
- › More efficient and quicker turnaround times
- › Connected to power reticulation eliminating the need for generators
- › Able to work on, and open up, refrigerated containers under canopy - without the risk of rain water getting into the insulation



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ENVIRONMENT



South Port continually looks for opportunities to improve on its environmental responsibilities.



Our Environment

BLUFF HARBOUR SUBTIDAL SEAGRASS MAPPING

In December 2023, South Port received a research proposal from a Southern Institute of Technology (SIT) student, who is studying towards a Bachelor of Environmental Management. The proposal was to identify and map seagrass beds in the subtidal zone of Bluff Harbour.

Seagrass is an important ecosystem with diverse ecological functions, including:

- › Occupying 0.1% of the seafloor, but storing a whopping 12% of ocean carbon
- › Trapping and transforming nutrients (1ha absorbs 1.2kg of nitrogen per year)
- › Pumping oxygen into water and sediments (1m² releases 10L of oxygen per day)
- › Stabilising the seabed with an extensive network of roots and rhizomes
- › Is a foraging and feeding ground, and refuge for marine life
- › Contributes to biodiversity by being the only marine-flowering plant

Recognising its importance, South Port decided to support the research and paid for the hiring of the boat for field work, a fundamental part of the project's methodology.

The SIT student completed their research in June 2024 and is now working on writing the final report to meet the course requirements. Detailed left are the results of the mapping, which was shared by SIT. We wish the SIT Student, Stephanie Shaw, success with her project and look forward to reading it upon completion.

SUSTAINABILITY STRATEGY

South Port has advanced the development of its sustainability strategy based on the Sustainable Development Goals (SDGs). After the SDGs' selection, work carried out by the Sustainability Committee during FY23, saw the Infrastructure and Environment department prepare the strategy framework proposal for consideration by the Executive Leadership Team (ELT).

In July 2024, the ELT met to evaluate the proposal and issued its opinion about the elements of the strategy. This included sustainability targets and indicators, which were associated with the SDGs which are the focus of the strategy.

The next step is to finalise the executive report that will be presented to the Board of Directors, in order to formalise the South Port Sustainability Strategy in FY25.

WATER MANAGEMENT

In FY24, South Port completed the water meter installation project, which saw 15 meters installed throughout the water network over the past two years. They were installed at strategic points in the network to monitor water use in the different activities that take place at Island Harbour facilities and facilitate the identification of leaks.

For high-consumption activities, such as water blasting at the Syncrolift and container washing, measurements occur in real time via an online dashboard. Of the 15 water meters, nine are connected to the dashboard, which allows generating relevant consumption reports promptly.

By measuring and reporting water consumption, South Port is managing resources more effectively and promoting the responsible and efficient use of a vital resource, and helping avoid unnecessary waste.

CHANNEL DREDGING: POST-WORKS ENVIRONMENTAL MONITORING

Dredging of the Bluff Harbour channel was completed in September 2023. During the execution of the works, various measures were implemented to mitigate the operation's impacts, including continuous environmental monitoring of the most sensitive areas, and ensuring compliance with the Resource Consent conditions.

Post-dredging monitoring, an essential part of our environmental protection strategy, began immediately after the dredging was completed. This early start allowed for the swift identification of any potential impacts on sensitive areas. The first surveys, conducted in seagrass areas and at the soft sediment disposal site one month after dredging ended, showed satisfactory results, with no evidence of impacts observed (as expected).

Post-dredging monitoring will continue until 2028, with results reported periodically to Environment Southland.





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PEOPLE AND COMMUNITIES

South Port is committed to building a culture that cares about our people and our community.

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Pilot, Ray Tull

Safety, Health and Wellbeing

SAFETY CULTURE

Safety first – our top priority is our people's health, safety, and wellbeing.

The Company is focused on the investment of additional resources and continuous improvement in our health and safety performance. We need to be vigilant and focused on keeping our people safe. South Port is working hard to establish a culture where positive safety behaviours are ingrained in day-to-day operations.

MARITIME NEW ZEALAND – PORT DESIGNATION

From 1 July 2024, Maritime NZ is now the primary health and safety regulator of New Zealand's 13 major ports. This means that Maritime NZ will be responsible for monitoring and enforcing compliance with health and safety legislation on land, as well as on ships. However, this extension of the Port designation does not alter or affect the principles, duties, obligations, and rights regarding health and safety in the workplace under the Health and Safety at Work Act 2015 (HSWA).

Over the past year, we have regularly engaged with both Maritime NZ and WorkSafe to assist with this regulator transition, and we will continue to do so now with the newly appointed HSWA specialist team, which will work alongside maritime officers, maritime inspectors, and investigation teams.

While technically, the maritime designation has extended from ship to include the shore, in practical terms, it is simply business as usual.

PORT SAFETY MANAGEMENT SYSTEM, HEALTH AND SAFETY REVIEW, AND GAP ANALYSIS

In November 2023, South Port engaged HSE New Zealand to undertake an external review of the performance of our safety management systems to provide assurance that the Company is complying with HSWA, and to identify potential gaps in our safety management system.

The review involved a preliminary desktop review of our safety management system. This was followed by two full days on-site, initially spending time with our Health and Safety Team and Health and Safety Committee, and then out on-site for sampling and verification, including staff engagement.

The review identified some areas for further improvement, the highest priority being a review/update of our contractor management policies and procedures to align with more recent WorkSafe guidance. This work is now underway and will be completed in 2024. A follow-up audit is scheduled for FY25.



Dairy Warehousing Operator, Boysie Karetai



CRITICAL RISKS

Effective management of health and safety risks in the workplace is an ongoing process and involves:

- › Identifying hazards
- › Analysing risks for identified hazards
- › Evaluating risks to determine if the risk level is acceptable and what actions are required at that level
 - For example, immediate action is required, managed by routine procedure, etc
- › Controlling the risk to reduce the harm and its severity
- › Reassessing the level of risk for each hazard
- › Monitoring and reviewing to ensure controls are working and risk levels are acceptable
- › Communication and consultation at every step of the process

In FY24, actions taken to reduce operational risk revolved around:

- › Safety leadership training
- › Worker engagement
- › Training, systems, and tools
- › Plant and equipment upgrades

Our Critical Risk Management Programme is underway, in collaboration with our staff and other port users. Progress has been slower than anticipated due to personnel changes; however, increased resourcing means we are on track to complete initial assessments in FY25.

Risks associated with 'moving plant vs people' are of the highest immediate concern. Recently reported incidents and near misses prompted us to engage an external traffic management consultant with port sector experience to assess this critical risk in our warehousing settings and guide us on a range of short, medium, and long-term improvements, most of which will be implemented in Q1 of FY25.

Mobile Plant vs People

Co-ordinator - Shipping and Mooring Services, Karl Frahm, pictured above, is one of our longest-serving operators in the Marine Services Team.

In early 2023, the Company identified a 'mobile plant vs people' critical risk while our lines team was tying up and/or letting go of vessels and working on berths that accommodate vehicular traffic.

To mitigate this risk, Karl took the lead in scoping out, developing, and implementing a new road/berth closure process, including:

- › Mapping out plan and equipment requirements (signs, tapes etc)
- › Organising the installation and storage of equipment
- › Developing standard operating procedures and owning them to ensure controls put in place for every movement
- › Leading staff training and overseeing the practical implementation

This team effort was fantastic, but Karl went above and beyond.



Above: Cold Stores Operator, Fineaso Lafoga

FATIGUE RISK MANAGEMENT

South Port is currently developing a Fatigue Risk Management System (FRMS) to reduce the risks associated with worker fatigue. This project aligns with the 'Good Practice Guidelines' issued by the Port Sector Health and Safety Leadership Group, the Tripartite Group comprising of port and stevedoring companies, unions, the Port Industry Association, Maritime NZ, and WorkSafe New Zealand representatives, working in partnership to drive change in health and safety in the port sector.

In this initial phase, the project is being driven by the Health and Safety Team and labour allocators, to develop robust fatigue risk management processes to support initiatives to identify, assess, and manage risks from fatigue and monitor control measures to check that they are working. Ultimately, however, ownership lies with our operational business units, which are primarily responsible for applying smart rostering and shift work design.

Over the next year, every port company's FRMS will be peer-reviewed against the essential components of Policy, Risk Assessment, Assurance, and Training/Promotion (worker engagement). While the review is primarily to gauge progress, it will also help lift capability by identifying best practices around performance measures and, where appropriate, sharing data, insights, and shared learnings. South Port has dedicated resources (0.2FTE) to ensure that we are 'on track' with the current emphasis on roster design and work/rest hours 'rules.'

PORT USERS

The Island Harbour is a busy and dynamic work environment, with multiple PCBUs (persons conducting a business or undertaking), operating in, on, and around the Port.

PCBUs have an obligation to consult, cooperate, and coordinate with other PCBUs when they are working in a shared workplace or as part of a contracting chain.

In many cases, South Port is not the 'lead' PCBU; however, we are conscious that we 'set the standard' and that port users generally look to us for guidance – a delicate balance between over-reach and under-reach. We hold quarterly Port User Forums attended by port users, including lessees and licensees (who are obliged to attend under their leases/licenses), bulk cargo users, contractors/subcontractors, and transport companies – where we discuss health and safety best practices and share learnings around site access and traffic management, with particular focus on common roadways and shared spaces.

These forums reinforce to port users that we are all responsible for health and safety in the workplace and that PCBUs have a duty to consult, cooperate with, and coordinate activities with all other PCBUs with which they share overlapping duties.

In the spirit of PCBU collaboration, we have also invited other port users to participate in our in-house leadership development, health and safety training, and other workshops.

Health and Safety is **EVERYONE'S** business.

WORKER PARTICIPATION AND REPRESENTATION

In FY24, we invested in building health and safety capability and maturity port-wide. This has included ongoing training and upskilling of our staff and other port users, as well as formal training for Health and Safety Reps, who must undertake formal training, in order to perform their duties under HSWA.

Extensive training, education, and awareness has been provided as part of our deliberate strategy to lift health and safety capability across the whole Port:

- › Health and safety executive leadership programme
- › Health and safety "Stepping up as Leaders" workshop for the wider leadership group
- › Health and safety "Be a Legend" workshop for health and safety representatives, and frontline leaders
- › Health and safety representative training - Stage 1
- › First aid and mental health first aid
- › Advanced drug awareness workshop, managing the risks posed by drug and alcohol abuse in the workplace environment
- › Bullying and harassment workshop
- › Plus, various technical training workshops (e.g. permit to work, working at heights, etc)



Above: Health and Safety Representative training in May 2024



WELLBEING

Under HSWA, 'health' means physical and mental health. Providing our team with a safe and healthy workplace is an important part of running our business—if our staff feel their wellbeing is being looked after at work, they are usually more productive, healthier, and less stressed.

Our occupational health monitoring programme focuses on personal health, fitness for work, and positive, healthy lifestyle choices. Participants are monitored for changes in their health status to guard against exposure to health hazards arising from their work.

We also undertake drug and alcohol testing at pre-employment and random, post-incident, and reasonable cause testing.

Additionally, we provide or facilitate:

- › EAP services
- › Physiotherapy services
- › Audiology referrals
- › Sleep apnea referrals
- › Healthy heart checks (pictured above)
- › Flu vaccinations (pictured below)
- › Mental health first aid



Fast Facts



730

Safety engagement walks/
observations/audits/checks



366

people
Health monitoring*



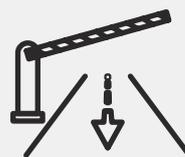
2,761

Site inductions



377

people
Training completed



223,963

Inwards vehicle
movements

*Drug and alcohol surveillance testing, occupational health checks



Our People

Our goal is to attract, develop, and retain talented people.

Staff engagement is critical to our business success, more so than ever, given the challenging market conditions.

It is important that South Port has an engaged workforce that aligns with our Company goals and values. This promotes an environment for staff to thrive, leading to reduced absenteeism, lower staff turnover, higher productivity, and a safer work environment.

In late 2023, we ran a staff survey, which followed our inaugural survey in 2018. That survey provided a baseline which, along with our second survey in 2021, enabled us to track how staff experiences and perceptions have changed over time.

2023 Survey



"I am proud to work for South Port."



"If asked by an outsider, I would describe South Port as 'a great place to work.'"



EMPLOYEE NET PROMOTER SCORE (ENPS)

It was particularly encouraging to note a continuing improvement in our *Employee Net Promoter Score*.



- Survey participation rate
-
-

74.3%

Examples of the questions asked, and how employees responded:

"I trust management to lead the company in the right direction" 8.2

"I am encouraged to develop my skills, and am well-supported in the process" 8.6

"The health, safety, and wellbeing of our staff are top priorities for South Port" 8.8

"I am not afraid to report accidents/incidents" 9.0

Q

We asked staff:

"What is one thing South Port is doing really well that we should celebrate?"

A

They responded:

"Engagement with and support of the local community"

"Positive health and safety record – getting our people home safely"

"Strong customer relationship as a result of exceeding expectations"

"Living into our values in meaningful ways and generally having a positive workplace culture"

"Business performance/profitability - despite challenging economic conditions"

ENGAGEMENT IS A LONG GAME

While this is positive feedback, it is important to remember that engagement is a long game. A survey is simply one of several tools we use to measure staff engagement—other indicators are regular check-ins (formal and informal), goal setting, internal promotions and career progression, productivity levels, onboarding interviews, exit interviews, absenteeism, and staff turnover.

RESOURCING, RECRUITMENT AND RETENTION

For the past three to four years, employers nationwide have struggled with recruitment and retention in a tight labour market. This has resulted in vacancies taking longer to fill and attendant difficulties in terms of workload and related pressures. While the labour market is generally easing, demand for strategic and technical specialist roles remains high.

Over the last year, we have worked to enhance our Employee Value Proposition to help attract and retain talent. Targeted areas of improvement were focused on onboarding processes to ensure smooth integration for new employees, increasing staff engagement, effective performance management to maintain and increase productivity. Additionally, through our annual appraisal process, discussions around career pathways has also helped sustain skill development and job satisfaction.

Whenever a vacancy has arisen, we have reviewed the role (and, where appropriate, resized and rescope) to ensure it fits our operational requirements and offers business agility and flexibility.

As of 30 June, staff turnover has eased to 10.9%. While it is never easy to lose talent, we have been fortunate to attract and nurture new talent who will make their own mark on our business. Of particular note, we welcomed two former staff who returned to more senior roles after honing their skills and gaining more experience in the intervening period.



Above: Co-ordinator - Shipping and Mooring Services, Karl Frahm, left, Syncrolift Operator, Shaun McKellar, middle, and Syncrolift Co-ordinator, Rob Dixon, right

VALUES IN ACTION

At South Port, we work together to build a positive, trusting, high-performing environment where our people can thrive and succeed.

Our Values, developed in consultation with our staff, underpin who we are and how we conduct our business.

Our people are invested in our business and committed to doing a good job. They turn up and do their jobs with humility and without drama or fanfare.

Good people doing great work.

We think it's important to celebrate success and achievement, and we encourage staff to celebrate workmates who actively demonstrate our values. This recognises a job well done and helps motivate and inspire others to follow suit.

Throughout the year, we had many standout examples of incredible mahi, going the extra mile without expectation of thanks, let alone payment.

Recipients over the past year included:



Tyson Irwin
Fleet Maintenance Team Leader

Streamlined and developed a new app-based system for weekly forklift checks.



Andrew Hill
Site Engineer

While out on-site, Andrew identified and reported a new physical hazard and instigated immediate corrective actions to safeguard staff working in the vicinity.



Logan Fraser
Terminal Operator

WorkSafe noted consistently positive and complimentary feedback from multiple trainees who cited Logan as a key factor in their successful onboarding and training progression.



Willie Isiah
Depot Operator

One of our most experienced heavy machinery operators who plays an important role in providing on-job training to new staff.

CAPABILITY BUILDING

In 2019, in conjunction with the launch of our Values, we introduced an in-house leadership development programme primarily tailored to our Tier 3 Managers and Supervisors. Subsequently, we extended to Tier 4 frontline leaders (Team Leaders, Leading Hands) and peer leaders.

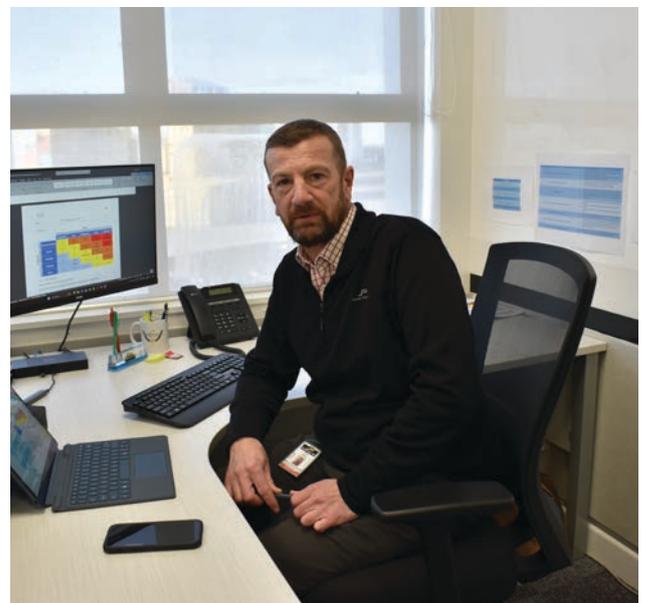
The programme focuses on the essential elements of leaders who can positively influence organisational culture by building credible and mature relationships that enhance teamwork and increase performance and productivity.

More recently, we have extended the programme to include professional coaching and mentoring support to develop the skills and energies to consistently deliver influential leadership in all their day-to-day dealings and communications with their direct reports and across the wider organisation.

Increased strategic and technical ability.

At the same time, we have also created several specialist leadership roles to plan for succession and increase strategic and technical capability.

These include the Risk and Technology Manager, Health and Safety Manager, Container Services Manager (the latter two positions established in June 2024), and Commercial Property Advisor (internal transfer finalised in July 2023).



Above: Risk and Technology Manager, Jason Jones

WĀHINE AT WORK

Gender diversity has been on our radar in recent years, and we are making a conscious effort to attract more women to work at the Port.

At South Port, we have women working in most areas of the business. We want to promote pathways for women into leadership roles, starting with increasing the number of women joining operations.



Paige Gilbert Depot Operator

In April 2024, Paige Gilbert, pictured right, joined Michelle Lawson, Jess Snyman, and Lee McDermott as an Operator in the Container Operations Division.

Paige came to us with a good understanding of the importance of workplace safety from her work at Tiwai, where she operated forklifts, gantry cranes, and ingot machines. After a period of solid training, she was signed off to operate a range of forklifts, including container handlers. She started working on continuous container vessel exchanges.

Where does Paige go from here? It's early days yet, but once she gets experience working on continuous container vessel exchanges, the next opportunity is training on our mobile harbour cranes, which have a maximum load capacity of 104 tonnes.



Marine Department

Katie Eaton, pictured right, is our Marine Services Team Leader. She leads the team, which comprises Jenny Phillips, Marine Administrator, pictured left, and Shipping Co-ordinators Karl Frahm, Flinders Browning-Davies, and Jayleel Fa'amoe Ioane.

The team co-ordinates line-calling operations, prepares berths and dockside mooring operations, manages freshwater delivery, garbage collection services, and supports the syncrolift and tug operations.

While Katie and Jenny's roles are primarily office-based, they also provide operational support when required (eg lines handling), and they actively participate in the casual shipping roster.

Key Information

AS AT 30 JUNE 2024

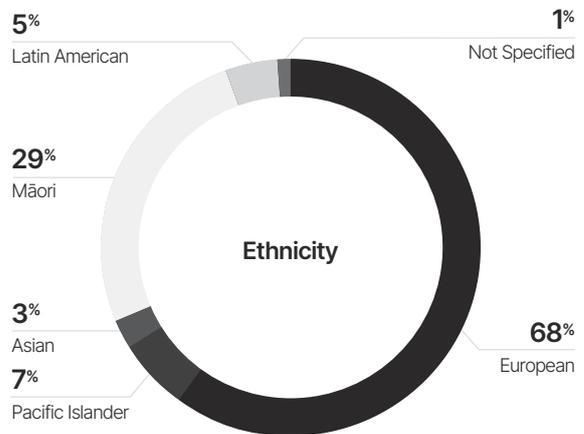
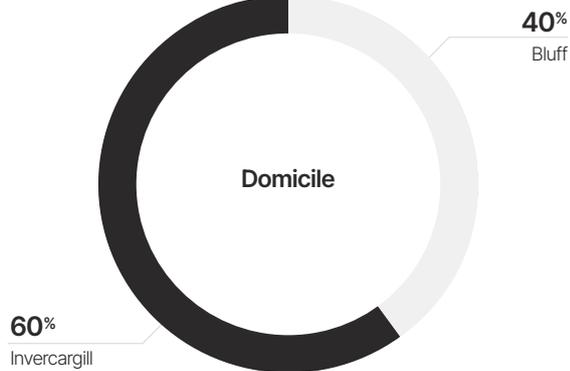
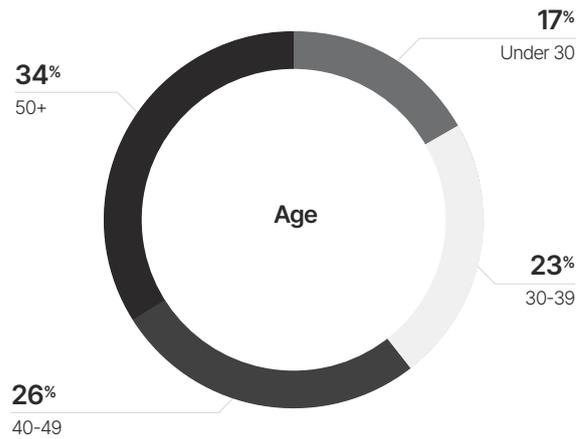
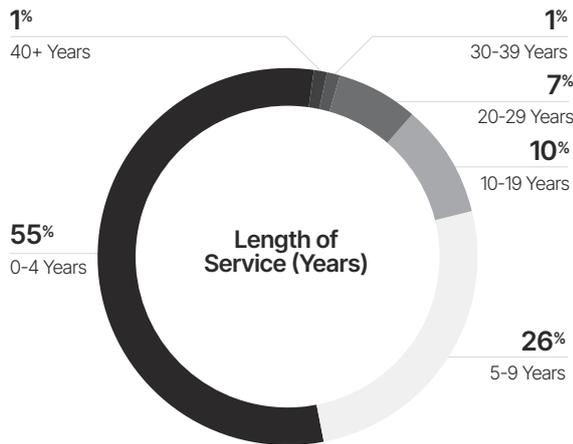
7 Promotions

4 Transfers

11 New roles

132 Total permanent staff **75% male** > **25% female**

	TARGET		ACTUAL		
	% Female	% Female	% Female	% Female	% Female
	2025	2024	2023	2022	2021
Board	25	67	50	50	33
Executive	25	29	25	25	25
Supervisors	20	-	13	13	14
Operational	10	11	9	4	3
All Permanent Staff	25	25	20	18	20



Note: Total percentage is above 100% due to staff being able to select more than one ethnicity.

Our Community

As part of our long-term commitment to the local community and wider region in which South Port operates, we offer sponsorship and support of sporting, cultural, and community groups.

South Port's community engagement includes:

- Community group interaction
- Port tours
- Sponsorship
- Written communication
- Not-for-profit and charity support
- Event support
- Working with young people
- Expert advice
- Staff volunteering in and around the community

Community and Regional Assistance

Over \$80,000 was injected into the local community during the past 12 months.

Organisations that received sponsorship assistance over recent financial years include:

- › Bluff Bowling Club
- › Bluff Hill Motupōhue Environment Trust
- › Bluff Kindergarten
- › Bluff Netball Club
- › Bluff Promotions
- › Bluff Rugby Club
- › Bluff Schools
- › Bluff Volunteer Fire Brigade
- › Burt Munro Challenge (Bluff Stage)
- › Export Southland
- › Graeme Dingle Foundation
- › Hospice Southland
- › Matariki Festival – Tūturu Charitable Trust
- › Port Softball Club
- › Rakiura Community Workshop – Stewart Island
- › Rugby Southland
- › Southern Steel Netball
- › Southern Wood Council
- › Southland Chamber of Commerce
- › Southland Football
- › Southland Mountain Bike Club – Bluff Bike Trails
- › Southland Sharks
- › St John Ambulance Service, Bluff
- › Te Ara o Kiwa Sea Scouts, Bluff
- › Te Rourou Whakatipuranga o Awarua
- › Te Rūnaka o Awarua
- › Tour of Southland

South Port Community Scholarship Recipients 2024

We want to congratulate this year's successful scholarship recipients:

COMMUNITY SCHOLARSHIP **Sian Tarrant** ▾

Local Bluff resident Sian Tarrant (nee Topi) is married with two children and previously had a leadership role at South Port. Her passion for people and providing a supportive environment for others led to her decision to study psychology.

Sian was born and raised in Bluff and her tūpuna whakapapa to Rakiura (Stewart Island), Ruapuke Island and Motupōhue (Bluff) on her father's side, and Ngāti Mutanga o Wharekauri (Chatham Islands) on her mother's side. Sian will be the first of her line to complete a Bachelor's Degree.

This year is Sian's final year of study for a Bachelor of Applied Science majoring in Psychology, and next year she will complete her Honours Degree. Her long-term goal is to obtain a Master's Degree and then a Postgraduate Diploma to gain the accreditation required to become a registered Psychologist. Sian has yet to decide what she will specialise in for registration, however, she is committed to making a real difference and enhancing the health and wellness of people.

Recently, Sian was given the opportunity to work at Southland Help Rape and Abuse Support Centre, where she provides court support, micro-counseling, and social services support to survivors of sexual harm. Sian feels very privileged to share and hold space for people who have had a traumatic experience and walk alongside them on their healing journey.

Sian is the Board Chair for Youthline Southland, an alternative representative for Te Rūnanga o Ngāi Tahu Board, a Board Member of Te Rourou Whakatipuranga o Awarua Early Childcare Centre, and a trustee of a Māori land block at Stewart Island. Sian is also taking a course in Te Reo Māori to enhance her cultural identity and provide her children with a strong connection to their culture. In her spare time, Sian and her husband tend to a lifestyle block, get out with the kids, spend time in the garden, and are keen renovators.



South Port Chair, Philip Cory-Wright, and community scholarship recipient Sian Tarrant at the award ceremony

STAFF SCHOLARSHIP **Ryder Mikkelsen** ▾

Ryder is the son of Hayden Mikkelsen, South Port's Container Operations Manager. He is commencing his academic journey with the University of Canterbury to study a Bachelor of Engineering.

Ryder has excelled academically and in the sporting and cultural domain during his time at James Hargest College and held the role of Deputy Head Boy last year, enabling him to develop leadership skills that will be invaluable for his future endeavours. Ryder was awarded the 2023 Youthmark Young Achiever Award, which recognises Year 13 students from all Southland secondary schools who have excelled in their chosen field.

At the beginning of 2023, Ryder was awarded a scholarship to attend the Rotary Science and Technology Forum in Auckland, and he felt privileged to have the opportunity to learn from leaders in their fields. This experience enhanced Ryder's interest in engineering and the endless possibilities for innovation and development that come with it. Ryder was invited back by the Rotary Science and Technology Forum this year in the capacity of an advisor. As an advisor, Ryder was responsible for 28 students, overseeing the smooth running of the group, ensuring all the students attended workshops, lectures, and day trips, organising entertainment, and managing the guidance and general well-being of every student.

Another passion of Ryder's is kapa haka, which he has participated in for seven years, earning an award for his contribution to the kura and kapa haka roopu.

Ryder has been described by his principal as "having admirable personal qualities and attributes, is honest, reliable, and responsible in all he does. He is courteous, cooperative, and thoughtful, and students from all walks of life look up to him, and he has time and attention for them all. He has immense mana and humility and is an outstanding role model. Ryder inspires others around him to be better by the simple virtue of being himself."



South Port Board Member, John Schol, with staff scholarship recipient Ryder Mikkelsen at the award ceremony

Manaakitanga

2023 PORT OPEN DAY

On Sunday 1 October, South Port held its biennial Port Open Day.

Tickets were booked out in the first five days of the event going live, which was beyond the organising committee's wildest expectations. Just under 600 tickets were available over three two-hour time slots – 9am, 11am, and 1pm.

The event aimed to give friends, whānau, and the public a glimpse at what South Port does and what it's doing for the region. Ticket holders got to step foot on and see a tugboat demonstration, walk into the depths of the Cold Stores, observe the log operators and woodchip trucks in operation, watch demonstrations of the cranes and forklifts, and learn about the finer details of what the Port does daily. The variety was well received, with positive feedback coming in from attendees.

With an Entertainment Hub located at the Bluff Oyster Festival site, which was open to the public, those attending the actual tour were ushered on designated buses to get on to the Port. Activities within the Hub were free, including face painting, bouncy castles, an astro ball, and mini jeeps. It was a hive of activity throughout the day, with attendees soaking up the atmosphere before excitedly lining up and jumping on a bus in preparation for the tour to begin.

"What an incredible experience. The guides were amazing and so good with all the kids on our tour, we could really feel the passion and pride they have for the port. Thank you South Port for letting us in for a look around, Rome especially loved the toy boats. I really enjoyed watching the cranes in action!"

"The tour was absolutely amazing - informative and exciting. A big thank you to everybody who made the day such a success!"

There were 60 team members from South Port who volunteered their time, which was quite clearly appreciated. Volunteers have been asked for feedback on what went well, what didn't, and what we could improve on to help make 2025 bigger and better.



1. Staff explain the processes around importing and exporting product, and how it is stored
2. Children and adults alike, all rugged up, exiting the Cold Stores
3. Visitors aboard the "Te Matua" tug boat, prior to watching the "Takitimu" pilot boat demonstration
4. Free face painting was just one of the entertainment options on offer in the Entertainment Hub
5. Demonstrations included the moving of logs, how woodchips are emptied out of trucks, and how the woodchips are moved around by machinery
6. Passengers were treated to 'up close and personal' moments with the tug boats
7. With each tour being booked out, there was a solid line of excited people waiting to board at each time slot



South Port's crane in operation during a display



The Spirit of New Zealand in Bluff, January 2024

CHRISTMAS HAMPERS

South Port is proud to have the annual tradition of donating Christmas gifts to selected Bluff families in need.

In November 2023, Bluff School, St Teresa's, Te Rourou, and Bluff Kindergarten each nominated one family. We then detailed the ages and genders of those selected to the broader South Port team, guiding what was required – be it food, gifts, or vouchers.

The Commercial Team then facilitated the wrapping and handover of the hampers to each family, confidentially, via each school.



1. St Teresa's School principal, Rosi Coyle (second from left), taking receipt of the goodies from South Port Chief Executive Officer, Nigel Gear, Compliance Co-ordinator, Matthew Costar, and Pilot/Tug Master, Mark Saunders.

2. South Port's Pilot/Tug Master, Ray Tull (left), stands alongside Bluff Kindergarten staff Kate Kissell and Sarahlee Bragg, who are flanked on the right by Commercial Property Advisor, Renee Nyhon, and Chief Financial Officer, Lara Stevens.

3. South Port's Pilot/Tug Masters, Paul James (left) and Corey Madill, stand next to Co-ordinator – Shipping and Mooring Services, Georgie Sunshine, as the kindly donated gifts are handed over to Bluff School Principal Desiree Alapaki.

4. South Port's Financial Accountant, Sarah Smith (second from left), stands next to Port General Manager, Geoff Finnerty (middle), and Executive Assistant, Justine Solomon (second from right). They are flanked by Te Rourou Early Learning Centre team members Leshama Hamilton (left), and Hope Hamilton (right), as the centre took receipt of the items.

Community Engagement and Sponsorship

CONSERVATION WEEK PLANTING

Conservation Week took place from 14 – 20 August 2023. For another year running, some of the South Port team assisted Bluff Hill Motupōhue Environment Trust in getting as many native plants into the ground as possible, despite trying weather conditions.



YOUNG ENTERPRISE SCHEME

South Port supports the Young Enterprise Scheme (YES) annually through speed coaching sessions with students, pitch judging, and sponsorship of the Social Enterprise Award. The business who won our award for 2023 was “Ginger Bear Journals,” based on a study planner and wellness journal explicitly designed for those who might be stressed while sitting NCEA exams.



HOSPICE SOUTHLAND ANNUAL STREET APPEAL

On 7 February 2024, South Port team members volunteered their time outside the Bluff Four Square, raising money for the Hospice Southland Annual Street Appeal. This was complemented with collection buckets at the Bluff Service Centre, Bluff Four Square, and Sold Coffee and Gifts. The efforts saw the community raise almost \$1,000, which went directly to Hospice Southland to support over 140 patients right across Southland and the Wakatipu Basin.



SOUTHERN INSTITUTE OF TECHNOLOGY AWARDS

For the past several years, South Port has supported the Bachelor of Engineering Technology and Graduate Diploma in Engineering Technology (Civil Engineering) at Southern Institute of Technology. The Company also provides the award for the most outstanding engineering project throughout the year. Pictured here is the 2023 award winner, Juan Veloso (right).



Getting Active in the Community

BLUFF RUGBY CLUB

South Port proudly continued the sponsorship of Bluff Rugby Club, a partnership that started in 1989. Several staff members play for the team, with many others heading along to support at games during the season.

Bluff Rugby Club. It's home of the red-and-white hoops and is loyally flanked by several South Port employees. Jayleel Fa'amoe loane, South Port's Co-ordinator - Shipping and Mooring Services, talked about his time in the club, and what it means to the community.

"Family - it's about family" is the first thing that comes to Jayleel's mind. He's played for Bluff for four, coming up five seasons now, having played back in 2013 when the team won Division 1 in the club's 125th Jubilee Year, and in 2023. "I returned to play last season as my younger brother Kyah wanted us to play together. It was really cool being alongside him when we won last season; it was his first competition win."

The family element doesn't stop there. Jayleel's older brother, Javaan Fa'amoe loane, is a former Southland Stags outside back, and this season, he has stepped up to coach the Bluff Seniors. On 8 June, the three brothers - Jayleel, Kyah, and Javaan, lined up in the Bluff colours, and played alongside one another against Woodlands. "It was pretty special, the fact all three of us got to play together for the first time," Jayleel said.

The family vibe within the club doesn't stop with blood relatives.

The club makes a solid effort to engage and encourage at every level, all the way down to Rippa Rugby.

On Saturday, 13 July, the Bluff Seniors won the 2024 Premier Development Championships, 34 – 31, against Invercargill Blues – a game that had a few close calls and, as described by many, "raised goosebumps" on those in the crowd.

"Our team this year has a wealth of experience, with quite a few players having been around for the last ten years and have played over 100 games. One guy even clocked up his 300th game this year," Jayleel said. "We've added new blood and kept our strong culture and form from last year. We had a strong 2024 season and ultimately aimed to take out the Premier B competition, which was executed perfectly."

"With four South Port employees in the team, we're very proud to be informally called "South Port Bluff" and represent the Company in front of our playing strip and training kit. The Port's vision for achieving excellence is something we align with and we're constantly trying to find improvement where we can."

Pai e tama, he kapa toa – well done lads, a champion team!



Above: The Bluff Seniors after winning the 2024 Premier Development Grade

TOUR OF SOUTHLAND



South Port partnered with "Share the Road & Macaulay Ford Cycling Team" and joined several prominent Southland businesses to co-sponsor a team competing in the SBS Tour of Southland, which takes place in November every year. South Port staff interacted with the riders every race day during the circuit, travelling in the support vehicles throughout the competition and assisting where required.



Debbie Fahey Photography

SOUTHLAND STAGS



The Southland Stags play in the reformed National Provincial Championship competition. South Port has enjoyed a longstanding sponsorship relationship, benefiting staff and customers throughout the season.



SOUTHLAND SHARKS



South Port is a proud, longstanding Southland Sharks basketball team supporter.

Our staff enjoy complimentary tickets we receive as part of our sponsorship for every game, where we also host customers courtside.



Monica Toretto

SOUTHERN STEEL



Southern Steel is the face of southern netball in New Zealand. It competes in the ANZ Premiership netball league and represents both Otago and Southland.

South Port teamed up with Southern Steel for the first time in 2022, making this season the third year in a sponsorship partnership.



Michael Bradley Photography



GOVERNANCE

The Board and Leadership Team of South Port are committed to maintaining the highest standards of governance by implementing the best practice principles and policies, as set out in this section.

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Directors

Nicola Greer
Independent Director

MCom (Hons)

🕒 Appointed November 2019

Carla Harper
Intern Director

NZIPIM, MInstD

🕒 Appointed May 2023

Philip Cory-Wright
Independent Director

BCA, LLB (Hons), CFinStD

🕒 Appointed September 2010
Chair from 2023

Clare Kearney
Independent Director

*BAGSci, MProfStuds,
GradDipArts(Phil),
CFInstD*

🕒 Appointed October 2016



Michelle Henderson
Independent Director

BE (Hons), CMinStD

🕒 Appointed October 2021

John Schol
Independent Director

*MBA, FCA, CMinStD,
DipGrad, BCom, NZDipBus*

🕒 Appointed November 2022

Cassandra Crowley
Independent Director

*LLB, BCA, GradDipProfAccy,
MInstD*

🕒 Appointed November 2023



🕒 Scan the QR code to read more.

Or use the link: <https://southport.co.nz/page/?XhtaCZ>

Statutory Report of Directors

FOR THE YEAR ENDED 30 JUNE 2024

PRINCIPAL ACTIVITIES

The Company is primarily engaged in the commercial operation of the Port of Bluff. There has been no significant change in the nature of the Company's business during the year.

ACCOUNTING PERIOD

The financial statements are for the 12-month period from 1 July 2023 to 30 June 2024.

RESULTS

The Company recorded a Net Surplus After Tax for the period of \$7,376,000.

DISCLOSURE OF SHARE DEALING BY DIRECTORS

The following Directors hold the following equity securities in the Company:

South Port Directors	Opening Shareholding 1 July 2023	Number of Shares acquired	Number of Shares sold	Balance of shares held 30 June 2024
R Chapman	2,015 ¹	–	–	2,015
P Cory-Wright	3,437	–	–	3,437
M Henderson	566 ²	–	–	566

¹ Retired from the Board 31 October 2023

² Rounded to the nearest whole number

DIVIDEND

The Directors have declared an ordinary dividend of \$7,083,000 (27.00 cps) for the period ended 30 June 2024 including the final dividend amount of \$5,116,000 (19.50 cps) payable in November 2024.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company has arranged Directors' and Officers' Liability Insurance with Vero Liability Insurance Limited. This cover insures Directors against liabilities to other parties that may arise from their positions as Directors. The insurance does not cover liabilities arising from criminal actions.

ACCOUNTING POLICIES

There were no changes in accounting policies during the period. All policies are consistent with those applied in the previous year.



REMUNERATION OF DIRECTORS

Directors' remuneration for the 12 month period ended 30 June 2024 was as follows:

Remuneration of Directors

01/07/2023 to 30/06/2024

Name	Gross Taxable
R Chapman ¹	\$43,333
P Cory-Wright ²	\$110,000
C Crowley ³	\$46,667
N Greer	\$70,000
J Schol	\$70,000
C Kearney	\$70,000
M Henderson	\$70,000
Total	\$480,000

¹ Retired from the Board 31 October 2023

² Elected Chair 31 October 2023

³ Appointed to the Board 31 October 2023

No other benefits have been provided by the Company to a Director or in any other capacity. No loans have been made by the Company to a Director nor has the Company guaranteed any debts incurred by a Director.

REMUNERATION OF EMPLOYEES

Section 211(1)(g) of the New Zealand Companies Act 1993 requires disclosure of remuneration and other benefits, including redundancy and other payments made on termination of employment, in excess of \$100,000 per year, paid in respect of the current year by the Company to any employees who are not Directors of the Company.

Remuneration for Employees over \$100,000

1 July 2023 - 30 June 2024

Remuneration	Number of Employees
\$100,001-\$110,000	14
\$110,001-\$120,000	4
\$120,001-\$130,000	9
\$130,001-\$140,000	2
\$140,001-\$150,000	1
\$150,001 - \$160,000	1
\$170,001-\$180,000	1
\$220,001-\$230,000	2
\$230,001-\$240,000	1
\$270,001-\$280,000	1
\$280,001-\$290,000	1
\$290,001-\$300,000	1
\$330,001-\$340,000	1
\$350,001-\$360,000	1
\$370,001-\$380,000	1
\$380,001-\$390,000	1
\$390,001-\$400,000	1
\$400,001-\$410,000	1
\$550,001-\$560,000	1

The Chief Executive Officer's Employment Contract is reviewed annually by the Board. It is not a fixed-term contract.

The remuneration of senior management is reviewed annually and is determined in a transparent, deliberate, and objective manner.

AUDIT & RISK COMMITTEE

The Company has a formally constituted Audit & Risk Committee comprising N J Greer (Chair), W J Schol and M A Henderson.

It is the role of the Audit & Risk Committee to review the Company's financial statements and announcements, liaise directly with the Company's Auditors and review the Company's accounting policies, practices and related matters.

AUDITOR'S REMUNERATION

During the year \$85,394 was paid to the Company's Auditors, Deloitte Limited, for audit services carried out as agent for the Controller and Auditor General for the year ended 30 June 2024. The Company did not pay the Auditors for any advice or guidance on other matters.



DIRECTORS' INTERESTS

The Company is required to maintain an Interests Register in which particulars of certain transactions and matters involving the Directors must be recorded. No material transaction entries were recorded in the Interests Register for the period 1 July 2023 to 30 June 2024. The Directors of the Company have declared interests in the following identified entities as at 30 June 2024:

	Position		Position
Mr P W Cory-Wright			
NZ Local Government Funding Agency	Director	Invercargill City Holdings Limited	Director
Papa Rererangi i Puketapu Limited (New Plymouth Airport)	Chair	Invercargill City Property Limited	Director
NZ Windfarms Limited	Director	Malloch McClean Limited	Director
Matariki Forestry Group (and its wholly owned subsidiaries)	Director	Amberly Trustees Limited	Director
Powerco NZ Holdings Limited (and its wholly owned subsidiaries)	Director	Clarity HQ Limited	Director
TRH Holdings (and its wholly owned subsidiaries)	Director	The Gap 2014 Limited	Director
		Plus More Capital Limited	Director
Ms C R Crowley			
		Aratu Forests Limited	Director
		Skills Consulting Group	Director
		Southern Cross Benefits Limited t/a Southern Cross Travel Insurance	Chair
		Silver Fern Farms Limited	Director
		Waka Kotahi – NZ Transport Agency	Deputy Chair
		K.L.C. Limited	Chair
		Ngāti Manawa Development Limited	Director
		Auckland Council, Audit & Risk Committee	Independent Member
		Te Arawa Management Limited	CEO
Ms N J Greer			
Fidelity Life Assurance Company Limited	Director		
New Zealand Railways Corporation Limited	Director		
Precinct Properties New Zealand Limited	Director		
Precinct Properties Investments Limited	Director		
Vulcan Steel Limited	Director		
NZ Markets Disciplinary Tribunal	Member		
Mr R T Chapman (retired from Board 31 October 2023)			
		Cruickshank Pryde	Partner
		IFS Growth	Solicitor
		Makarewa Cool Stores Ltd	Solicitor
		Niagara Sawmilling Company Ltd	Solicitor
		Prime Range Meats Ltd	Solicitor
		Pyper's Produce Ltd	Solicitor
		Winton Stock Feed Ltd	Solicitor
		Bluff Limited	Solicitor
		CP Trustees Limited	Director
Mrs M A Henderson			
Meridian Energy Limited	Director		
Cycling New Zealand Incorporated	Board Member		



P. W. Cory-Wright

P W Cory-Wright
Chair

23 August 2024

N J Greer

N J Greer
Chair, Audit and
Risk Committee

Statutory Disclosure in Relation to Shareholders

AS AT 30 JUNE 2024

Top Twenty Ordinary Shareholdings*

Shareholder	Holding	Percent
Southland Regional Council	17,441,573	66.48
Forsyth Barr Custodians Limited	1,706,663	6.51
Russell John Field & Anthony James Palmer	1,318,454	5.03
Accident Compensation Corporation	757,230	2.89
HSBC Nominees (New Zealand) Limited	398,043	1.52
Bnp Paribas Nominees NZ Limited	272,420	1.04
Michael Robert Mayger & Eleanor Margaret Mayger	233,240	0.89
Custodial Services Limited	178,864	0.68
Daniel Martin Noonan	175,364	0.67
Citibank Nominees (Nz) Ltd	129,118	0.49
New Zealand Depository Nominee	99,934	0.38
Howard Cedric Zingel	78,804	0.30
Fern Annette Anderson	77,184	0.29
John James O'Brien	74,004	0.28
Pauline Ann Stapel & Stephen Thomas Mckee	70,881	0.27
Owen John Bennett	70,005	0.27
David Grindell	54,500	0.21
Private Nominees Limited	53,585	0.20
Glenn Owen Johnston	50,000	0.19
Jean Paul Henri Mathias Thull	48,265	0.18

* New Zealand Central Securities Depository Limited (NZCSD) provides a custodial depository service which allows electronic trading of securities to its members. For the purpose of this table, shares in the Company held by NZCSD have been allocated to the applicable members. For reference, as at 30 June 2024, the total through NZCSD in the top holders list was 1,318,454 ordinary shares or 5.03% of shares on issue.

Size of Holding

Size of Holding Range	Holders	Holders %	Issued Capital	Issued Capital%
1 - 1,000	430	44.56	220,021	0.84%
1,001 - 5,000	374	38.76	1,018,883	3.88%
5,001 - 10,000	92	9.53	708,511	2.70%
10,001 - 50,000	55	5.70	1,082,392	4.13%
50,001 - 100,000	7	0.73	525,312	2.00%
Greater than 100,000	7	0.73	22,679,779	86.45%
	965	100	26,234,898	100

Prices for Shares Traded During This Year

As at 30 June 2024	\$5.61
High	\$7.60
Low	\$5.44

Substantial Security Holders

According to notices given to the Company under the Financial Markets Conduct Act 2013, as at 30 June 2024, the substantial product holders in the Company and their relevant interests are noted below:

Holder	No. of Shares	% of Issued Capital	Date of Notice
Southland Regional Council	17,441,573	66.48	20 October 2000
K & M Douglas Trust, Douglas Irrevocable Trust, Douglas Family Trust	1,706,663	6.50	24 December 2009
J I Urquhart Family Trust	1,318,454	5.03	28 October 2010

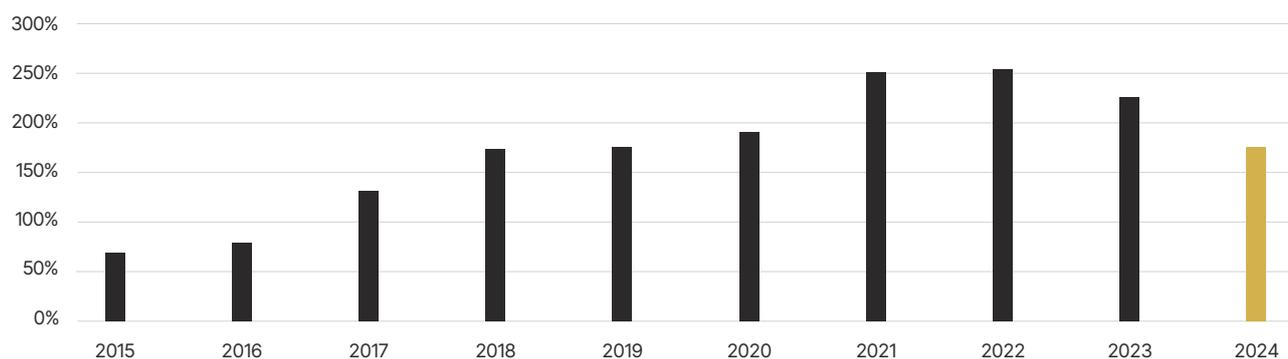
Shareholder Highlights

Domicile of Shareholdings

NEW ZEALAND REGION	Holders	% Holders	Issued Capital	% Issued Capital
Northland	26	2.69	90,863	0.35
Auckland (incl. North Shore, Waitakere & Rodney)	181	18.76	2,249,473	8.57
Greater Auckland Region (incl. Manukau)	47	4.87	116,698	0.44
Waikato & Bay of Plenty	138	14.30	710,426	2.71
Taranaki, Whanganui, Hawkes Bay & Gisborne	70	7.25	195,642	0.75
Wellington Region	50	5.18	169,063	0.64
Wellington City	38	3.94	339,450	1.29
Upper South Island	64	6.63	1,797,543	6.85
Christchurch	48	4.97	334,116	1.27
Lower South Island	270	27.98	19,920,147	75.93
	932	96.57	25,923,421	98.80

COUNTRY	Holders	% Holders	Issued Capital	% Issued Capital
Australia	21	2.22	240,329	0.93
Canada	1	0.10	45,978	0.18
Germany, Federal Republic Of	1	0.10	1,000	0.00
Hong Kong	1	0.10	4,000	0.02
New Zealand (Breakdown above)	932	96.57	25,923,421	98.80
Philippines	1	0.10	1,000	0.00
Singapore	1	0.10	4,125	0.02
South Africa	1	0.10	380	0.00
Switzerland	1	0.10	5,365	0.02
Taiwan	1	0.10	5,000	0.02
Thailand	1	0.10	1,000	0.00
United Kingdom	3	0.31	3,300	0.01
	965	100.00	26,234,898	100.00

10 Year Cumulative Total Shareholder Return



Corporate Governance Statement

The Board of Directors (the Board), and Executive Leadership Team (ELT) of South Port New Zealand Ltd (South Port) are committed to building long-term value for shareholders and employees. We are honouring this commitment by maintaining the highest standards of governance, supported by best practice structures, people, practices and policies. This includes maintaining high standards of business integrity and ethics in all of our activities. The extent to which South Port has followed the recommendations of the NZX Corporate Governance Code dated 1 April 2023 (NZX Code) for the financial year ended 30 June 2024 is detailed below. This statement was approved by the Board on 23 August 2024 and was accurate as at that date.

Consistent with its commitment to best practice corporate governance, the Board's view is that South Port's corporate governance policies, practices and processes generally follow the recommendations set by the NZX Code in all material aspects for the financial year ending 30 June 2024. The Board regularly reviews and assesses South Port's governance policies, procedures, and practices to ensure they are appropriate and effective. This Corporate Governance Statement includes disclosure to the extent to which South Port has followed each of the recommendations of the NZX Code or, if applicable, an explanation of why a recommendation was not followed and any alternative practices followed in lieu of the recommendation.

South Port's key corporate governance documents referred to in this statement, including charters and policies, can be found on the Company's website:

→ https://southport.co.nz/investors-centre#corporate_governance

These documents should be read in conjunction with this statement:

- › Corporate Governance Manual
- › Company Constitution
- › Director and Executive Remuneration Policy
- › Sensitive Expenditure Policy
- › Health and Safety Policies

OUR DIRECTORS AND BOARD COMPOSITION

South Port's Directors bring a diverse wealth of experience, acting on behalf of our shareholders and other stakeholders.

Directors are chosen for their corporate leadership skills, professional backgrounds, experience and expertise. The right blend of skills and experience, combined with the diversity of Directors' perspectives, is crucial to ensuring the attainment of long-term value for South Port's shareholders.

At 30 June 2024, the Board comprised six independent directors: Philip Cory-Wright, Cassandra Crowley, Nicola Greer, Michelle Henderson, Clare Kearney and William (John) Schol.

Past director Rex Chapman retired at the 2023 Annual Meeting. Ms Crowley was appointed at the 2023 Annual Meeting as an independent director replacing Mr Chapman on the Board.

Under the NZX Listing Rules, a director must not hold office (without re-election) past the third annual meeting following that Director's appointment or three years, whichever is longer. The Company's Constitution also requires at least one third of the Board to retire annually. Accordingly, Nicola Greer and Michelle Henderson are required to retire by rotation this year. Being eligible, both Ms Greer and Mrs Henderson have offered themselves for re-election at the Annual Meeting in October 2024.

For more information about our Board, please visit:

→ <https://southport.co.nz/about-us-and-our-people>

PRINCIPLE 1 **Ethical Standards** ▾

“Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation.”

CODE OF ETHICS

Recommendation 1.1: *The board should document minimum standards of ethical behaviour to which the issuer's directors and employees are expected to adhere (a code of ethics) and comply with the other requirements of Recommendation 1.1 of the NZX Corporate Governance Code.*

South Port expects its directors, senior management and employees to maintain the highest standards of honesty, integrity and ethical conduct in day-to-day behaviour and decision making. The Company's Code of Ethics sets out the standard of conduct expected of everyone working at South Port including directors, management, staff and contractors. The Code of Ethics provides a guide to the conduct that is consistent with the Company's values and behaviours, business goals and legal obligations. It also outlines internal reporting procedures for any breaches and incorporates the other requirements of Recommendation 1.1 of the NZX Corporate Governance Code. An introduction to the Code of Ethics forms part of the induction and training process of new employees. Subsequently, every three years employees are required to complete a Code of Ethics refresh session. This key corporate governance document is available on the Company's website within the Company's Corporate Governance Manual and staff are reminded to refamiliarise themselves with it on a regular basis via internal training processes. The Code of Ethics is subject to annual review by the Board.

SENSITIVE EXPENDITURE POLICY

This policy sets out the Company's expectations on sensitive or discretionary expenditure incurred by directors or employees and is available on the Company's website.

SECURITIES TRADING POLICY AND GUIDELINES

Recommendation 1.2: *An issuer should have a financial product dealing policy which applies to employees and directors.*

The Company is committed to transparency and fairness in dealing with all of its stakeholders and to ensure adherence to all applicable laws and regulations. The Securities Trading Policy and Guidelines governs trading in the Company's securities by directors, employees and other associated persons. This policy can be found on the Company's website within the Company's Corporate Governance Manual.

While it is not compulsory for directors to own shares in South Port, they may buy South Port shares and hold them as a long-term investment.

PRINCIPLE 2 **Board Composition and Performance** ▾

“To ensure an effective board, there should be a balance of independence, skills, knowledge, experience and perspectives.”

BOARD CHARTER

Recommendation 2.1: *The board of an issuer should operate under a written charter which sets out the roles and responsibilities of the board. The board charter should clearly distinguish and disclose the respective roles and responsibilities of the board and management.*

The Board has adopted a formal Board Charter to ensure compliance with the NZX Corporate Governance Code. The Charter sets out the roles, responsibilities and structure of the Board and provides guidance for the effective oversight of the Company by the Board. The Board is responsible for setting the Company's strategic direction, overseeing the management of the Company and directing performance by optimising the short-term and long-term best interests of the Company and its shareholders. The Board delegates management of the day-to-day affairs and management responsibilities of the Company to achieve the strategic direction and goals determined by the Board. The roles and responsibilities of management are also outlined in this Charter.

NOMINATION AND APPOINTMENT OF DIRECTORS

Recommendation 2.2 and 2.3: *Every issuer should have a procedure for the nomination and appointment of directors to the board. An issuer should enter into written agreements with each newly appointed director establishing the terms of their appointment.*

The Board's procedure for the nomination and appointment of directors to the Board is set out in the Board Charter. Careful consideration is given to the composition of the Board in relation to the Company's needs and operating environment. The Board should at all times comprise members whose skills, experience and attributes together reflect diversity, balance, and cohesion and match the demands facing the Company. This also applies to the consideration of additional or replacement directors. Priority is given to ensuring the skills, experience and diversity necessary for the Board to fulfil its governance role and to contribute to the long-term strategic direction of the Company.

The Board may engage consultants to assist in the identification, recruitment and appointment of suitable candidates.

South Port enters into appointment agreements with each newly appointed director. Among other things, the agreement includes information about the Company's expectations of the director, the expected time commitment to South Port, remuneration entitlements, the requirement to comply with corporate policies and charters, the right to access information, the requirement to disclose interests that may impact the director's independence, and indemnity and insurance arrangements. The agreement covers all aspects outlined in recommendation 2.3 of the NZX Corporate Governance Code.

DIRECTOR PARTICULARS

Recommendation 2.4: *Every issuer should disclose information about each director in its annual report or on its website, including a profile of experience, length of service, and ownership interests; the director's attendance at board meetings; and the board's assessment of the director's independence, including a description as to why the board has determined the director to be independent if one of the factors listed in table 2.4 applies to the director, along with a description of the interest, relationship or position that triggers the application of the relevant factor.*

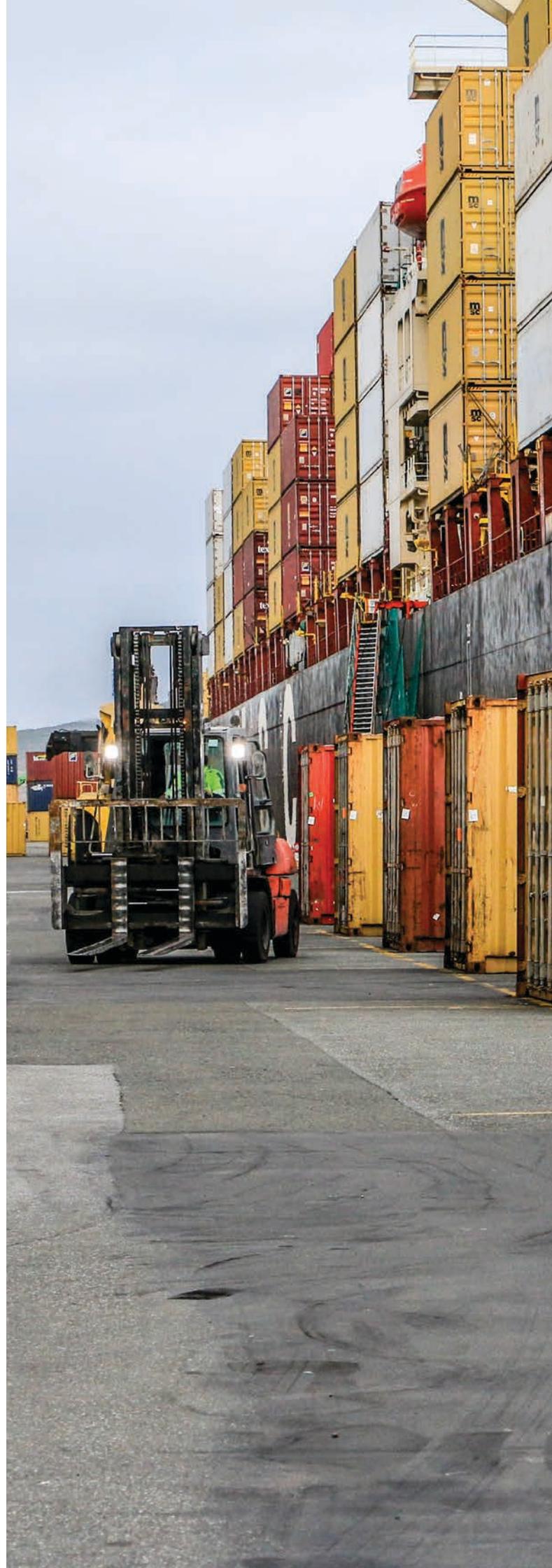
As at 30 June 2024, the Board was comprised of six independent non-executive directors including a non-executive Chair. The biography of each Board member is set out in the "Directors' Profiles" section of this Annual Report and is also available on the Company's website.

The size and composition of the Board is subject to the limits imposed by South Port's Constitution and in accordance with the provisions of the Port Companies Act 1988. The Constitution requires the Board to comprise of a minimum number of six directors. Under the NZX Listing Rules the Board is required to maintain at least two independent directors. The criteria for director independence are outlined in the Board Charter. Pursuant to the Company's Constitution, one third of the directors retire by rotation at each annual meeting but are eligible for reappointment by shareholders.

South Port director ownership interests can be found in the "Statutory Report of Directors" section of this Annual Report.

South Port director attendance at board meetings is set out at recommendation 3.5.

South Port director independence is discussed at recommendation 2.8.



Board Skills Matrix

This Board Skills Matrix is intended as an additional tool to assist the Board to record the skills the Board currently has, and to identify existing or future gaps. Directors will be appointed to the Board because of their specific skills, diversity, knowledge and experience.

The table below shows the representation of expertise among the current directors for the Board as a whole.

CAPABILITY	KEY ELEMENTS	DIRECTOR EXPERTISE	KEY
Infrastructure/ Capital Projects	Experience working in an industry with projects involving large-scale capital expenditure and long-term investment horizons.		<p>This key represents the assessment of the strength of the skills and experience of the Board as a whole.</p> <ul style="list-style-type: none">  Very strong  Strong  Solid  Some gaps
Financial Acumen	A strong accounting or financial background, including knowledge and understanding of accounting rules and standards, as defined by the NZX Listing Rules.		
Risk Management	An understanding of both financial and non-financial risk management, and the ability to assess risk associated with the business, particularly those that would threaten the organisation's business model, future performance, solvency or liquidity.		
Legal, Regulatory and Public Policy	Experience in corporate and commercial law, including major contracts; or legal background or experience in regulatory and public policy.		
Health and Safety	Relevant experience and familiarity with nature of business operations and associated hazards and risks related to health, safety, environmental and sustainability.		
Culture	Detailed understanding of organisation's corporate purpose and values and experience in developing and maintaining a positive organisational culture.		
Information Technology	Knowledge and experience in the strategic use and governance of information management and information technology.		
Strategy Development/ Implementation	Experience in developing, implementing and challenging a plan of action designed to achieve long-term goals.		
Environmental, Social and Corporate Governance (ESG)	Experience in developing, implementing and reporting on ESG goals and objectives.		
Stakeholder Management	Experience in dealing with and presenting to iwi, strategic clients, strategic partners, key financiers/suppliers and industry/regulatory bodies. Has worked in businesses with a diversity of stakeholders, having played a role in successfully engaging them over time.		

DIVERSITY

Recommendation 2.5: An issuer should have a written diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving diversity (which, at a minimum, should address gender diversity) and to assess annually both the objectives and the entity's progress in achieving them. An issuer should disclose its diversity policy or a summary of it.

The Company and its Board recognise and believe that building a diverse and inclusive workforce provides significant opportunity to leverage engagement, innovation, productivity and improved service to our customers.

South Port is committed to providing a work environment that recognises and values different skills, ability and experiences and where people are treated fairly in order to attract and retain talented people who will contribute to the achievement of South Port's commercial success.

Diversity and inclusion are commitments to recognising and appreciating the variety of characteristics that make individuals unique; for example, gender, age, race, ethnicity, culture, disability, education and background.

The South Port Diversity and Inclusion Policy is disclosed on the Company's website within the Company's Corporate Governance Manual and includes the following specific measurable objectives set by the Board:

- › At least 25% gender diversity across all SPNZ Staff by 2025;
- › At least 20% gender diversity across SPNZ Supervisors by 2025;
- › At least 25% gender diversity across SPNZ Executive by 2025;
- › At least 25% gender diversity across SPNZ Board by 2025; and
- › At least 10% gender diversity across operational areas by 2025.

The following table compares the above measurable objectives against the actual data at balance date:

Category	Target	Actual		Achieved
	2025 % FEMALE	2024 % FEMALE	2023 % FEMALE	
Board	25	67	50	✓
Executive	25	29	25	✓
Supervisors	20	–	13	×
Operational	10	11	9	✓
All Permanent Staff	25	25	20	✓

The following table sets out the gender composition of South Port's directors and officers at balance date:

	Male	Female	Gender Diverse	Total
2024				
Directors	2	4	—	6
Senior Management	5	2	—	7
	7 (54%)	6 (46%)	— (0%)	13
2023				
Directors	3	3	—	6
Senior Management	6	2	—	8
	9 (64%)	5 (36%)	— (0%)	14

DIRECTOR TRAINING

Recommendation 2.6: Directors should undertake appropriate training to remain current on how to best perform their duties as directors of an issuer.

South Port's directors are expected to undertake continuous education to remain current on how best to perform their responsibilities and keep abreast of changes and trends in governance practices around economic, political, social, financial and legal climates. The Board also ensures that new directors are appropriately introduced to management and the business, that all directors are updated on relevant industry and company issues and receive copies of appropriate company documents to enable them to perform their duties.

EVALUATION OF PERFORMANCE OF DIRECTORS

Recommendation 2.7: The board should have a procedure to regularly assess director, board and committee performance.

The Chair of the Board leads an annual performance review and evaluation of the Board as a whole, and of the Board committees against the Board and Committee Charters including seeking director's views relating to board and committee process, efficiency and effectiveness, for discussion by the full Board. The Chair of the Board also engages with individual directors to evaluate and discuss performance and professional development.

An independent review of the performance of individual directors and the Board was last undertaken in July 2024. This was supported by external consultants, and was supplemented by surveys, self-evaluation, and Board discussion.

DIRECTOR INDEPENDENCE

Recommendation 2.8: A majority of the board should be independent directors

South Port acknowledges that having a majority of independent directors makes it harder for any individual or small group of individuals to dominate the Board's decision-making and maximises the likelihood that the decisions being made by the Board will reflect the best interests of the entity and its shareholders.

South Port's Board Charter specifies that the Board shall maintain at least a minimum number of two independent directors or where the Board comprises eight or more directors, the number of independent directors shall be at least three or one-third of all directors. The Chair of the Board must be a non-executive director.

As at 30 June 2024, the Board was comprised of six independent directors including an independent Chair. All six directors are considered by the Board to be "independent" directors having regard to (amongst other things) the following factors. None of those directors:

- › Is currently, or was within the last three years, employed in an executive role by South Port, or any of its subsidiaries;
- › Is currently deriving, or within the last 12 months derived a substantial portion of their annual revenue from South Port;

- › Is currently, or was within the last 12 months, in a senior role in a provider of material professional services to South Port, or any of its subsidiaries;
- › Is currently, or was within the last three years, employed by the external auditors to South Port, or any of its subsidiaries;
- › Currently has, or did have within the last three years, a material business relationship (e.g. as a supplier or customer) with South Port or any of its subsidiaries;
- › Is a substantial product holder of South Port, or a senior manager of, or person otherwise associated with a substantial product holder of South Port;
- › Is currently, or was within the last three years, in a material contractual relationship with South Port or any of its subsidiaries, other than as a director;
- › Has close family ties or personal relationships (including close social or business connections) with anyone in the categories listed above.

Although Philip Cory-Wright has been a director of South Port for a period of more than 12 years, he is considered to be sufficiently independent from management to still be considered an independent director. His tenure on the Board reflects the skills and experience that he brings to the Company.

INDEPENDENT CHAIR

Recommendation 2.9: *An issuer should have an independent chair of the Board.*

The current Chair of the South Port Board, Philip Cory-Wright is an independent Chair as noted under recommendation 2.8.

SEPARATION OF THE BOARD CHAIR AND CHIEF EXECUTIVE OFFICER (CEO)

Recommendation 2.10: *The Chair and the CEO should be different people.*

The positions of the Chair and the CEO of South Port are held by different people.

PRINCIPLE 3 Board Committees

“The board should use committees where this will enhance its effectiveness in key areas, while still retaining board responsibility.”

AUDIT & RISK COMMITTEE

Recommendation 3.1: *An issuer’s audit committee should operate under a written charter. Membership on the audit committee should be majority independent and comprise solely of non-executive directors of the issuer. The chair of the audit committee should be an independent director and not the chair of the board.*

The Audit & Risk Committee provides the Board with assistance in fulfilling their responsibilities to shareholders, the investment community and others for overseeing the Company’s financial statements, financial reporting processes, internal accounting systems, financial controls, risk management, climate-related disclosures, and South Port’s relationship with its independent auditors.

The Committee is governed by an Audit & Risk Committee Charter which is available on the Company’s website within the Company’s Corporate Governance Manual. The Board regularly reviews the performance of the Committee in accordance with the Charter.

The Company has developed an External Auditor Relationship Framework to ensure external audit independence is in line with best practice to ensure reliable and credible reporting. This framework is disclosed on the Company’s website within the Company’s Corporate Governance Manual.

The Committee comprises of three independent non-executive members of the Board of Directors, being Nicola Greer, John Schol, and Michelle Henderson.

The Committee Chair, also appointed by the Board, cannot also be the Chair of the Company. Nicola Greer is the Audit & Risk Committee Chair. At least one member of the Committee must have an accounting or financial background; John Schol is a Fellow Chartered Accountant and holds a Master of Business Administration (MBA) and a Certificate of Public Practice with Chartered Accountants Australia & New Zealand (CAANZ), and Nicola Greer has a Master of Commerce and an extensive background in the banking and finance sectors.

Recommendation 3.2: *Employees should only attend audit committee meetings at the invitation of the audit committee.*

The Chief Executive and Chief Financial Officer attend the Audit & Risk Committee meetings by invitation. South Port’s external auditor also attends the Committee meeting by invitation. During each meeting, all executives leave the meeting for a period of time to enable the Board to have open discussions with the external auditor without any management present.

REMUNERATION COMMITTEE

Recommendation 3.3: *An issuer should have a remuneration committee which operates under a written charter (unless this is carried out by the whole board). At least a majority of the remuneration committee should be independent directors. Management should only attend remuneration committee meetings at the invitation of the remuneration committee.*

The Board does not operate a separate remuneration committee as director and senior management remuneration is considered by the entire Board. The Director and Executive Remuneration Policy outlines the structure of director and executive/management remuneration, the formal process for shareholder review, transparency and reporting of actual remuneration paid and bi-annual review of the Remuneration Policy and process.

NOMINATION COMMITTEE

Recommendation 3.4: *An issuer should establish a nomination committee to recommend director appointments to the board (unless this is carried out by the whole board), which should operate under a written charter. At least a majority of the nomination committee should be independent directors.*

The Board does not operate a separate nomination committee. The process and procedure for the appointment of directors to the Board is outlined in the Board Charter. The appointment of a director is a shareholder decision. Director nominations are called for from shareholders in accordance with the Rules. The Board will then consider the candidates who have been nominated for appointment as a director. Directors are selected based on a range of factors including the needs of the Board at the time.

OVERVIEW OF BOARD COMMITTEES

Recommendation 3.5: *An issuer should consider whether it is appropriate to have any other board committees as standing board committees. All committees should operate under written charters. An issuer should identify the members of each of its committees, and periodically report member attendance.*

The Board does not operate any other committees apart from the Audit & Risk Committee. Consideration has been given as to whether any other standing board committees are appropriate and determined they are not required.

DIRECTORS' ATTENDANCE AT MEETINGS

1 July 2023 to 30 June 2024

	Annual Meeting	Board Meeting	Audit & Risk Committee (ARC)
Total Meetings	1	8	3
R Chapman ¹	1	3	–
P Cory-Wright ²	1	8	1
C Crowley ³	1	5	–
N Greer ⁴	1	8	3
M Henderson ⁵	1	8	2
C Kearney	1	8	–
J Schol	1	8	3

¹ Retired from the Board 31 October 2023

² Appointed Board Chair 31 October 2023, retired from the ARC after 25 August 2023 meeting

³ Appointed to the Board 31 October 2023

⁴ Appointed ARC Chair after 25 August 2023 meeting

⁵ Appointed to the ARC after 25 August 2023 meeting

TAKEOVER PROTOCOLS

Recommendation 3.6: *The board should establish appropriate protocols that set out the procedure to be followed if there is a takeover offer for the issuer including any communication between insiders and the bidder. The board should disclose the scope of independent advisory reports to shareholders. These protocols should include the option of establishing an independent takeover committee, and the likely composition and implementation of an independent takeover committee.*

The Board has not established protocols for setting out procedures to be followed in the event of a takeover offer. This is because the Board considers receipt of a takeover offer to be an extremely unlikely event given the Southland Regional Council's (Environment Southland) majority shareholding in the Company.

PRINCIPLE 4 Reporting and Disclosure

"The board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures."

The Board is committed to providing full and timely financial and non-financial information that is accurate, balanced, meaningful and consistent. As a listed company, keeping the market informed is a key component to ensure securities are fairly valued.

CONTINUOUS DISCLOSURE

Recommendation 4.1: *An issuer's board should have a written continuous disclosure policy.*

South Port has a Continuous Disclosure Policy which is available on the Company's website within the Company's Corporate Governance Manual.

South Port is committed to providing accurate, timely and consistent disclosures which comply with its continuous disclosure regime, in accordance with the NZX Listing Rules. The Company is required to disclose to the market, matters which could be expected to have a material effect on the price or value of the Company's shares. Management processes are in place to ensure that all material matters which may require disclosure are promptly reported to the Board through established reporting lines. Matters reported are assessed as and when required against the NZX Listing Rules and advised to the market. The Chair and CEO are responsible for communications with NZX and for ensuring that such information is not provided to any person or organisation until NZX has confirmed its release to the market.

All material announcements are posted on the Company's website.

CHARTERS AND POLICIES

Recommendation 4.2: *An issuer should make its code of ethics, board and committee charters and the policies recommended in the NZX Code, together with any other key governance documents, available on its website.*

Information about South Port's corporate governance framework (including the Code of Ethics, Board and Committee

Charters and other selected key governance codes and policies) is available to view on the South Port website:

➔ www.southport.co.nz

FINANCIAL REPORTING

Recommendation 4.3: *Financial reporting should be balanced, clear and objective.*

The Audit & Risk Committee oversees the quality and integrity of external financial reporting including the accuracy, completeness and timeliness of financial statements. The Committee is committed to balanced, clear and objective financial reporting.

It reviews half-yearly and annual financial statements and makes recommendations to the Board concerning accounting policies, areas of judgement, compliance with accounting standards, stock exchange and legal requirements, and the results of the external audit.

Management accountability for the integrity of the Company's financial reporting is reinforced by the certification from the Chief Executive and the Chief Financial Officer. The Chief Executive and the Chief Financial Officer have provided the Board with written confirmation that the Company's financial report presents a true and fair view, in all material respects, of the Company's financial position for the year ended 30 June 2024, and that the operational results are in accordance with relevant accounting standards.

NON-FINANCIAL REPORTING - SUSTAINABILITY

Recommendation 4.4: *An issuer should provide non-financial disclosure at least annually, including considering environmental, social sustainability and governance factors and practices. It should explain how operational or non-financial targets are measured. Non-financial reporting should be informative, include forward looking assessments, and align with key strategies and metrics monitored by the board.*

South Port assesses its exposure to environmental, economic and social sustainability as part of an overall framework for managing risk (see Principle 6 – Risk Management). Environmental, social and governance factors and practices are always considered when making decisions. South Port has separate sections included in the Annual Report to report on environmental, social sustainability, and governance factors (ESG) which covers the following areas:

- › Environment
- › People and Communities
- › Governance

South Port also annually discloses:

- › Climate-related disclosures as per the requirements of the Aotearoa New Zealand Climate Standards
- › Greenhouse Gas (GHG) Emissions Profile

The Company is committed to improving standards of environmental performance to enable a more efficient and sustainable future and is working towards continuous improvement in this area.

PRINCIPLE 5

Remuneration



“The remuneration of directors and executives should be transparent, fair and reasonable.”

DIRECTOR REMUNERATION

Recommendation 5.1: *An issuer should have a remuneration policy for the remuneration of directors. An issuer should recommend director remuneration to shareholders for approval in a transparent manner. Actual director remuneration should be clearly disclosed in the issuer's annual report.*

South Port's Director and Executive Remuneration Policy contains the policy for remuneration of directors. In accordance with the Remuneration Policy and the Company's Constitution, shareholder approval is sought on any increase in the pool available to pay directors' fees. The Remuneration Policy is available at:

➔ https://southport.co.nz/investors-centre#corporate_governance

Director remuneration is paid in the form of director's fees, South Port does not offer performance-based remuneration, equity-based remuneration or retirement payments to directors. On 31 October 2023 the shareholders approved the directors' fee pool limit of \$532,000 per annum. South Port's Board considered and presented the proposal to increase the director fee pool and sought and considered independent advice from PwC, which reviewed the remuneration of directors of comparable listed companies in New Zealand. A copy of the Summary Directors' Fees Report was provided to shareholders and can be found at:

➔ <https://southport.co.nz/assets/reports/South-Port-NED-Summary-Report-2023.pdf>

Information on director remuneration is available in the South Port Annual Report 2024; refer "Statutory Report of Directors" (page 55). It includes a breakdown of remuneration for board fees. There were no separate fees provided for members of the Audit & Risk Committee during FY24. Directors are entitled to reimbursement of reasonable travel and other expenses incurred by them in connection with their attendance at Board or Annual Meetings, or otherwise in connection with South Port business.

EXECUTIVE REMUNERATION

Recommendation 5.2: *An issuer should have a remuneration policy for remuneration of executives which outlines the relative weightings of remuneration components and relevant performance criteria.*

South Port has adopted a Director and Executive Remuneration Policy as outlined above. This sets out the guiding principles and structure of South Port's remuneration to its executives, together with the review process and reporting requirements to ensure that remuneration is transparent, fair and reasonable to meet the needs of the business, corporate governance bodies and shareholders. The Board seeks to ensure that executives receive remuneration that is fair and reasonable in a competitive market for the skills, knowledge and experience required by the Company.

Guidance is sought from independent remuneration consultants by the Board as required.

The Board is responsible for reviewing the remuneration of the Company's executive leadership team (ELT) in consultation with the Chief Executive of the Company. The remuneration packages of the ELT consist of a mixture of a base remuneration package and a variable remuneration component (short-term incentive, or STI) based on relevant performance measures, designed to attract, motivate and retain high quality employees who will enable the Company to achieve its short and long-term objectives. The Company also has a long-term incentive (LTI) for the ELT in the form of a performance share rights plan. The plan grants participants a right to receive ordinary shares in South Port for no consideration if the following vesting conditions/hurdles are met at the conclusion of a three-year period and the participants remain employed by the Group during that period:

- › Total shareholder return exceeds a cost of equity target;
- › Total shareholder return is above a target percentile of the NZX50 peer group companies; and
- › Earnings per share compound annual growth rate exceeds a target rate.

Details relating to the number of employees and former employees who received remuneration and other benefits in excess of \$100,000 during the year ended 30 June 2024 is available in the South Port Annual Report 2024, refer "Statutory Report of Directors" (page 55).

CHIEF EXECUTIVE REMUNERATION

Recommendation 5.3: *An issuer should disclose the remuneration arrangements in place for the CEO in its annual report. This should include disclosure of the base salary, short-term incentives and long-term incentives and the performance criteria used to determine performance-based payments.*

The Chief Executive's remuneration is made up of fixed remuneration and variable remuneration. Variable remuneration refers to remuneration that is "at risk" and linked to individual and organisational performance with clearly defined metrics. The Chief Executive's remuneration is reviewed annually by the Board and an external consulting firm is engaged as appropriate to review market relativity and comparability against peer groups. The Chief Executive is entitled to redundancy compensation if his/her employment is terminated as a result of redundancy, however no retirement benefits, sign-on bonuses or retention payments are offered.

The fixed remuneration is determined in relation to the market for comparable sized and performing companies and includes all

benefits and allowances. The position in the market will normally be comparable to the median. Adjustments are not automatic and are determined by performance which is reviewed annually by the Board.

The Chief Executive's remuneration for the year ended 30 June 2024 was made up as follows:

Chief Executive Remuneration

2024

Fixed Remuneration	\$484,871
Short-Term Incentive	\$83,200
Total	\$568,071

2023

Fixed Remuneration	\$458,021
Short-Term Incentive	\$94,000
Total	\$552,021

Fixed remuneration - includes a base salary, employer KiwiSaver contributions, vehicle allowance and medical insurance.

Short-term incentive (STI) is set at a maximum of \$54,000 per annum (including holiday pay) for the Chief Executive. 20% of the STI is linked to the Company's financial performance with the actual opportunity being either 0% or 100%. The other 80% of the STI is based on achieving strategic objectives with the actual opportunity in the range of 0% to 100%. Objectives are set each year by the Board and for the 2024 year included financial and other targets for the Company overall, as well as personal objectives and targets, appropriate for the role. FY24 remuneration for the Chief Executive also included the second half of a one-off STI relating to project Kia Whakaū.

The Long-term incentive (LTI) noted under recommendation 5.2 is only in year one of three, therefore no performance rights have been vested during the year ended 30 June 2024. However, the Chief Executive was offered 8,795 performance rights on 1 November 2023, which will vest in 2026 if the required hurdles are met.

PRINCIPLE 6 Risk Management

"Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks."

RISK MANAGEMENT FRAMEWORK

Recommendation 6.1: *An issuer should have a risk management framework for its business and the issuer's board should receive and review regular reports. An issuer should report the material risks facing the business and how these are being managed.*



South Port's risk management framework supports a structured approach for identifying, assessing, and managing risks that may affect the Company's business objectives. The framework is based on the AS/NZS ISO 3100:2018 standards and principles.

The risk management framework outlines the purpose and benefits of risk management, such as informed decision-making, resource prioritisation, balance of risk and reward, anticipation of challenges, mitigation of adverse impacts, and enhancement of organisational resilience.

The risk framework explains the steps and tools for conducting risk assessments, such as establishing the context, identifying risks, analysing risks, evaluating risks, treating risks, monitoring and reviewing risks, and communicating and consulting with stakeholders. The framework describes risk categories, contains risk matrices, and describes control assessment methodology.

RISK MANAGEMENT AND RESPONSIBILITIES

The Board is ultimately responsible for reviewing and approving the Company's risk management strategy.

The Board delegates day-to-day management of risk to the Chief Executive, who may further delegate such responsibilities to the executive and other officers. Management meets quarterly to discuss the Company's risk matrix and make changes as required.

The Company encourages a risk-aware culture, where risks are identified and managed within the respective risk appetite levels set by the Board.

Risks are assessed with consideration to the potential impact on the business across a number of areas including:

- › Strategic
- › Operational
- › Environmental
- › Financial
- › Employee
- › Social, and Cultural Risk
- › Regulatory
- › Health, Safety and Wellbeing
- › Climate
- › Reputational

The Audit & Risk Committee is responsible for overseeing risk management practices and works closely with management, external advisors and the Company's auditors to ensure that risk management issues are properly identified and addressed. The Board reviews and updates the Company's commercial risks matrix at each board meeting.

RISK MONITORING AND EVALUATION

Risks and treatments are monitored regularly to ensure that they remain within tolerable levels and that the controls and treatments are effective. Risk reviews consist of reassessing the inherent risk, assessing emerging risks, and assessing control effectiveness and treatment options.

The Audit & Risk Committee reviews the reports of management and the external auditors on the effectiveness of systems for internal control, financial reporting and risk management.

The Company has a separate Risk Management Committee which meets at least annually to review changes to the risk profile of the business and to consider ways of mitigating

additional risks identified. The Board are invited to attend all risk management meetings.

The material risks which may impact the Company's ability to achieve its strategic objectives and secure its financial prospects, are managed through the strategic planning process.

The Company has a Treasury Policy to help manage liquidity and funding risk, foreign exchange risk, interest rate risk and other treasury risk. The Treasury Management Group (TMG) consisting of the Chief Executive, Chief Financial Officer and other senior managers (as appropriate) meets at least quarterly to review and discuss treasury risk. The minutes taken at these meetings are shared with the Board.

ENVIRONMENTAL SOCIAL AND GOVERNANCE (ESG) FACTORS

South Port is a Climate Reporting Entity (CRE) under the new Aotearoa New Zealand Climate Standards which came into effect on 1 January 2023. FY24 is the Group's first mandatory reporting period under these new standards.

The new climate standards provide a consistent framework for entities to consider the climate-related risks and climate-related opportunities that climate change presents for their activities over the short, medium and long-term. The climate-related disclosures cover four pillars being; governance, strategy, risk management, and metrics & targets.

South Port's climate-related disclosures for FY24 will be published on or before 31 October 2024, and made available on our website:

🔗 <https://southport.co.nz/communication-centre?url=reports>

HEALTH, SAFETY & WELLBEING

Recommendation 6.2: *An issuer should disclose how it manages its health and safety risks and should report on its health and safety risks, performance and management.*

Health, safety and wellbeing (HSW) continues to be a key focus of the Company and continuous improvement has been made in this area over recent years. The Company presently has four full-time personnel dedicated to HSW matters in addition to all personnel having responsibility for HSW in their daily work processes.

South Port has identified six site critical risks being mobile plant vs person, working at heights, falling objects, working on or near water, uncontrolled energy release and hazardous substances.

The port's focus is to establish controls to prevent these accidents / incidents occurring while also providing controls to fail safely if an accident / incident were to occur in one of these six critical risk areas.

The Board operates a H&S Panel which consists of the full board, two H&S personnel, together with two senior managers and two staff representatives. The H&S Panel's function is to establish a HSW strategic plan, monitor its implementation, undertake scheduled operational site visits and address key HSW issues facing the business, with the objective of achieving continuous improvement. The H&S Panel normally meets at least two times each year.

Another important tool used to deliver HSW improvement is the Company's PACE Programme, with the H&S component being driven by the South Port H&S Committee. Output from the PACE Programme and the H&S Committee is fed through to the H&S Panel for consideration.

PRINCIPLE 7 **Auditors**

"The Board should ensure the quality and independence of the external audit process."

EXTERNAL AUDIT

Recommendation 7.1 and 7.2: *The board should establish a framework for the issuer's relationship with its external auditors. This should include procedures prescribed in the NZX Corporate Governance Code. The external auditor should attend the issuer's Annual Meeting to answer questions from shareholders in relation to the audit.*

The independence of the external auditor is of particular importance to shareholders and the Board. The Audit & Risk Committee is responsible for overseeing the external audit of the Company. Accordingly, it monitors developments in the areas of audit and threats to audit independence to ensure its policies and practices are consistent with emerging best practice.

The Board has adopted a policy on audit independence (the External Auditor Relationship Framework), the key elements of which are:

- › the external auditor must remain independent of the Company at all times;
- › the external auditor must monitor its independence and annually report to the Board in writing that it has remained independent;
- › the audit firm is permitted to provide non-audit services that are not considered to be in conflict with the preservation of the independence of the auditor; and
- › the Audit & Risk Committee must approve significant permissible non-audit work assignments that are awarded to the external auditor.

It is the responsibility of the Audit and Risk Committee, among others, to act as a formal forum for free and open communication between the Board and the external auditors and management.

ENGAGEMENT OF THE EXTERNAL AUDITOR

The Auditor-General is the auditor of South Port. The Auditor-General is responsible for audit firm rotation and has appointed Deloitte to carry out the audit of the consolidated financial statements of the Group on his behalf. Deloitte was first appointed as South Port's auditor for the year ended 30 June 2022. The Lead Audit Partner is currently Mike Hawken who was appointed at this time also.

South Port does not obtain external limited assurance over their non-financial disclosures.

ATTENDANCE AT THE ANNUAL MEETING

Deloitte, as auditor of the 2024 financial statements, has been invited to attend the Annual Meeting and will be available to answer questions about the conduct of the audit, preparation and content of the auditor's report, accounting policies adopted by South Port and the independence of the auditor in relation to the conduct of the audit.

INTERNAL AUDIT

Recommendation 7.3: *Internal audit functions should be disclosed.*

South Port has robust internal controls and processes in place which alleviates the need to have a formal internal audit function as recommended by the NZX Corporate Governance Code. While there is no formal function in place, the Company does undertake some internal audit tasks as required to ensure robust internal processes are being maintained. The Chief Executive is accountable for all operational and compliance risk across the Company's operations. The Chief Financial Officer has management accountability for the effective implementation and improvement of internal systems and controls. South Port's Risk and Technology Manager also plays a vital role in helping to monitor and manage the Company's risks and compliance obligations.

PRINCIPLE 8 **Shareholder Rights and Relations**

"The Board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer."

INFORMATION FOR SHAREHOLDERS

Recommendation 8.1: *An issuer should have a website where investors and interested stakeholders can access financial and operational information and key corporate governance information about the issuer.*

South Port seeks to ensure its shareholders are appropriately informed of its operations and results, with the delivery of timely and focused communication, and the holding of shareholder meetings in a manner conducive to achieving shareholder participation.

To ensure shareholders have access to relevant information, the Company:

- › Provides a website which contains media releases, current and past annual reports, corporate governance policies, share price information, notices of meeting and other information about the Company;
- › Makes available printed half-year and annual reports and encourages shareholders to access these documents on the website and to receive advice of their availability by email;
- › Publishes press releases on issues/events that may have material information content that could impact on the price of its traded securities;
- › Issues additional explanatory memoranda where circumstances require, such as explanations of dividend changes, independent reviews of directors' fees, and other explanatory memoranda as may be required by law; and
- › Maintains regular contact with leading analysts and brokers who monitor the Company's activities.

Key investor information can be found at:

➔ <https://southport.co.nz/communication-centre>

➔ <https://southport.co.nz/investors-centre>

COMMUNICATING WITH SHAREHOLDERS

Recommendation 8.2: *An issuer should allow investors the ability to easily communicate with the issuer, including by designing its shareholder meeting arrangements to encourage shareholder participation and by providing shareholders the option to receive communications from the issuer electronically.*

South Port provides options for shareholders to receive and send communications electronically, to and from both South Port and South Port's share registrar, MUFG Corporate Markets (previously Link Market Services). The Board welcomes investor enquiries.

Although the Board's policy is to hold South Port's annual shareholder meetings at the Port in Bluff, shareholders are also able to attend the meeting online via a Teams Link which enables them to ask questions during the meeting, however shareholders do not have the option of voting online during the meeting, but they can vote in advance. The 2024 meeting is intended to be a hybrid meeting again as it was in 2023, and shareholders will have the opportunity to attend and participate in Bluff or online via an internet connection. More information will be provided in the Notice of Meeting.

The 'full' hybrid option (including online voting) was made available in the past at a considerable cost to the Company but was not taken advantage of by the shareholders. South Port has historically shown high levels of proportionate physical only attendance such that the costs of the virtual aspects of a 'full' hybrid meeting are uneconomic.

SHAREHOLDER VOTING RIGHTS

Recommendation 8.3: *Quoted equity security holders should have the right to vote on major decisions which may change the nature of the issuer in which they are invested.*

In accordance with the Companies Act 1993, the Company's Constitution and the NZX Listing Rules, South Port refers any significant matters to shareholders for approval at a shareholder meeting. Where shareholder votes are conducted by poll, each shareholder is entitled to one vote per share.

CAPITAL RAISING

Recommendation 8.4: *If seeking additional equity capital, issuers of quoted equity securities should offer further equity securities to existing equity security holders of the same class on a pro rata basis, and on no less favourable terms, before further equity securities are offered to other investors.*

If South Port was to ever look at raising further capital, it would consider the interests of existing shareholders when looking at capital raising options. Where practical, the Company would favour capital raising methods that provide existing equity security holders with an opportunity to avoid dilution by participating in the offer. As such, a pro rata offer should be the preferred approach.

For the avoidance of doubt, this does not preclude the Company from allowing it to offer equity securities to employees (including executive directors), as the primary purpose of such incentives is not to raise capital.

NOTICE OF ANNUAL MEETING

Recommendation 8.5: *The board should ensure that the notices of annual or special meetings of quoted equity security holders is posted on the issuer's website as soon as possible and at least 20 working days prior to the meeting.*

South Port posts any Notices of Shareholder Meetings on the website as soon as these are available. The general practice is to make these available not less than four weeks prior to the shareholder meeting.

Shareholder meetings are generally held at the Company's place of business (Bluff) at a time which best ensures full participation by shareholders. The Board also supports the Annual Meeting being livestreamed and available for replay after the meeting so that shareholders unable to attend in person can still view the meeting and ask questions.

Full participation of shareholders at the Annual Meeting is encouraged to ensure a high level of accountability and identification with the Company's strategies and goals. Shareholders have the opportunity to submit questions prior to each meeting and senior management and auditors are present to assist in answering any specific queries raised. There is also an opportunity for informal discussion with directors and senior management for a period after the meeting concludes.

South Port's Notice of Meeting was made available on its website at least 20 working days prior to the FY23 annual meeting of shareholders.



SPOTLIGHT

A detailed review of our highlights for the financial year ended 30 June 2024.

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Celebrating 30 years with NZX, New Zealand's Exchange

For more than 150 years, NZX has created opportunities for Kiwis to grow their personal wealth and help businesses prosper. As New Zealand's Exchange, it is proud of its record in supporting the growth and global ambitions of local companies.

NZX has a rich history that has evolved alongside the country's growth and advancements. New Zealand's first local stock exchange was established in Dunedin in 1866, with initial shares trading in the gold mines during the gold rush of the 1870s.

Further exchanges were established and independently operated in Auckland, Thames, Reefton, and Christchurch until 1915 when the Stock Exchange Association of New Zealand was formed. Further changes were implemented in 1983, and the New Zealand Stock Exchange was formed.

Key events in New Zealand's Stock Exchange history, such as the 1987 stock market crash, shaped changes in the governance structure that are in place today. In 1991, the regional trading floors were closed as the exchange moved with technology. In 2003, NZX was listed on the Exchange, where an independently governed board was established. The New Zealand Stock Exchange also formally changed its name to NZX.

Today, NZX operates New Zealand's equity, funds, derivatives, energy and carbon markets. To support the growth of our markets, they provide trading, clearing, settlement, depository and data services for their customers. They also have a funds management business, Smartshares, and an advisory platform, NZX Wealth Technologies.

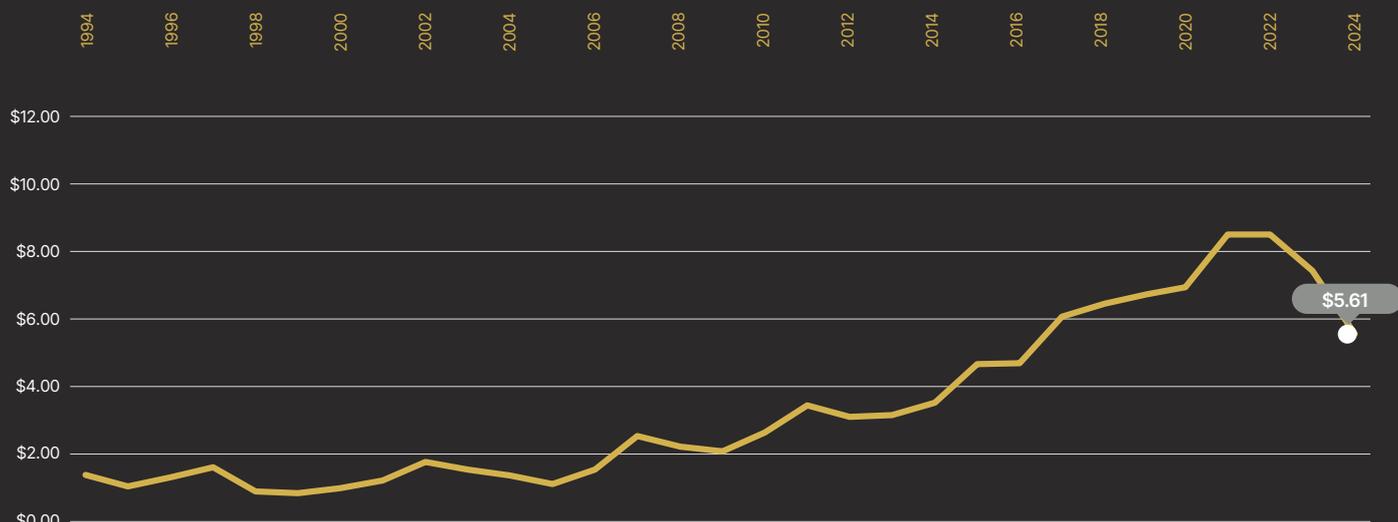
NZX's success is driven by their commitment to connecting people, businesses and capital. Their vision is to be a trusted New Zealand business delivering sustainable wealth, value and opportunities for all.

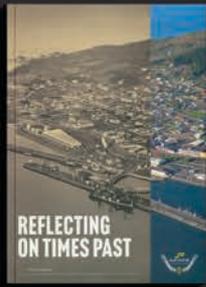
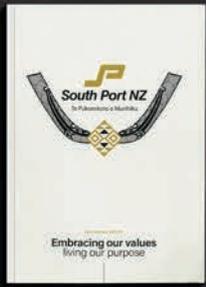
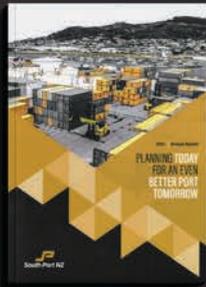
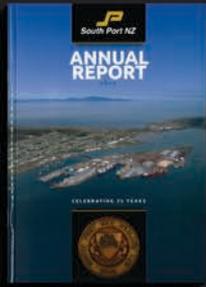
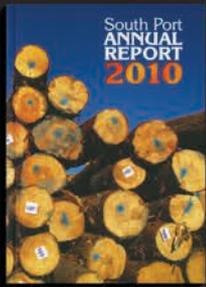
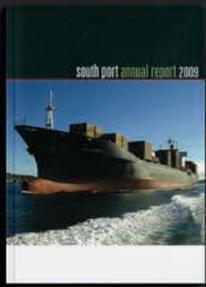
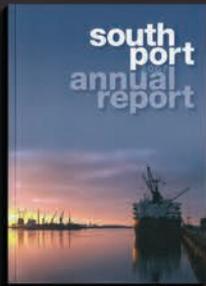
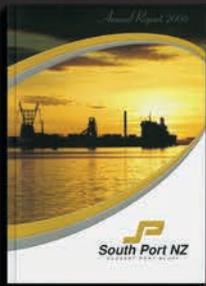
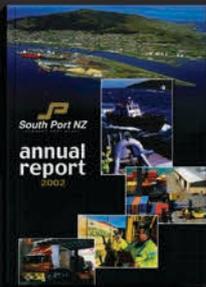
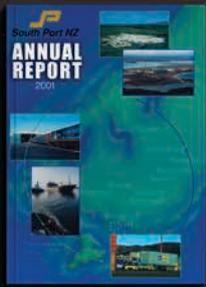
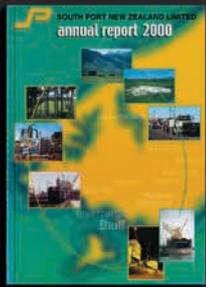
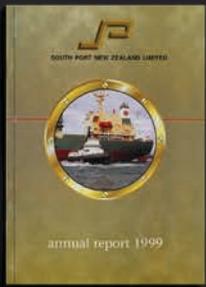
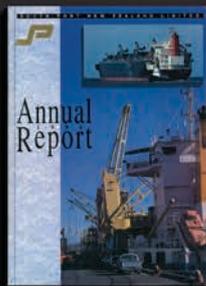
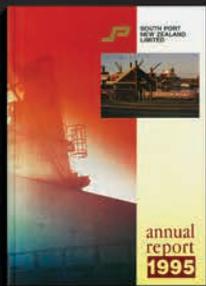
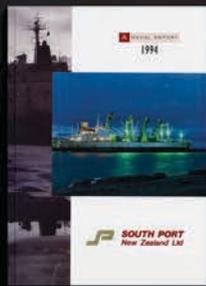
South Port is proud to have been aligned with this commitment for 30 years.

Reference: NZX Limited: About New Zealand's Exchange
www.nzx.com/about-nzx/organization-structure

Share Price

From 1 July 1994 to 30 June 2024







Tiwai Point Aluminium Smelter's future secured for another 20 years

After several years of uncertainty about the future of the New Zealand Aluminium Smelters (NZAS) Tiwai Point aluminium smelter, it was welcome news when a long-term power supply deal was reached, seeing a fixed price power contract in place until 2044.



 **30%**
of our total cargo throughput

 **20%**
of our bulk vessel calls into the Port

 **20%**
approximately 20% of our Net Profit After Tax

 **27%**
of containers handled through the Port (the majority of which are packed on the wharf)

This activity helps secure marine, container packing, and container terminal operations jobs. This decision will also bring flow-on benefits to the Port and the region. Importantly, it will provide the confidence for generators to invest in additional renewable electricity generation in the Southland province, most likely wind farms.

There is also a 35-year license agreement between NZAS and South Port for the South Port-owned Tiwai Wharf, ending in 2043.

NZAS - Tiwai

With over 50 years of history at Tiwai, NZAS has given cause to an undercurrent of innovative thinking and a drive to continuously improve how they operate. This innovative spirit has seen new demand response contracts concluded with energy generators, which will see the Tiwai smelter make up to 185 megawatts (MW) of electricity available to the national grid in times of severe shortage. This is the equivalent of approximately 20-25 percent of the energy that the former Lake Onslow pumped hydro project was modelled to be required to produce on average.

"As a very large electricity user, NZAS recognises the impact we have on the demand for electricity in New Zealand," said Chief Executive Chris Blenkiron.

"Making up to a third of our supply available to help New Zealand is something we are happy to do to make sure that we play our part in the wider energy sector and help to keep the lights on. "Added demand response capacity will be invaluable as New Zealand's energy demand, and climate change, increase demand on the national grid. "As well as the demand response capacity, [these] electricity agreements will also help progress the potential development of new renewable wind projects, providing a further boost to the security of electricity supply for New Zealand," Mr Blenkiron said.



"When our demand response is called on, it effectively means New Zealand will have to burn less coal at Huntly, ultimately reducing New Zealand's carbon emissions."

- Chris Blenkiron
NZAS, Chief Executive and
General Manager

Meridian Energy

When reflecting on the supply deal, Meridian Energy Chief Executive Neal Barclay called the agreement an "excellent result" after many years of negotiation.



"This is a fantastic outcome for New Zealand and the Southland region. It's further proof that large industrial businesses can utilise New Zealand's renewable energy advantage and create low-

carbon sustainable products, high-value jobs, and export dollars for our country."

- Neal Barclay
Meridian Energy, Chief Executive

Mercury NZ

Upon signing, Mercury NZ Executive GM Portfolio, Phil Gibson, said it represents a significant stepping stone for further renewables development.

"This agreement gives us confidence to move fast on our commitment to bringing more renewable energy options to New Zealand."

Mercury began construction of its Kaiwera Downs wind farm expansion project in July, adding a further 36 turbines to the 10 already operational. The entire 46-turbine wind farm will generate up to 198MW of renewable energy by 2027, helping to power the Tiwai smelter under the agreement with NZAS.



"We're excited to start another project that will help Aotearoa, New Zealand, move to a lower-carbon future."

- Phil Gibson
Mercury, Executive GM Portfolio

Contact Energy



"Contact's strategic decisions and sales choices over the past four years have been made under the belief that the Tiwai Point aluminium smelter in Southland will continue to operate for the long-term,"

said Mike Fuge, Contact CEO. "Confirmation of the sustainable electricity demand from the smelter supports the acceleration of the Contact26 strategy to decarbonise New Zealand, with the addition of demand response also supporting security of supply."

- Mike Fuge
Contact Energy, CEO

**1856
COLONIAL SETTLEMENT**

Bluff Harbour became an official port of entry in 1856, thereby beginning its journey as New Zealand's southernmost deep-water commercial port.



**1973
FIRST COMPUTER SYSTEM
INSTALLED**



**1983
Third half-potline officially
opened**

Prime Minister Robert Muldoon officially opened the third half-potline.



**1991
TNT ALLTRANS DELIVERED
HER 4 MILLIONTH TONNE OF
ALUMINA**

TNT Alltrans delivered her 4 millionth tonne of alumina to the smelter late in 1991.

**1877
BLUFF HARBOUR BOARD
ESTABLISHED**

The Bluff Harbour Board was established to manage the port's wharves and related infrastructure.



**1971
NZAS OFFICIAL OPENING**

The first alumina shipment arrived on the 22 April, and the first cells went into operation the following day. By the spring of 1971, 600 waged staff were on-site, and the first shipment of metal was made.



**1979
COMPUTER-CONTROLLED
CELL AUTOMATION
ANNOUNCED**

In 1979, a \$3 million computer-controlled cell automation system was announced. It would lead to a 1% increase in efficiency.



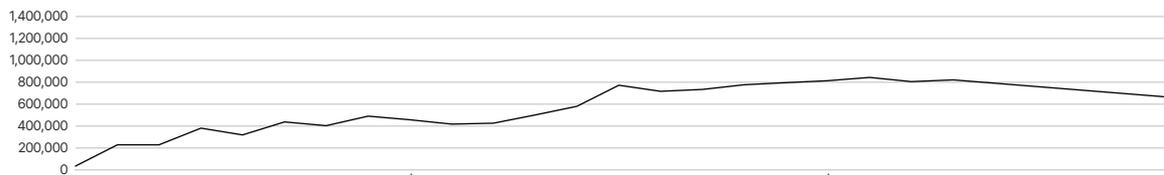
**1992
THE NEW ZEALAND POWER
CRISIS**

The lakes' storage supply in the South Island were at the lowest levels they'd been for 30 years. Given traditional weather patterns, levels weren't expected to rise for weeks, if not months. As winter approached, New Zealand was heading into a serious power crisis.

← 1800's | 1900's →

1966 1967 1968 1969 1970 1971 1972 1973 1974 1975 1976 1977 1978 1979 1980 1981 1982 1983 1984 1985 1986 1987 1988 1989 1990 1991 1992

**Tiwai
1971 to 2024
Tonnage**



**1966
COMALCO WOULD BUILD A
100,000 TONNE SMELTER IN
BLUFF**

The smelter needed power, and the New Zealand Government needed a customer. Thus, Manapōuri was built for Tiwai, and Tiwai was built for Manapōuri. The agreement, which stated that Comalco would build a 100,000-tonne aluminium smelter in Bluff, was signed in 1966.

**1979
THE 1 MILLIONTH TONNE OF
ALUMINIUM PRODUCED**

By 1979, the 4,000th employee was signed on. 7% of Invercargill's population was directly dependant on the smelter and a further 7% indirectly dependant on the smelter through service areas.



**1989
3 MILLIONTH TONNE OF
ALUMINIUM PRODUCED**

The 3 millionth tonne of aluminium was produced on 18th January 1989. The honour went to Cell 478, which at 12 years old, had become the oldest of its technology in the world. Cell 478 died later the following year.





2018
Recomissioned fourth potline opens

Prime Minister Dame Jacinda Adern's re-opening of the fourth potline allowed the smelter to meet customer demand for value-added products made in New Zealand. It increased production capacity by 10% and, with increased orders for other products, created an additional 45 jobs.



2011
RECORD PRODUCTION

354,029 tonnes of aluminium was produced at Tiwai in 2011, breaking an annual record for saleable metal production.

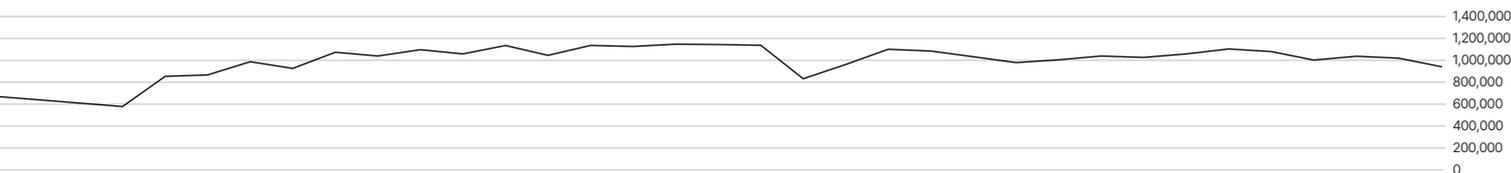
2021
CELEBRATING 50 YEARS OF TIWAI

April 2021 - Happy 50th birthday to NZAS!



2000's →

1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024



2007
NZAS RANKED AMONG THE WORLDS' LOWEST EMMITTING SMELTERS

In 2007, Tiwai Point was ranked among the world's top 5% of lowest emitting aluminium smelters.



2015
NZAS METAL EXPORTED TO 25 COUNTRIES

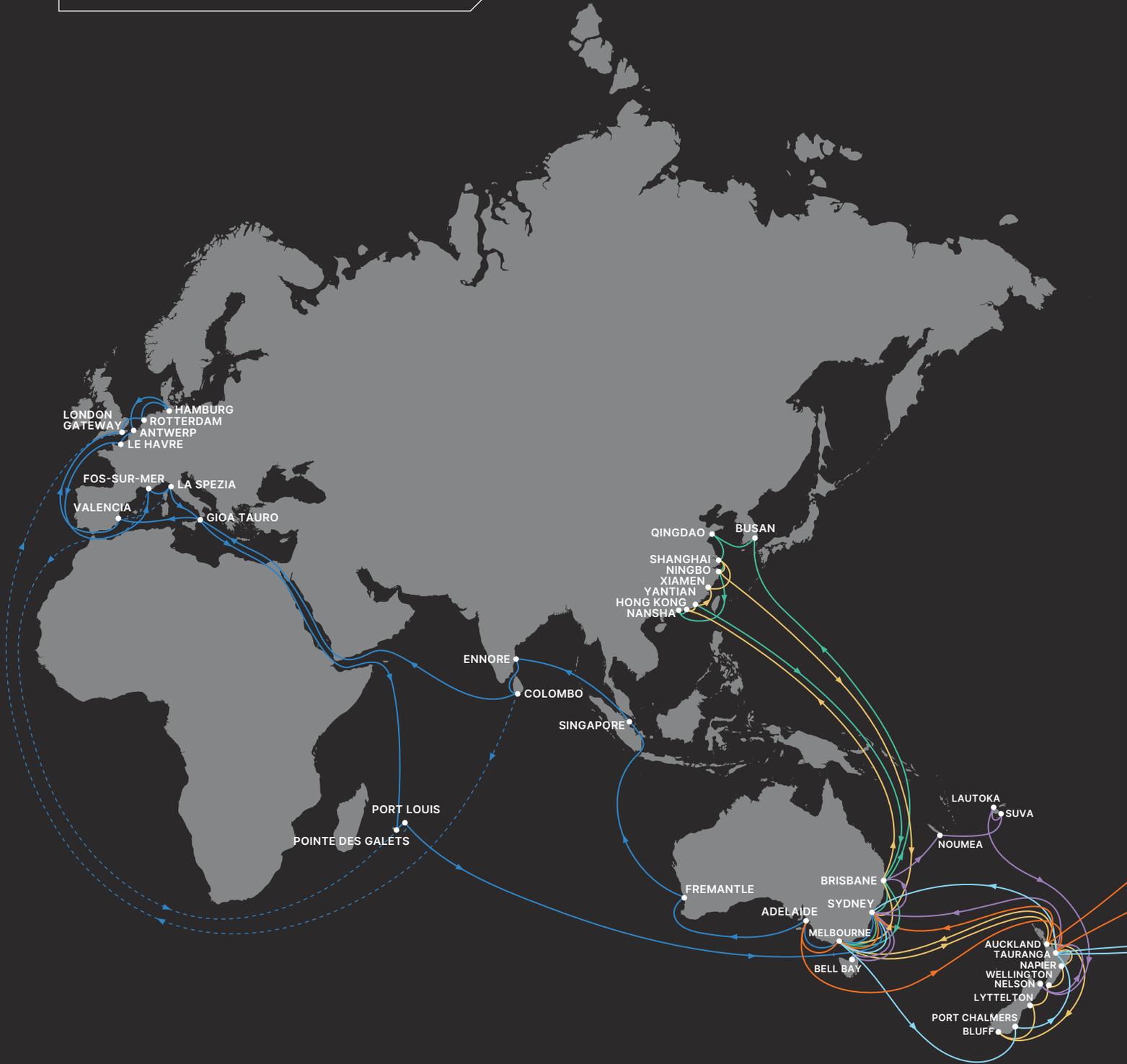
In 2015, Tiwai's 'pure kiwi metal' was exported to 25 countries. While Japan – for whom Tiwai was built to predominantly service – has always been NZAS' largest market.





Service Overview

Weekly Container Line Servicing Bluff



Worldwide, the MSC Group has almost

200,000

staff on-board and ashore (all entities combined)

520

Ports of call

155

Countries

300

Routes

800

Vessels

675

Offices

100

Terminals

5

Airport

22.5 million

TEU carried annually



- Standard Route
- - - Red Sea Omission

SHIPPING OVERVIEW

Wallaby

Hong Kong › Yantian › Xiamen › Shanghai › Ningbo › Sydney › Melbourne › Auckland › Bluff › Lyttelton › Wellington › Napier › Tauranga › Melbourne › Brisbane › Hong Kong

Australia Express (Standard Route)

Sydney › Melbourne › Adelaide › Esperance* › Fremantle › Singapore › Ennore › Colombo › Gioia Tauro › Valencia › London Gateway › Rotterdam › Hamburg › Antwerp › Le Havre › Valencia › Fos-Sur-Mer › La Spezia › Gioia Tauro › Pointe Des Galets › Port Louis › Sydney

Australia Express (Red Sea Omission)

Sydney › Melbourne › Adelaide › Esperance* › Fremantle › Singapore › Ennore › Colombo › London Gateway › Rotterdam › Hamburg › Antwerp › Le Havre › Valencia › La Spezia › Fos-Sur-Mer › Pointe Des Galets › Port Louis › Sydney

Panda

Brisbane › Melbourne › Sydney › Brisbane › Busan › Qingdao › Shanghai › Ningbo › Nansha › Hong Kong › Yantian › Brisbane

Noumea Express

Sydney › Brisbane › Noumea › Suva › Lautoka › Nelson › Tauranga › Sydney › Bell Bay › Sydney

Oceanic Loop 1

Sydney › Melbourne › Adelaide* › Tauranga › Papeete* › Seattle* › Vancouver* › Oakland › Los Angeles › Auckland › Sydney

Oceanic Loop 2

Sydney › Melbourne › Port Chalmers › Tauranga › Cartagena › Philadelphia › Savannah › Balboa › Tauranga › Sydney

*indicates fortnightly/ad hoc port call

Port Infrastructure

📍 Island Harbour, Bluff

Syncrolift Dry Dock

Woodchip Stockpile

Log Storage

Dry Warehouse No. 4 – 5,900m²

Dry Warehouse No.7 – 5,900m²

📍 IFC, Invercargill



^ South Port Intermodal Freight Centre (IFC), a 4,000m² warehouse with rail connection servicing the Otago and Southland regions, strategically located adjacent to the Invercargill KiwiRail rail head.



Tiwai Wharf
owned by South Port and
leased under a licence
agreement to NZAS

Dry Warehouse
No.3A - 4,500m²

Dry Warehouse
No.3B - 3,300m²

Dry Warehouse
No. 2 - 1,400m²

Dry Warehouse
No. 1 - 2,000m²

Town Wharf
Petroleum
Import Berth

Dry Warehouse
No.3C - 1,900m²

Berth 11

Cold Stores
39,500m³

Dry Warehouse
No. 5 - 5,500m²

Dry Warehouse
No. 3 - 2,200m²

Berth 3A

Berth 2

Berth 1

Fishing
Boat Piers

Berth 8

Berth 7

Berth 5

Berth 3

Berth 4

Berth 6

Log Storage

Administration
Building

Container
Terminal Office

Island Harbour
Access Bridge

Bulk Liquid
Storage
Facilities

Dedicated
Container
Servicing Pad

Bulk Liquid
Storage
Facilities

Rail Marshalling
Yard

Vacant land for
development

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FINANCIALS

The Independent Auditor's Report to the Shareholders of South Port for the year ended 30 June 2024. This includes all financial reporting.

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INDEPENDENT AUDITOR'S REPORT

To The Shareholders of South Port New Zealand Limited

The Auditor-General is the auditor of South Port New Zealand Limited and its subsidiaries (the Group). The Auditor-General has appointed me, Mike Hawken, using the staff and resources of Deloitte Limited, to carry out the audit of the consolidated financial statements on his behalf.

Opinion

We have audited the consolidated financial statements of the Group on pages 78 to 101, that comprise the consolidated statement of financial position as at 30 June 2024, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements including a material accounting policy information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the New Zealand equivalents to IFRS Accounting Standards and IFRS Accounting Standards.

Basis for our opinion

We conducted 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 Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Auditor-General's Auditing Standards, which incorporate Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other than in our capacity as auditor we have no relationship with, or interests in, South Port New Zealand Limited or any of its subsidiaries.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
<p>Revenue Recognition</p> <p>As disclosed in note 5, the Group recognised revenue totalling approximately \$50.1 million relating to marine and storage services, and cargo and logistics services for the year in the consolidated statement of comprehensive income.</p> <p>There is complexity involved in assessing the timing of revenue recognition as South Port has a large volume of revenue transactions with some revenue streams recognised over time and others at a point in time.</p> <p>Revenue recognition is a key audit matter due to the significance of the balance and the level of effort involved in performing our audit procedures.</p>	<p>In performing our audit procedures:</p> <ul style="list-style-type: none"> • We evaluated the processes and controls in place over the recording of revenue, including how the timing of revenue is determined. • We obtained direct confirmation of the revenue received from certain large customers. • We tested a sample of revenue transactions recorded throughout the period to assess whether they were supported by underlying documentation. • We tested a sample of revenue transactions recorded near year end to assess whether they were recorded in the correct period. • We considered the adequacy of revenue disclosures in the consolidated financial statements.

Other information

The Directors are responsible on behalf of the Group for the other information. The other information comprises the information included on pages 2 to 74 and 102 to 107, but does not include the consolidated financial statements and our auditor's report thereon, and the Climate Statement, which is expected to be made available to us after the date of the audit report.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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.

When we read the Climate Statement, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and consider further appropriate actions.



Directors' responsibilities for the consolidated financial statements

The Directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with the New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Directors' responsibilities arise from the Financial Markets Conduct Act 2013.

Auditor's responsibilities for the audit of the consolidated financial statements

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of shareholders taken on the basis of these consolidated 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. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the use of the going concern basis of accounting by the 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 consolidated 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.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information 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 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.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Our responsibilities arise from the Public Audit Act 2001.

Mike Hawken
Partner for Deloitte Limited

On behalf of the Auditor-General
Dunedin, New Zealand

23 August 2024

Consolidated Statement of Comprehensive Income

OF SOUTH PORT NEW ZEALAND LIMITED FOR THE YEAR ENDED 30 JUNE 2024

In Thousands of New Zealand Dollars	NOTE	GROUP	
		2024	2023
Total operating revenues from port services	5	56,128	53,589
Total operating expenses	7	(33,187)	(30,385)
Operating profit before administrative and finance costs		22,941	23,204
Administrative expenses		(6,615)	(5,341)
Operating profit before financing costs		16,326	17,863
Financial income		58	272
Financial expenses		(3,016)	(1,725)
Net financing costs	6	(2,958)	(1,453)
Other income	5	65	104
Surplus before income tax		13,433	16,514
Income tax	10	(6,057)	(4,802)
Net surplus after income tax		7,376	11,712
Other comprehensive income		—	—
Total other comprehensive surplus/(loss) after income tax		—	—
Total comprehensive surplus/(loss) after income tax		7,376	11,712
Basic earnings per share	17	\$0.281	\$0.446
Diluted earnings per share	17	\$0.281	\$0.446

Consolidated Statement of Changes in Equity

OF SOUTH PORT NEW ZEALAND LIMITED FOR THE YEAR ENDED 30 JUNE 2024

In Thousands of New Zealand Dollars	NOTE	GROUP			
		Share Capital	Share-based Payment Reserve	Retained Earnings	Total Equity
Balance 1 July 2022		9,418	—	45,856	55,274
Profit/(loss) after income tax		—	—	11,712	11,712
Total comprehensive income		—	—	11,712	11,712
Contributions by and distributions to owners					
Dividends paid during the period	15	—	—	(7,083)	(7,083)
Balance as at 30 June 2023		9,418	—	50,485	59,903
Balance 1 July 2023		9,418	—	50,485	59,903
Profit/(loss) after income tax		—	—	7,376	7,376
Total comprehensive income		—	—	7,376	7,376
Contributions by and distributions to owners					
Equity settled share-based payment accrual	24	—	36	—	36
Dividends paid during the period	15	—	—	(7,083)	(7,083)
Balance as at 30 June 2024		9,418	36	50,778	60,232

Consolidated Statement of Financial Position

OF SOUTH PORT NEW ZEALAND LIMITED AS AT 30 JUNE 2024

In Thousands of New Zealand Dollars	NOTE	GROUP	
		2024	2023
TOTAL EQUITY		60,232	59,903
NON-CURRENT ASSETS			
Property, plant and equipment	11	91,876	87,727
Right-of-use assets	25	239	330
Deferred tax asset	10(d)	—	1,106
Financial assets	14	321	658
Total non-current assets		92,436	89,821
CURRENT ASSETS			
Cash and cash equivalents	12	2,310	1,035
Trade receivables and prepayments	13	8,220	6,509
Financial assets	14	398	541
Total current assets		10,928	8,085
Total assets		103,364	97,906
NON-CURRENT LIABILITIES			
Employee entitlements	19	47	59
Loans and borrowings	18	35,750	25,000
Deferred tax liability	10(d)	1,097	—
Lease liabilities	25	163	262
Total non-current liabilities		37,057	25,321
CURRENT LIABILITIES			
Loans and borrowings	18	—	5,000
Trade and other payables	20	4,036	4,105
Employee entitlements	19	1,451	1,897
Provision for taxation	10(c)	482	1,582
Lease liabilities	25	106	98
Total current liabilities		6,075	12,682
Total liabilities		43,132	38,003
TOTAL NET ASSETS		60,232	59,903
Net asset backing per share	17	\$2.30	\$2.28

On behalf of the Board
23 August 2024



Chair



Chair, Audit and Risk Committee

The accompanying notes form part of these financial statements

Consolidated Statement of Cash Flows

OF SOUTH PORT NEW ZEALAND LIMITED FOR THE YEAR ENDED 30 JUNE 2024

In Thousands of New Zealand Dollars	NOTE	GROUP	
		2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided by (applied to):			
Receipts from customers		54,410	54,086
Payments to suppliers and employees		(35,040)	(30,460)
Interest received		58	26
Interest paid		(2,483)	(1,717)
Income taxes paid		(4,954)	(5,205)
Net goods and services tax paid		795	(282)
Net cash flow from operating activities	26	12,786	16,448
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided by (applied to):			
Proceeds from disposal of non-current PPE		203	330
Acquisition of other non-current PPE		(10,283)	(14,370)
Net cash used in investing activities		(10,080)	(14,040)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided by (applied to):			
Dividend paid		(7,083)	(7,083)
Drawdown/(repayment) of borrowings		5,750	4,500
Lease liabilities paid		(98)	(93)
Net cash used in financing activities		(1,431)	(2,676)
NET INCREASE (DECREASE) IN CASH HELD			
Add cash at beginning of year		1,275	(268)
		1,035	1,303
TOTAL CASH AT END OF YEAR	12	2,310	1,035

The accompanying notes form part of these financial statements



The "MS Regatta" cruise ship visiting Bluff in February 2024

Notes to the Financial Statements

OF SOUTH PORT NEW ZEALAND LIMITED FOR THE YEAR ENDED 30 JUNE 2024

01 REPORTING ENTITY

South Port New Zealand Limited (the "Company") is a company domiciled in New Zealand, registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange ("NZX"). The Company is an issuer in terms of the Financial Reporting Act 2013.

The consolidated financial statements of South Port New Zealand Limited as at and for the period ended 30 June 2024 comprise the Company and its subsidiary Awarua Holdings Ltd (together referred to as the "Group"). South Port New Zealand Ltd is primarily involved in providing and managing port and warehousing services.

02 BASIS OF PREPARATION

(a) Statement of Compliance

The Parent Company is a Financial Markets Conduct (FMC) reporting entity for the purposes of the Financial Reporting Act 2013 and the Financial Markets Conduct Act 2013. These financial statements comply with these Acts and have been prepared in accordance with the New Zealand Equivalents to IFRS Accounting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. These financial statements comply with IFRS Accounting Standards (IFRS).

The financial statements were approved by the Board of Directors on 23 August 2024.

(b) Basis of Measurement

The financial statements have been prepared:

- › On the basis that the Group is a going concern
- › On the historical cost basis except for the following:
 - Financial instruments measured at fair value

The methods used to measure fair values are discussed further in Note 04.

(c) Functional and Presentation Currency

These financial statements are presented in New Zealand dollars (\$), which is the Company's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest thousand.

(d) Use of Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on amounts recognised in the financial statements are as detailed below:

- › Depreciation Rates and Asset Useful Lives (Note 03(e))
- › Impairment (Note 03(f))
- › Classification of leased assets PPE vs Investment Property (Note 11)
- › Share-Based Payments (Note 24)

03 MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

(a) Basis of Consolidation

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

(b) Foreign Currency

Transactions in foreign currencies are translated to the respective functional currencies of the Group at exchange rates at the dates of the transactions.

(c) Goods and Services Tax (GST)

All financial information is expressed exclusive of GST, except for trade and other receivables, and trade and other payables, which are expressed inclusive of GST in the Statement of Financial Position.

(d) Financial Instruments

(i) Non-derivative financial instruments

The Group is party to financial instruments as part of its normal operations. These financial instruments include cash and cash equivalents, trade and other receivables, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value on transaction date plus, for instruments not at fair value through the profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Purchases and sales of financial assets are accounted for at trade date. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits.

Trade and other receivables

Trade and other receivables are recognised initially at fair value.

Trade receivables are held with the objective of collecting the contractual cash flows and therefore they are subsequently measured at amortised cost, less a provision for expected credit loss.

Interest-bearing borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Trade payables are recognised initially at fair value less transaction costs and subsequently measured at amortised cost.

(ii) Derivative financial instruments and hedging activities

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from financing and investment activities.

In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments qualifying for hedge accounting are classified as non current if the maturity of the instrument is greater than 12 months from reporting date and current if the instrument matures within 12 months from reporting date. Derivatives accounted for as trading instruments are classified as current.

Derivative financial instruments are recognised initially at fair value and transaction costs are expensed immediately. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the hedging relationship.

Interest rate swaps

Derivative financial instruments also include interest rate swaps to hedge (economically but not in accounting terms) the Group's risks associated with interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Any gains or losses arising from changes in the fair value of interest rate swaps are taken directly to profit or loss for the year.

The fair values of interest rate swap contracts are determined by reference to market values for similar instruments.

(e) Property, Plant & Equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses. Land and dredging are not depreciated.

The initial cost includes the purchase price and any costs directly attributable to bringing the asset to the state of being ready for use in location. These costs can include installation costs, borrowing costs, cost of obtaining resource consents etc. Any feasibility costs are expensed.

(ii) Subsequent expenditure

Subsequent expenditure is added to the gross carrying amount of an item of property, plant or equipment, if that expenditure increases the future economic benefits of the asset beyond its existing potential, or is necessarily incurred to enable future economic benefits to be obtained and its cost can be measured reliably.

(iii) Disposal of property, plant and equipment

Where an item of PPE is disposed of, the gain or loss is recognised in the Statement of Comprehensive Income at the difference between the net sale price and the net carrying amount of the item.

(iv) 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 as follows:

Land and Dredging	Nil
Buildings	12.5 – 50 years
Wharves	15 – 50 years
Other Property, Plant and Equipment	4 – 30 years

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

(f) Impairment

The carrying amounts of the Group's non-financial assets are reviewed at each balance sheet date to determine whether there is any objective evidence of impairment.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the Statement of Comprehensive Income.

(i) Impairment of receivables

For trade and other receivables the Group makes use of a simplified approach, as permitted by NZ IFRS 9, and records the loss allowances as lifetime expected credit losses from that recognition. This is expected credit losses that result from all possible default events over the life of the financial instrument.

(ii) Impairment of Property, Plant and Equipment (PPE)

For property, plant and equipment, the Group assesses whether there are any circumstances that have materially changed during the year or after balance date that could lead to the potential impairment of PPE. If there is a risk of impairment, then Management prepare cash flow models for the Cash Generating Units (CGU) that could potentially be adversely affected, to determine whether any impairment against PPE needs to be recognised in the financial statements.

(g) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(h) Revenue

(i) Revenue from port services

Port operations revenue is derived from an integrated performance obligation for the provision of marine services, berthage, wharfage, storage and other services. Revenue is recognised both at a point in time when the Group satisfies its performance obligations by transferring the promised services to its customers, and over time as the Group performs the service and the customer simultaneously benefits from the service. All services performed have short service performance timeframes. Revenue received in advance is recorded as a liability and recognised as revenue when the performance obligation is satisfied.

(ii) Rental income

Rental income from property is recognised in the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

(i) Lease Payments

The Group leases certain property, plant and equipment. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases and leases of low value assets where the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Lease Liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate (IBR).

Lease payments included in the measurement of the lease liability comprise:

- › Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- › Payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- › The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- › The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- › A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Right of Use (ROU) Assets

The ROU assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

ROU assets are depreciated over the shorter period of lease term and useful life of the underlying asset using the straight-line method. The estimated useful lives of ROU assets are determined on the same basis as similar owned assets within property, plant and equipment. Depreciation starts at the commencement date of the lease.

ROU assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a ROU asset is impaired and accounts for any identified impairment loss under the same policy adopted for property, plant and equipment.

The Group as a lessor

The Group enters into lease agreements as a lessor with respect to some of its properties. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

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

(j) Share-Based Payments

The employee performance share rights plan is an equity-settled share-based payment arrangement. The fair value of the rights, measured at the grant date, is expensed on a straight-line basis over the vesting period with a corresponding increase in the share-based payment reserve. When the non-market performance conditions (EPS CAGR) or the service condition (absolute or relative TSR) is not met, the expense is revised to reflect the number of rights expected to vest. When the rights vest, or they lapse because the market conditions are not met, the amount in the share-based payment reserve relating to those rights is transferred to share capital.

(k) Finance Income and Expenses

Finance income comprises interest income on funds invested, dividend income, foreign currency gains and changes in the fair value of financial assets at fair value through profit or loss.

Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Group's right to receive payment is established.

Finance expenses comprise interest expense on borrowings and lease liabilities, foreign currency losses, interest rate swap losses, and impairment losses recognised on financial assets. All borrowing costs are recognised in the Statement of Comprehensive Income using the effective interest method.

(i) Income Tax Expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(m) Earnings per Share

Basic earnings per share

Basic earnings per share (EPS) is calculated by dividing the profit attributable to the shareholders of the Group by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share

Diluted earnings per share (EPS) adjusts for any commitments the Group has to issue shares in the future that would decrease the basic EPS. The Group only has one type of dilutive potential ordinary shares, being the Executive Long-Term Incentive plan share rights (refer to note 24). Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion to share rights.

(n) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive.

The Group operates solely in the port industry and all operations are carried out in the Southland region, therefore there are no separately reportable segments to be disclosed.

(o) Amendments to NZ IFRS

There are no new, revised or amended accounting standards issued by the International Accounting Standards Board (IASB) and the New Zealand Accounting Standards Board (NZASB) that are mandatory for application by the Group for the financial year beginning 1 July 2023.

(p) NZ IFRS issued but not yet effective

No other standards, amendments or interpretations that have been issued but are not yet effective are expected to materially impact the Group's financial statements other than disclosures.

04 DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Derivative Financial Instruments

The fair value of forward exchange contracts and interest rate derivatives are determined using quoted rates at balance date.

(b) Other Non-Derivative Financial Instruments

The carrying values less impairment provisions of trade receivables and payables are assumed to approximate their fair values.

The carrying values of loans and borrowings approximate their fair values.

05 OPERATING REVENUE

In Thousands of New Zealand Dollars	GROUP	
	2024	2023
Marine and storage services	21,338	21,094
Cargo and logistics services	28,749	26,598
Rental revenue	6,041	5,897
Total operating revenue from port services	56,128	53,589
Other income	65	104
Total operating revenue	56,193	53,693

Revenue arises from the delivery of port related services (under NZ IFRS 15), and rental property leases (under NZ IFRS 16). To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligations are satisfied

Marine and storage services revenue is derived from an integrated performance obligation for the provision of channel navigation, berthage, and storage of customer cargo. This revenue is recognised over time as South Port performs the service, and the customer simultaneously benefits from that service.

Cargo and logistics services revenue is derived from an integrated performance obligation for the provision of wharfage, container packing and other cargo logistics services. This revenue is recognised at a point in time when South Port satisfies its performance obligations by transferring the promised services to its customers.

All port services performed have short service performance timeframes. All revenue is shown net of volume discounts.

Rental revenue from property leased under operating leases is recognised on a straight-line basis over the term of the relevant lease, as per NZ IFRS 16. Total variable rental revenue for 2024 was \$1,752,000 (2023: \$1,597,000).

Other income relates to the gain on sale from property, plant and equipment. This income is recognised when an unconditional contract is in place, and it is probable that the Group will receive the consideration due and significant risks and rewards of ownership of assets have been transferred to the buyer.

06 FINANCE INCOME AND EXPENSES

In Thousands of New Zealand Dollars	GROUP	
	2024	2023
INCOME		
Interest income	58	26
Gain on fair value of interest rate swap	—	246
Total finance income	58	272
EXPENSES		
Interest expense	(2,519)	(1,705)
Interest expense on lease liabilities	(17)	(20)
Loss on fair value of interest rate swap	(480)	—
Total finance expenses	(3,016)	(1,725)
Net finance costs	(2,958)	(1,453)

07 OPERATING EXPENSES

The following items of expenditure are included in total operating expenses:

In Thousands of New Zealand Dollars	GROUP	
	2024	2023
Auditors' remuneration for audit services	80	75
Bad debts written off	—	10
Depreciation of property, plant & equipment (Note 11)	4,817	4,705
Depreciation of right-of-use assets (Note 25)	98	97
Directors' fees	480	400
Donations	4	4
Short-term rental and lease expenses	179	76
Increase/(decrease) in liability for long-service leave	14	14
Loss on disposal of assets	18	60

08 EMPLOYEE BENEFITS EXPENSE

In Thousands of New Zealand Dollars	GROUP	
	2024	2023
Salaries and wages	15,040	13,199
Defined contribution plans	529	437
Other employee benefits	212	207
	15,781	13,843

The amounts recorded above are included in operating expenses.

09 KEY MANAGEMENT PERSONNEL

The compensation of the Directors, Chief Executive and other senior management, being the key management personnel of the entity, is set out below:

In Thousands of New Zealand Dollars	GROUP	
	2024	2023
Short-term employee benefits (including Director fees)	2,921	2,638
Defined contribution plans	67	61
Other long-term employee benefits	20	7
Share-based payments	36	—
	3,044	2,706

10 INCOME TAXES

In Thousands of New Zealand Dollars	GROUP	
	2024	2023
(A) INCOME TAX RECOGNISED IN PROFIT OR LOSS		
Tax expense/(income) comprises:		
Current tax expense / (credit):		
Current year	3,871	4,805
Adjustments for prior years	(17)	(4)
	3,854	4,801
Deferred tax expense / (credit)		
Origination and reversal of temporary differences	(65)	1
Adjustments relating to tax legislation changes*	2,268	—
	2,203	1
Total tax expense / (income)	6,057	4,802
The prima facie income tax expense on pre-tax accounting surplus reconciles to the income tax expense in the financial statements as follows:		
Surplus / (deficit) before income tax	13,433	16,514
Income tax expense (credit) calculated at 28%	3,761	4,624
Temporary differences	(54)	157
Non-deductible expenses	108	28
Non assessable income	(9)	(3)
	3,806	4,806
(Over) / under provision of income tax in previous year	(17)	(4)
Adjustment relating to tax legislation changes*	2,268	—
Income tax expense	6,057	4,802

The tax rate used in the above reconciliation is the corporate tax rate of 28% payable on taxable profits under New Zealand tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

* Adjustment relates to legislation which has removed the ability to claim tax deductions relating to depreciation of commercial buildings.

Note 10 continued...

(B) INCOME TAX RECOGNISED DIRECTLY IN EQUITY

There was no current or deferred tax charged / (credited) directly to equity during the period.

In Thousands of New Zealand Dollars	GROUP	
	2024	2023
(C) CURRENT TAX ASSETS AND LIABILITIES		
Current tax payable	482	1,582

(D) DEFERRED TAX BALANCES COMPRISE:

Taxable and deductible temporary differences arising from the following:

In Thousands of New Zealand Dollars	GROUP			2024
	1 July 2023 Opening Balance	Recognised in profit/loss	Recognised in equity	30 June 2024 Closing Balance
Gross deferred tax assets / (liabilities):				
Property, plant and equipment (PPE)	632	(2,129)	—	(1,497)
Other provisions	474	(74)	—	400
Net deferred tax asset / (liability)	1,106	(2,203)	—	(1,097)

In Thousands of New Zealand Dollars	GROUP			2023
	1 July 2022 Opening Balance	Recognised in profit/loss	Recognised in equity	30 June 2023 Closing Balance
Gross deferred tax assets / (liabilities):				
Property, plant and equipment	698	(66)	—	632
Other provisions	409	65	—	474
Net deferred tax asset / (liability)	1,107	(1)	—	1,106

Asset recoverable through future operating activities.

In Thousands of New Zealand Dollars	GROUP	
	2024	2023
(E) IMPUTATION CREDIT ACCOUNT BALANCES		
Balance at beginning of year	19,293	17,247
Less Taxation (payable) receivable 2023	(1,582)	(1,986)
Taxation paid	4,954	5,205
Attached to dividends paid	(2,716)	(2,755)
Add Taxation payable (receivable) 2024	482	1,582
Balance at end of year	20,431	19,293

11 PROPERTY, PLANT AND EQUIPMENT

	2024										
In Thousands of New Zealand Dollars	Cost 1 July 2023	Additions	Transfers from Work in Progress	Disposals	*Other	Cost 30 June 2024	Accumulated Depn and Impairment charges 1 July 2023	Depn Expense	Accumulated Depn reversed on Disposal	Accumulated Depn and Impairment charges 30 June 2024	Carrying Amt 30 June 2024
Land	4,477	—	5	—	—	4,482	—	—	—	—	4,482
Buildings	23,242	—	259	(226)	—	23,275	8,856	498	(226)	9,128	14,147
Dredging	—	—	12,314	—	641	12,955	—	—	—	—	12,955
Plant & machinery (includes wharves)	109,704	—	6,268	(202)	(641)	115,129	52,353	4,319	(123)	56,549	58,580
Work in progress	11,513	9,045	(18,846)	—	—	1,712	—	—	—	—	1,712
	148,936	9,045	—	(428)	—	157,553	61,209	4,817	(349)	65,677	91,876

	2023										
In Thousands of New Zealand Dollars	Cost 1 July 2022	Additions	Transfers from Work in Progress	Disposals	*Other	Cost 30 June 2023	Accumulated Depn and Impairment charges 1 July 2022	Depn Expense	Accumulated Depn reversed on Disposal	Accumulated Depn and Impairment charges 30 June 2023	Carrying Amt 30 June 2023
Land	3,736	—	741	—	—	4,477	—	—	—	—	4,477
Buildings	22,626	—	635	(19)	—	23,242	8,371	490	(5)	8,856	14,386
Plant & machinery (includes wharves)	91,920	113	18,459	(935)	147	109,704	49,007	4,215	(869)	52,353	57,351
Work in progress	16,438	14,910	(19,835)	—	—	11,513	—	—	—	—	11,513
	134,720	15,023	—	(954)	147	148,936	57,378	4,705	(874)	61,209	87,727

* These amounts relate to adjustments for crane spare parts to/from maintenance after a stocktake of spares is completed each balance date, and the split out of the dredging asset that was sitting under plant & machinery in the previous year.

The Group has land, buildings and wharves that are leased to customers, however, the Group also provides significant port services to these customers. The Group determines that these properties should be classified as property, plant and equipment and accounted for under NZ IAS 16 as these properties are only leased to customers to facilitate the movement of cargo through the port and arrangements are in nature of rendering a service rather than property investment.

Included in the 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

In Thousands of New Zealand Dollars	GROUP		
	Land	Buildings and Wharves	Total
Cost			
Balance 1 July 2022	788	17,960	18,748
Additions	—	—	—
Cost at 30 June 2023	788	17,960	18,748
Balance 1 July 2023	788	17,960	18,748
Additions	—	—	—
Cost at 30 June 2024	788	17,960	18,748
Accumulated Depreciation			
Balance 1 July 2022	—	8,163	8,163
Depreciation for the period	—	327	327
Accumulated Depreciation at 30 June 2023	—	8,490	8,490
Balance 1 July 2023	—	8,490	8,490
Depreciation for the period	—	325	325
Accumulated Depreciation at 30 June 2024	—	8,815	8,815
Net book value			
As at 30 June 2023	788	9,470	10,258
As at 30 June 2024	788	9,145	9,933

12 CASH AND CASH EQUIVALENTS

In Thousands of New Zealand Dollars	GROUP	
	2024	2023
Bank balances	2,310	1,035
Cash and cash equivalents	2,310	1,035
Cash and cash equivalents in the statement of cash flows	2,310	1,035

13 TRADE RECEIVABLES AND PREPAYMENTS

In Thousands of New Zealand Dollars	GROUP	
	2024	2023
Prepayments	1,269	63
Trade receivables	6,983	6,496
Expected credit losses	(32)	(50)
	8,220	6,509

14 FINANCIAL ASSETS

In Thousands of New Zealand Dollars	GROUP	
	2024	2023
Interest Rate Derivatives (non-current)	321	658
Interest Rate Derivatives (current)	398	541
	719	1,199

15 SHARE CAPITAL

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All of the 26,234,898 ordinary shares rank equally with regard to the Company's residual assets. All shares are fully paid and have no par value. There were no shares issued or redeemed during the year.

DIVIDENDS

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

In Thousands of New Zealand Dollars	GROUP	
	2024	2023
2023 final dividend paid on all ordinary shares @ 19.50 cents per share (2022: 19.50 cents)	5,116	5,116
2024 interim: on all ordinary shares @ 7.50 cents per share (2023: 7.50 cents)	1,967	1,967
Total distributions to shareholders	7,083	7,083

After 30 June 2024 the following dividends were proposed by the directors for 2024. The dividends have not been provided for and there are no income tax consequences. Total imputation credits to be attached to the dividend are \$1,989,000.

In Thousands of New Zealand Dollars	2024
2024 final dividend payable on 8 November 2024 @ 19.50 cents per share	5,116

16 CAPITAL MANAGEMENT

The Group's capital includes share capital and retained earnings. The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence. The Board of Directors' objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders.

The Group meets its objectives for managing capital through its investment decisions on the acquisition, disposal and development of assets and its distribution policy. It is Group policy that the dividend pay out takes account of its free cash flows and reported profit.

The Group is required to comply with certain financial covenants in respect of external borrowings set by the Group's bankers. All covenants have been adhered to throughout the years ended 30 June 2024 and 30 June 2023.

The Group's policies in respect of capital management are reviewed regularly by the Board of Directors. There have been no changes in the Group's management of capital during the year.

17 EARNINGS PER SHARE AND NET ASSET BACKING PER SHARE

	GROUP	
	2024	2023
Basic earnings per share	\$0.281	\$0.446
Diluted earnings per share	\$0.281	\$0.446
Reconciliation of earnings used in calculating earnings per share:		
Basic and diluted earnings per share	\$'000	\$'000
Net profit attributable to the ordinary shareholders of the Company	7,376	11,712
Weighted average number of shares used as the denominator:		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	26,234,898	26,234,898
Adjustments for calculation of diluted earnings per share:		
Executive Long-Term Incentive Plan share rights	30,928	—
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	26,265,826	26,234,898

The calculation of the net asset backing per share at 30 June 2024 was based on the total net assets value of \$60,232,000 (2023: \$59,903,000) and a weighted average number of ordinary shares outstanding of 26,234,898 (2023: 26,234,898).

18 LOANS AND BORROWINGS

In Thousands of New Zealand Dollars	GROUP	
	2024	2023
Non-current		
ANZ Bank New Zealand Limited	35,750	25,000
Current		
ANZ Bank New Zealand Limited	—	5,000
	—	5,000
Total Borrowings	35,750	30,000

South Port New Zealand Limited's credit facility of \$46 million from ANZ is split between five different facilities as follows:

- › Term Facility - \$5 million expiring 4 November 2025
- › Term Facility - \$8 million expiring 1 July 2026
- › Term Facility - \$3 million expiring 31 October 2025
- › Term Facility - \$5 million expiring 20 July 2028
- › Short Term Advances Facility - \$25 million finally terminating 1 November 2025

The total facility is secured by way of a general security registered over all assets both present and future of South Port New Zealand Limited. The same security was in place the previous year.

The Facilities as at 30 June 2023 were as follows:

- › Term Facility - \$5 million expiring 1 February 2024
- › Term Facility - \$8 million expiring 1 July 2024
- › Term Facility - \$3 million expiring 31 October 2024
- › Short Term Advances Facility - \$22 million finally terminating 1 November 2024

Interest on the first \$21 million drawn at any one time is payable according to the interest rate swap agreements the Company has with ANZ. Interest on the balance of funds drawn at any time is calculated using a variable rate based on the BKBM (3 month bank bill rate).

19 EMPLOYEE ENTITLEMENTS

In Thousands of New Zealand Dollars	GROUP		
	Wages, Salaries and Annual Leave	Long Service Leave	Total
Balance 30 June 2023	1,835	121	1,956
Current	1,835	62	1,897
Non-current	—	59	59
Change in Provision	(472)	25	(447)
Utilised during the period	—	(11)	(11)
Balance at 30 June 2024	1,363	135	1,498
Current	1,363	88	1,451
Non-current	—	47	47

EMPLOYEE ENTITLEMENTS

(i) Wages, salaries and annual leave

Liabilities for wages, salaries and annual leave are calculated on an actual entitlement basis at current rates of pay to be settled within 12 months from reporting date.

(ii) Long service leave

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. Any actuarial gains or losses are recognised in the Statement of Comprehensive Income in the period in which they arise.

20 TRADE AND OTHER PAYABLES

In Thousands of New Zealand Dollars	GROUP	
	2024	2023
Trade creditors and accruals	4,036	4,105
	4,036	4,105

21 FINANCIAL LIABILITIES

In Thousands of New Zealand Dollars	GROUP	
	2024	2023
Interest rate derivatives (non-current)	—	—
Interest rate derivatives (current)	—	—
	—	—

22 FINANCIAL INSTRUMENTS

The Group has exposure to the following risks from its use of financial instruments:

- › Credit risk
- › Liquidity risk
- › Market risk

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

Note 22 continued...

The Group has a series of policies to manage the risk associated with financial instruments. Policies have been established which do not allow transactions which are speculative in nature to be entered into and the Group is not actively engaged in the trading of financial instruments. As part of this policy, limits of exposure have been set and are monitored on a regular basis.

CREDIT RISK

Financial instruments which potentially subject the Group to credit risk principally consist of bank balances, interest rate swaps and accounts receivable. The carrying amount of these financial instruments represents the maximum exposure to credit risk. Management has a credit policy in place under which each new customer is individually analysed for credit worthiness. In order to determine which customers are classified as having payment difficulties the Group applies a mix of duration and frequency of default and makes provision for estimated balances considered to be impaired. The Group does not require collateral in respect of trade and other receivables. Cash handling is only carried out with counterparties which have an investment grade credit rating.

LIQUIDITY RISK

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

The only liquidity risks the Group has at balance date are trade payables totalling \$4,036,000 (2023: \$4,105,000) which are all due within 30 days, and loans and borrowings totalling \$35,750,000 (2023: \$30,000,000) as per Note 18. The Group has undrawn facilities of \$10,250,000 to assist with managing any liquidity risks.

Funding risk is the risk that arises when either the size of borrowing facilities or the pricing thereof is not able to be replaced on similar terms, at the time of review with the Group's banks. To minimise funding risk it is Board policy to spread the facilities' renewal dates and the maturity of individual loans. Where this is not possible, extensions to, or the replacement of, borrowing facilities are required to be arranged at least two months prior to each facility's expiry.

MARKET RISK

The Group enters into derivative arrangements in the ordinary course of business to manage foreign currency and interest rate risks.

FOREIGN EXCHANGE RISK

The Group is exposed to foreign currency risk on purchases that are denominated in a currency other than the Parent's functional currency, New Zealand dollars (\$), which is the presentation currency of the Group.

The Group does not have any material exposure to currency risk except for the one-off purchases of assets (e.g. plant and machinery) denominated in foreign currencies. It is Group policy that foreign exchange exposures on imported goods must be hedged by way of foreign exchange forward contracts or options to a minimum of 50% at the time the exposure is known with certainty on all transactions that are material.

The purpose of these contracts is to reduce the risk from price fluctuations of foreign currency commitments associated with these one-off purchases. Any resulting differential to be paid or received as a result of the currency change is reflected in the cash flow hedge reserve to the extent that the hedge is effective, until the asset is recognised. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss.

The Group has no foreign exchange forward contracts at balance date (2023: nil).

INTEREST RATE RISK

The Group is exposed to interest rate risk on their borrowings. All debt is borrowed on either a fixed or floating interest rate basis. As per the Group's Treasury Policy, interest rate risk management bands apply to 'core debt' forecasts (defined as the lowest level of debt projected over the forecast period). Once core debt exceeds \$10 million, the fixed; floating mix is subject to the limits in the following table:

Fixed Debt Maturing within	Minimum fixed rate	Maximum fixed rate
0-1 years	40%	100%
1-3 years	25%	80%
3-5 years	0%	60%

Interest payable to ANZ is charged on the following basis:

- (i) A range of interest rate swaps; and
- (ii) Variable rates based on the BKBM.

During the period the range of variable interest rates applying to the credit facility (including margin) were between 6.62% and 6.68% (2023: 3.43% and 6.65%). The Company is exposed to normal fluctuations in market interest rates.

Interest rate swap (i) – South Port has an interest rate swap in place which commenced in November 2019 and matures in November 2024. The interest rate swap has a fixed swap rate of 3.64% with a notional contract amount of \$5 million at 30 June 2024 (2023: contract in place for \$5 million @ 3.64%, commencing November 2019 and maturing November 2024).

Interest rate swap (ii) – South Port has an interest rate swap which commenced 1 October 2023 and matures in July 2027. The interest rate swap has a fixed swap rate of 2.01% with a notional contract amount of \$8 million (2023: contract in place for \$8 million @ 1.27%, commencing July 2021 and maturing July 2026).

Interest rate swap (iii) – South Port has an interest rate swap which commenced 1 November 2021 and matures in October 2024. The interest rate swap has a fixed swap rate of 2.59% with a notional contract amount of \$3 million (2023: contract in place for \$3 million @ 2.59%, commencing November 2021 and maturing October 2024).

Interest rate swap (iv) – South Port has an interest rate swap which commenced 28 July 2023 and matures in July 2026. The interest rate swap has a fixed swap rate of 5.17% with a notional contract amount of \$5 million (2023: contract was not in place for this swap in the prior year).

Interest rate swap (v) – South Port has a contract in place for a forward start interest rate swap which commences 4 November 2024 and matures in November 2027. This forward start swap has a fixed swap rate of 4.50% with a notional contract amount of \$5 million (2023: contract was not in place for this forward start swap in the prior year).

CREDIT FACILITY

At balance date the Group had a total loan facility of \$46 million (2023: \$38 million), of which \$35,750,000 (2023: \$30,000,000) had been drawn down.

The Group also has an overdraft facility of \$200,000 (2023: \$200,000), of which \$0 (2023: \$0) had been drawn down.

FAIR VALUES

The carrying amount is considered to be the fair value for each financial instrument.

The maturity profiles of the Group's interest bearing investments and borrowings are disclosed on the following pages.

Note 22 continued...

FINANCIAL INSTRUMENTS CLASSIFICATION TABLE

The Group held the following financial instruments at reporting date:

	2024				
In Thousands of New Zealand Dollars	Financial Assets at Amortised Cost	Financial Assets at Fair Value through Profit or Loss	Financial Liabilities at Fair Value through Profit or Loss	Financial Liabilities at Amortised Cost	Total Carrying Amount
Assets					
Interest rate derivatives	—	321	—	—	321
Total non-current assets	—	321	—	—	321
Interest rate derivatives	—	398	—	—	398
Cash and cash equivalents	2,310	—	—	—	2,310
Trade and other receivables	6,983	—	—	—	6,983
Total current assets	9,293	398	—	—	9,691
Total assets	9,293	719	—	—	10,012
Liabilities					
Loans and borrowings	—	—	—	35,750	35,750
Lease liabilities	—	—	—	163	163
Total non-current liabilities	—	—	—	35,913	35,913
Loans and borrowings	—	—	—	—	—
Trade and other payables	—	—	—	4,036	4,036
Lease liabilities	—	—	—	106	106
Total current liabilities	—	—	—	4,142	4,142
Total liabilities	—	—	—	40,055	40,055
					2023
In Thousands of New Zealand Dollars	Financial Assets at Amortised Cost	Financial Assets at Fair Value through Profit or Loss	Financial Liabilities at Fair Value through Profit or Loss	Financial Liabilities at Amortised Cost	Total Carrying Amount
Assets					
Interest rate derivatives	—	658	—	—	658
Total non-current assets	—	658	—	—	658
Interest rate derivatives	—	541	—	—	541
Cash and cash equivalents	1,035	—	—	—	1,035
Trade and other receivables	6,509	—	—	—	6,509
Total current assets	7,544	541	—	—	8,085
Total assets	7,544	1,199	—	—	8,743
Liabilities					
Loans and borrowings	—	—	—	25,000	25,000
Lease liabilities	—	—	—	262	262
Total non-current liabilities	—	—	—	25,262	25,262
Loans and borrowings	—	—	—	5,000	5,000
Trade and other payables	—	—	—	4,105	4,105
Lease liabilities	—	—	—	98	98
Total current liabilities	—	—	—	9,203	9,203
Total liabilities	—	—	—	34,465	34,465

As per the Group's accounting policies, all carrying amounts of financial instruments at balance date approximate their fair values.

Note 22 continued...

MATURITY PROFILE OF FINANCIAL INSTRUMENTS

The following table details the Group's exposure to interest rate risk on financial instruments:

2024											
In Thousands of New Zealand Dollars	Weighted Average Effective Interest Rate	CCAF Interest Rate	Carrying Value \$'000	Contractual Cashflows \$'000	Less than 1 year \$'000	1 - 2 years \$'000	2 - 3 years \$'000	3 - 4 years \$'000	4 - 5 years \$'000	5 + years \$'000	Non Interest Bearing
Financial assets:											
Cash & cash equivalents	3.20%	3.20%	2,310	2,311	2,311	—	—	—	—	—	—
Trade & other receivables	—	—	6,983	6,983	6,983	—	—	—	—	—	6,983
Interest rate derivatives (non-current)	3.48%	(1.95%)	321	531	—	368	134	28	—	—	—
Interest rate derivatives (current)	3.48%	(1.95%)	398	460	460	—	—	—	—	—	—
Financial liabilities:											
Trade & other payables	—	—	(4,036)	(4,036)	(4,036)	—	—	—	—	—	(4,036)
Loans & borrowings (non-current)	6.25%	7.68%	(35,750)	(40,056)	(2,747)	(23,478)	(8,405)	(405)	(5,022)	—	—
Loans & borrowings (current)	6.25%	7.68%	—	—	—	—	—	—	—	—	—
Lease liabilities (non-current)	5.00%	—	(163)	(162)	—	(115)	(46)	—	—	—	—
Lease liabilities (current)	5.00%	—	(106)	(116)	(116)	—	—	—	—	—	—
			(30,043)	(34,085)	2,855	(23,225)	(8,317)	(377)	(5,022)	—	2,947
2023											
In Thousands of New Zealand Dollars	Weighted Average Effective Interest Rate	CCAF Interest Rate	Carrying Value \$'000	Contractual Cashflows \$'000	Less than 1 year \$'000	1 - 2 years \$'000	2 - 3 years \$'000	3 - 4 years \$'000	4 - 5 years \$'000	5 + years \$'000	Non Interest Bearing
Financial assets:											
Cash & cash equivalents	3.20%	3.20%	1,035	1,035	1,035	—	—	—	—	—	—
Trade & other receivables	—	—	6,509	6,509	6,509	—	—	—	—	—	6,509
Interest rate derivatives (non-current)	2.26%	(3.38%)	658	1,709	—	471	354	884	—	—	—
Interest rate derivatives (current)	2.26%	(3.38%)	541	543	543	—	—	—	—	—	—
Financial liabilities:											
Trade & other payables	—	—	(4,105)	(4,105)	(4,105)	—	—	—	—	—	(4,105)
Loans & borrowings (non-current)	5.79%	7.49%	(25,000)	(27,297)	(1,868)	(25,429)	—	—	—	—	—
Loans & borrowings (current)	5.79%	7.49%	(5,000)	(5,222)	(5,222)	—	—	—	—	—	—
Lease liabilities (non-current)	5.00%	—	(262)	(279)	—	(114)	(113)	(49)	(3)	—	—
Lease liabilities (current)	5.00%	—	(98)	(114)	(114)	—	—	—	—	—	—
			(25,722)	(27,221)	(3,222)	(25,072)	241	835	(3)	—	2,404

CREDIT RISK

The following table details the ageing of the Group's trade receivables at balance date:

In Thousands of New Zealand Dollars	Gross Receivable	Expected Credit Losses	Gross Receivable	Expected Credit Losses
	2024	2024	2023	2023
Not past due	5,167	9	6,070	18
Past due 0-30 days	898	—	75	3
Past due 31-120 days	821	5	232	12
Past due 121-360 days	53	13	104	15
Past due more than 1 year	44	5	15	2
Total	6,983	32	6,496	50

There is no collateral held or other credit enhancements for security of trade receivables.

Note 22 continued...

SENSITIVITY ANALYSIS

The following table details a sensitivity analysis for each type of market risk to which the Group is exposed:

2024

In Thousands of New Zealand Dollars	Carrying Amount	Interest rate risk				Foreign exchange risk				Other price risk			
		-100bp		+100bp		-10%		+10%		-10%		+10%	
		Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
Financial assets													
Cash and cash equivalents	2,310	(23)	—	23	—	—	—	—	—	—	—	—	—
Trade and other receivables	6,983	—	—	—	—	—	—	—	—	—	—	—	—
Interest rate derivatives (non-current)	321	(203)	—	203	—	—	—	—	—	—	—	—	—
Interest rate derivatives (current)	398	(287)	—	287	—	—	—	—	—	—	—	—	—
Financial liabilities													
Loans and borrowings (non-current)	35,750	358	—	(358)	—	—	—	—	—	—	—	—	—
Loans and borrowings (current)	—	—	—	—	—	—	—	—	—	—	—	—	—
Trade and other payables	4,036	—	—	—	—	—	—	—	—	—	—	—	—
Lease liabilities (non-current)	163	2	—	(2)	—	—	—	—	—	—	—	—	—
Lease liabilities (current)	106	1	—	(1)	—	—	—	—	—	—	—	—	—
Total increase/(decrease)		(152)	—	152	—	—	—	—	—	—	—	—	—

2023

In Thousands of New Zealand Dollars	Carrying Amount	Interest rate risk				Foreign exchange risk				Other price risk			
		-100bp		+100bp		-10%		+10%		-10%		+10%	
		Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
Financial assets													
Cash and cash equivalents	1,035	(10)	—	10	—	—	—	—	—	—	—	—	—
Trade and other receivables	6,509	—	—	—	—	—	—	—	—	—	—	—	—
Interest rate derivatives (non-current)	658	(228)	—	228	—	—	—	—	—	—	—	—	—
Interest rate derivatives (current)	541	(160)	—	160	—	—	—	—	—	—	—	—	—
Financial liabilities													
Loans and borrowings (non-current)	25,000	250	—	(250)	—	—	—	—	—	—	—	—	—
Loans and borrowings (current)	5,000	50	—	(50)	—	—	—	—	—	—	—	—	—
Trade and other payables	4,105	—	—	—	—	—	—	—	—	—	—	—	—
Lease liabilities (non-current)	262	3	—	(3)	—	—	—	—	—	—	—	—	—
Lease liabilities (current)	98	1	—	(1)	—	—	—	—	—	—	—	—	—
Total increase/(decrease)		(94)	—	94	—	—	—	—	—	—	—	—	—

Explanation of interest rate risk sensitivity

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease in 100 bps is equivalent to a decrease in interest rates of 1.00%.

The sensitivity for derivatives (interest rate swaps) has been calculated using a derivative valuation model based on a parallel shift in interest rates of -100bps/+100bps. (2023: -100bps/+100bps).

Explanation of foreign exchange risk sensitivity

The foreign exchange sensitivity is based on a reasonable possible movement in foreign exchange rates, with all other variables held constant, measured as a percentage movement in the foreign exchange rate.

No sensitivity for derivatives (forward foreign exchange contracts) has been calculated for 2024 or 2023 since the Group had no forward foreign exchange contracts in place at balance date.

Note 22 continued...

FAIR VALUE HIERARCHY

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- › Quoted market price (level 1) - Financial instruments with quoted prices for identical instruments in active markets.
- › Valuation technique using observable inputs (level 2) - Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- › Valuation techniques with significant non-observable inputs (level 3) - Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position:

In Thousands of New Zealand Dollars	VALUATION TECHNIQUE			2024
	Total	Level 1	Level 2	Level 3
Financial assets				
Derivatives – interest rate swaps	719	—	719	—
Financial liabilities				
Derivatives – interest rate swaps	—	—	—	—

In Thousands of New Zealand Dollars	VALUATION TECHNIQUE			2023
	Total	Level 1	Level 2	Level 3
Financial assets				
Derivatives – interest rate swaps	1,199	—	1,199	—
Financial liabilities				
Derivatives – interest rate swaps	—	—	—	—

There were no transfers between the different levels of the fair value hierarchy during the year and no financial instruments fall under the level 3 category.

Changing a valuation assumption to a reasonable possible alternative assumption would not significantly change fair value.

The fair value of derivatives traded in active markets is based on quoted market prices at the reporting date. The fair value of derivatives that are not traded in active markets (for example over-the-counter derivatives), are determined by using market accepted valuation techniques incorporating observable market data about conditions existing at each reporting date.

The fair value of interest rate swaps is calculated at the present value of the estimated future cash flows.

Valuation inputs for valuing derivatives are as follows:

- › Interest rate forward price - published market swap rates.
- › Discount rate for valuing interest rate derivatives - published market interest rates as applicable to the remaining life of the instrument adjusted for the credit risk of the counterparty for assets and the credit risk of the Group for liabilities.

23 COMMITMENTS AND CONTINGENT LIABILITIES

Capital expenditure commitments

As at 30 June 2024, South Port Group had entered into capital expenditure commitments to purchase a new reachstacker and undertake rock blasting at Berth 11 as well as other minor capital projects. The total cost of this capital is estimated to be \$2,320,000 (2023: dredging of the channel and the harbour as well as other minor capital projects at an estimated cost of \$4,880,000).

Contingent liabilities

At 30 June 2024 there was a claim against the Group for \$2.1 million in damages (2023: \$2.1 million), however the Group has a counter-claim against the claimant for \$5.6 million (2023: \$5.6 million). The Group has undergone arbitration in FY23 to defend the claim and is waiting on a decision from the arbitrator. The Group does not believe that it is exposed to any liability.

24 SHARE-BASED PAYMENTS

Executive Long-Term Incentive (LTI) Plan

The Group adopted an equity-settled share-based executive long-term incentive (LTI) plan during the year. Under this LTI plan, performance share rights (share rights) with a three-year vesting period are issued to participating executives. The vesting of share rights entitle the executive to the receipt of one South Port New Zealand Limited (SPN) ordinary share per share right at nil cost.

The proportion of share rights that vest depends on the Group's performance against the following performance conditions:

- › total shareholder return (TSR) exceeding a cost of equity target (Absolute TSR Hurdle);
- › total shareholder return (TSR) falling above a target percentile of the NZX50 peer group companies (Relative TSR Hurdle); and
- › earnings per share (EPS) compound annual growth rate (CAGR) exceeding a target rate (EPS CAGR Hurdle).

To the extent that performance conditions are not met, or executives leave employment of the Group prior to the end of the vesting period, the share rights are forfeited.

NUMBER OF SHARE RIGHTS ISSUED

							2024
Grant Date	Vesting Date	Balance at 1 July 2023	Granted during the year	Forfeited during the year	Vested during the year	Balance at 30 June 2024	
30 Oct 2023	30 Jun 2026	—	30,928	—	—	30,928	
Total LTI Plan		—	30,928	—	—	30,928	

Share rights are valued using a simulation model, modelling the performance of the Group and the NZX50 peer group and adjusting the present value for the value of forgone dividends prior to vesting.

The following table lists the key inputs into the valuation and fair value of the share rights at the measurement date:

		2024
Grant Date		30 Oct 2023
Vesting Date		30 Jun 2026
Vesting Period (years)		2.67
Expiry Date		30 Jun 2027
Grant Date Share Price		\$7.46
TSR Hurdles		Absolute TSR Relative TSR EPS CAGR
Volatility of the Share Price		22.6%
Risk Free Interest Rate		5.5%
Expected Dividends		\$0.81
Valuation per Share Right:		
› Absolute TSR Hurdle		\$3.55
› Relative TSR Hurdle		\$3.70
› EPS CAGR Hurdle		\$6.90

During the year ended 30 June 2024, an expense of \$36,000 (2023: nil) has been recognised in respect of the LTI plan in the Consolidated Statement of Comprehensive Income.

25 LEASES

The Group leases certain property, plant and equipment. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases and leases of low-value assets where the Group recognises the lease payments as an other operating expense on a straight-line basis over the term of the lease.

Right-of-Use Assets

										2024
In Thousands of New Zealand Dollars	Cost 1 July 2023	Additions	Disposals	Cost 30 June 2024	Accumulated Depn and Impairment charges 1 July 2023	Depn Expense	Accumulated Depn reversed on Disposal	Other	Accumulated Depn and Impairment charges 30 June 2024	Carrying Amt 30 June 2024
Land	650	7	—	657	(320)	(98)	—	—	(418)	239
	650	7		657	(320)	(98)	—	—	(418)	239

										2023
In Thousands of New Zealand Dollars	Cost 1 July 2022	Additions	Disposals	Cost 30 June 2023	Accumulated Depn and Impairment charges 1 July 2022	Depn Expense	Accumulated Depn reversed on Disposal	Other	Accumulated Depn and Impairment charges 30 June 2023	Carrying Amt 30 June 2023
Land	650	—	—	650	(223)	(97)	—	—	(320)	330
	650	—	—	650	(223)	(97)	—	—	(320)	330

Lease Liabilities

		GROUP	
In Thousands of New Zealand Dollars		2024	2023
Within one year		106	98
One to five years		163	262
More than five years		—	—
		269	360
Current		106	98
Non-current		163	262

Lease liabilities (as Lessee noted above) relate to a ten year land lease commitment with KiwiRail Limited for the lease of a parcel of land situated on the Island Harbour, Bluff, due to expire in December 2026 and a 9 year, 20 day lease commitment with KiwiRail for the lease of a parcel of land situated at Invercargill which expires in September 2027.

Amount Recognised in the Statement of Comprehensive Income

		GROUP	
In Thousands of New Zealand Dollars		2024	2023
EXPENSES			
Depreciation of right-of-use assets		98	97
Interest on lease liabilities		17	20

The total cash outflow for leases relating to Right-of-Use Assets in 2024 was \$98,000, (2023: \$113,000). This amount is split in the cash flow statement as follows:

- › financing activities relative to lease liabilities paid - \$98,000 (2023: \$93,000).
- › operating activities relative to interest paid - Nil (2023: \$20,000).

Operating leases where the Group is the Lessor.

Future minimum lease receivables under non-cancellable operating leases (as Lessor):

In Thousands of New Zealand Dollars	GROUP	
	2024	2023
Within one year	5,053	4,280
One to five years	10,267	9,845
More than five years	31,807	33,144
	47,127	47,269

Operating lease commitments (as Lessor) relate to various port land, wharves and buildings in Bluff that are leased (both short term and long term) to a number of tenants for port related activities (refer to Note 11).

26 NET CASH FLOW FROM OPERATING ACTIVITIES

The following is a reconciliation between the surplus after taxation shown in the statement of comprehensive income and the net cash flow from operating activities.

In Thousands of New Zealand Dollars	GROUP	
	2024	2023
Surplus after taxation	7,376	11,712
Add/(less) non-cash items		
Depreciation and amortisation	4,914	4,802
Net (gain)/loss on disposal	(47)	(43)
Decrease/(increase) in value of interest rate swaps	480	(246)
Increase/(decrease) in deferred tax asset	2,203	1
(Decrease)/increase in share-based payment reserve	36	—
	7,586	4,514
Add/(less) movement in working capital		
Decrease/(increase) in trade debtors and other receivables	(1,711)	497
(Decrease)/increase in trade creditors and other payables and employee entitlements	(526)	1,137
(Decrease)/increase in the provision for income tax	(1,100)	(403)
Movement in other working capital items classified as investing activities	1,161	(1,009)
	(2,176)	222
Net cash provided by operating activities	12,786	16,448

27 SEGMENTAL REPORTING

The South Port Group operates in the Port Industry in Southland, New Zealand, and therefore only has one reportable segment and one geographical area based on the information as reported to the chief operating decision maker on a regular basis.

South Port engages with one major customer which contributed individually greater than 10% of its total revenue. The customer contributed \$10.38 million for the year ended 30 June 2024 (2023: \$9.62 million).

28 **RELATED PARTY TRANSACTIONS**.....

CONTROLLING ENTITY

Southland Regional Council (Environment Southland) owns 66.48% of the ordinary shares in South Port. During the year there were no material transactions with this related party.

A total dividend of \$4,709,000 was paid to Environment Southland during the year (2023: \$4,709,000).

Rates and consents of \$26,300 were paid to Environment Southland during the year (2023: \$110,100).

Please refer to note 29 for additional related party transactions disclosed separately in relation to the Company’s subsidiary Awarua Holdings Ltd.

29 **INVESTMENT IN SUBSIDIARY COMPANY**.....

Awarua Holdings Ltd is 100% owned by South Port and has been consolidated into the South Port NZ Ltd Group results. Awarua Holdings Ltd provides management and administration services to South Port based on market rates for the services provided.

All balances owed to Awarua Holdings Ltd by South Port are classified as inter-entity receivables and are repayable on demand. All inter-entity amounts are eliminated in the consolidated financial statements. During the year ended 30 June 2024 no amounts invoiced by Awarua Holdings Ltd were written off as bad debts or included in the doubtful debts provision at balance date (2023: nil).

The Directors have reviewed the composition of the Group and its relationship with other entities, in light of the revised definition of control and have not identified additional subsidiaries, joint ventures or associates which have not previously been recognised.

30 **SUBSEQUENT EVENTS**.....

FINAL DIVIDEND

On 23 August 2024 the Board declared a final dividend for the year to 30 June 2024 for 19.50 cents per share amounting to \$5.116 million (before supplementary dividends). (2023: Final dividend declared for 19.50 cents per share amounting to \$5.116 million).



Financial and Operational Five-Year Summary

In Thousands of New Zealand Dollars	2024	2023	2022	2021	2020
FIVE-YEAR GROUP FINANCIAL SUMMARY					
Operating revenue	56,128	53,589	48,584	47,291	44,573
Total revenue	56,251	53,965	49,968	47,667	44,619
Net operating surplus before tax	13,433	16,514	17,158	14,679	13,348
Reported Group surplus after tax	7,376	11,712	12,829	10,714	9,430
Normalised Group surplus after tax**	9,956	11,504	11,162	10,452	9,447
EBITDA	21,305	22,768	21,152	18,850	17,806
Operating cashflow	12,786	16,448	13,695	15,827	12,299
Shareholders distributions paid	7,083	7,083	7,083	6,821	6,821
Total shareholders' equity	60,232	59,903	55,274	49,528	45,635
Net interest bearing debt	35,750	30,000	25,500	9,000	6,500
Property, plant and equipment	91,876	87,727	77,342	57,218	51,189
Capital expenditure	9,045	15,023	24,406	10,184	5,498
Total assets	103,364	97,906	88,136	68,673	59,411
Interest cover (times)	6.3	10.6	18.0	41.0	32.9
Shareholders' equity ratio	58.3%	61.2%	62.7%	72.1%	76.8%
Return on equity/shareholders' funds*	12.3%	20.3%	24.5%	22.5%	21.3%
¹ Return on assets*	15.9%	19.6%	23.2%	23.5%	23.7%
Basic earnings per share	28.1c	44.6c	48.9c	40.8c	35.9c
Operating cashflow per share	48.7c	62.7c	52.2c	60.3c	46.9c
Dividends declared per share	27.00c	27.00c	27.00c	27.00c	26.00c
Net asset backing per share	\$2.30	\$2.28	\$2.11	\$1.89	\$1.74
* Based on average of period start and year end balances					
** Normalised Group surplus after tax is calculated by making the following adjustments.					
Reported Group surplus after tax	7,376	11,712	12,829	10,714	9,430
Gain/Loss on sale of assets after tax	(34)	(31)	5	(21)	(21)
Interest Rate Gain/Loss after tax	346	(177)	(985)	(241)	108
Adjustment relating to prior period deferred tax on buildings IRE	—	—	(687)	—	—
Adjustment relating to tax legislation changes	2,268	—	—	—	(70)
² Normalised Group surplus after tax	9,956	11,504	11,162	10,452	9,447

In Thousands of New Zealand Dollars	2024	2023	2022	2021	2020
OPERATIONAL SUMMARY					
Cargo throughput (000's tonnes)	3,213	3,479	3,554	3,454	3,269
Cargo ship departures	324	349	305	331	335
Gross registered tonnage (000's tonnes)	6,117	6,201	5,690	6,128	5,898
Number of permanent employees	132	124	120	107	105
Total cargo ship days in port	823	900	846	865	847
Turn-around time per cargo ship (days)	2.54	2.58	2.77	2.61	2.52
Cargo tonnes per ship	9,917	9,968	11,652	10,435	9,758
Dry warehousing capacity (m ²)	36,600	36,600	36,600	38,100	38,100
Cold/cool storage capacity (m ³)	39,500	39,500	39,500	39,500	39,500

¹ Return on Assets equals Earnings Before Interest and Tax/Average Total Assets.

² Normalised Group surplus after tax removes the volatility of unrealised fair value movements, adjustments relating to tax legislation changes, and gains/losses on the disposal of assets, to provide a more consistent measure of Group performance.



ABOUT US

A summary about who we are, and operational port definitions.

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Leadership Team

Geoff Finnerty

Port General Manager
BCom, ACA, PGCertEM

Lara Stevens

KĀI TAHU

Chief Financial Officer
BCom, DipGrad, CA

Helen Young

People and Safety
Manager
LLB

Nigel Gear

Chief Executive
*BCom, Dip Port
Management*

Jamie May

Commercial Manager
BCom

Hayden Mikkelsen

Container Operations
Manager
BE (Hons), MEngNZ

Frank O'Boyle

Infrastructure and
Environmental Manager
*BEng (Civil), MIPENZ,
CPEngNZ,
Dip Port Management*



Scan the QR code to read more.

Or use the link: <https://southport.co.nz/page/?zCQM6A>

Directory

DIRECTORS

Philip Cory-Wright
Chair

Cassandra Crowley
Nicola Greer
Michelle Henderson
Clare Kearney
John Schol

Carla Harper
Intern Director

CORPORATE EXECUTIVES

Nigel Gear
Chief Executive Officer

Geoff Finnerty
Port General Manager

Lara Stevens
Chief Financial Officer

Jamie May
Commercial Manager

Hayden Mikkelsen
Container Operations Manager

Frank O'Boyle
Infrastructure and Environmental Manager

Helen Young
People and Safety Manager

GROUP COMPANIES

Parent Company
South Port New Zealand Limited

Subsidiary
Awarua Holdings Limited

AUDITOR

Deloitte as Agent for the Controller and Auditor General
Otago House, 481 Moray Place, Dunedin 9016

SOLICITORS

Preston Russell Law
45 Yarrow Street, Invercargill 9810

AWS Legal
80 Don Street, Invercargill 9810

BANKERS

ANZ
Ground Floor, ANZ Centre, 23-29 Albert Street, Auckland Central,
Auckland 1010, New Zealand

TAX ADVISORS

McIntyre Dick & Partners
160 Spey Street, Invercargill 9810

SHARE REGISTER

MUFG Corporate Markets
(formerly known as Link Market Services Limited)
A division of MUFG Pension & Market Services
Level 30, PwC Tower, 15 Customs Street West, Auckland 1010

REGISTERED OFFICE

Island Harbour, PO Box 1, Bluff 9842

CREDITS

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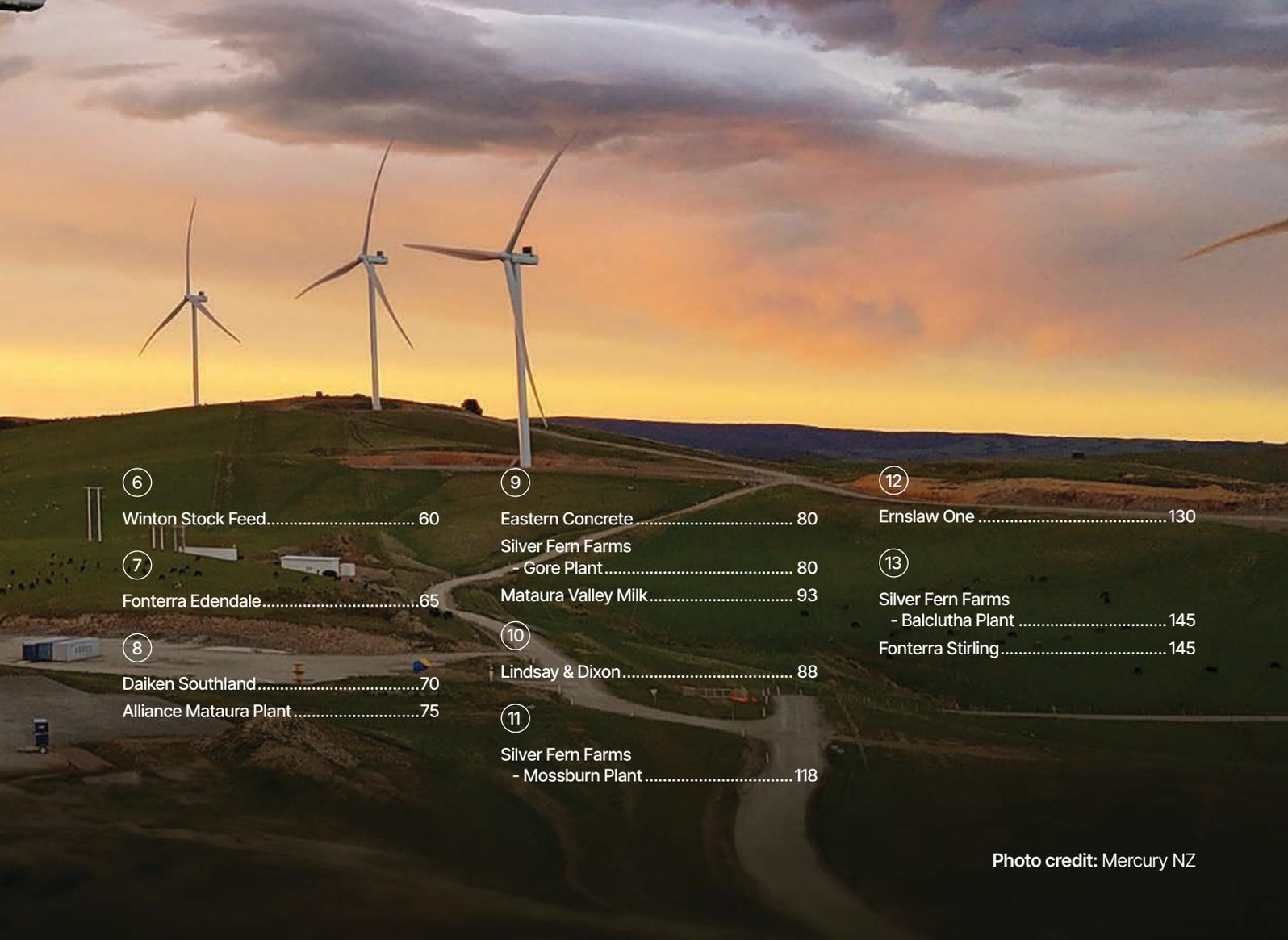
CONTACT DETAILS

Telephone +64 3 212 8159
Email reception@southport.co.nz
Website www.southport.co.nz

   South Port NZ

Southern Region Production and Cargo Locations

①	Kilometres from Bluff	②		④	
GrainCorp	0	Ballance Agri-Nutrients	15	Agrifeeds	38
ADM NZ	0	Open Country Dairy	15	Niagara Sawmilling	38
Ravensdown.....	0	South Pacific Meats.....	15	Silver Fern Farms	
Sanford Bluff.....	0	Southwood Export	15	- Kennington Plant.....	38
Southfish	0			Blue Sky Pastures	55
Stolthaven	0	③			
NZAS Tiwai Smelter.....	30	Stabcraft Marine	23	⑤	
		International Specialty Aggregates	27	Alliance Lorneville Plant	40
		Quality Foods Southland	27	Alliance Makarewa Plant	45
		Sims Pacific Metals	27	Pyper's Produce	45
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Island Harbour, PO Box 1,
Bluff 9842, New Zealand

+64 3 212 8159
reception@southport.co.nz

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