



HALF YEAR REPORT 2025

And unaudited financial statements
for the six months ended 31 December 2024



Stronger Connections. Hononga Whaikaha. Better New Zealand. Oranga mō Aotearoa.

Connected to our customers and the future needs of their businesses.

Connected to the communities we serve and operate in.

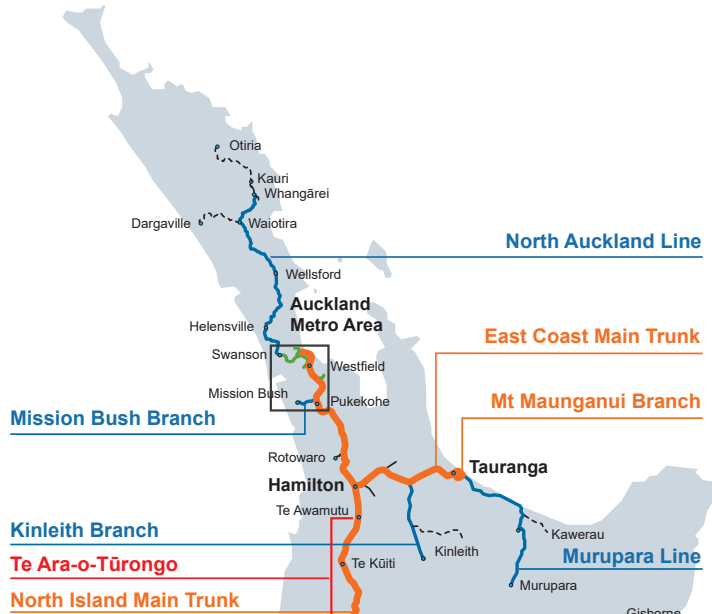
Connected to each other, for the good of the country.

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Our customers and passengers in Auckland will enjoy improved reliability following huge progress made across the network during the extended summer rail closure.

The New Zealand rail network



Marton - New Plymouth Line



Stillwater - Ngakawau Line

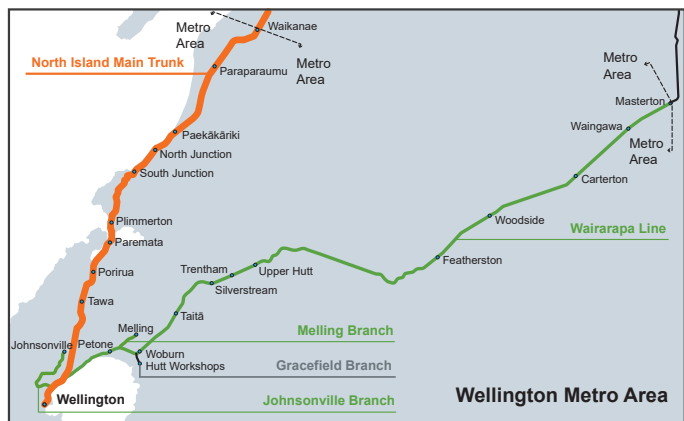
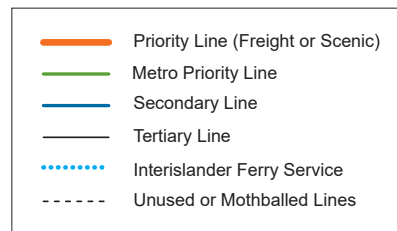
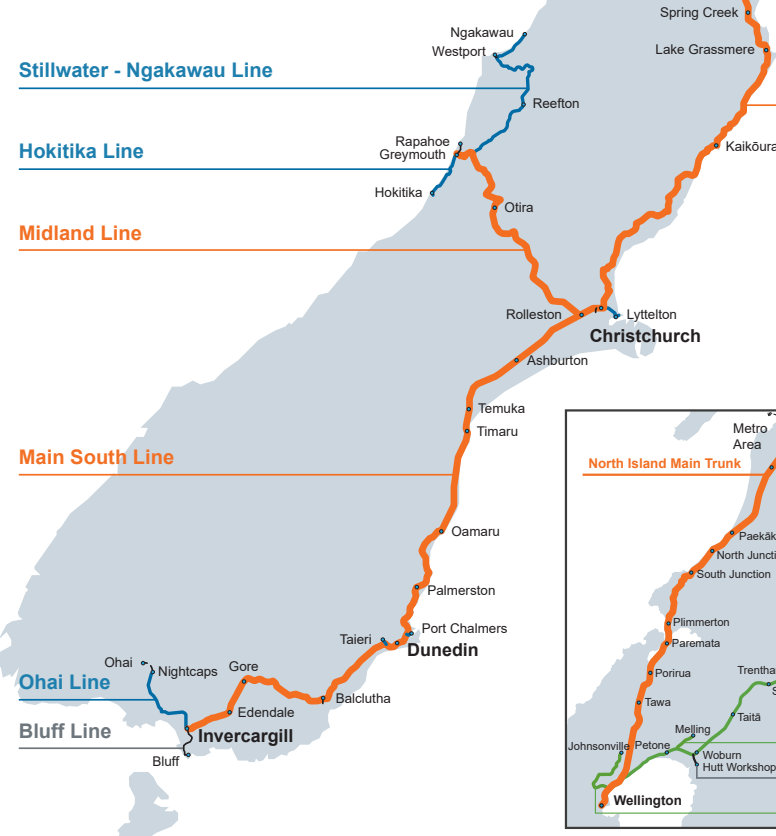
Hokitika Line

Midland Line

Main South Line

Ohai Line

Bluff Line



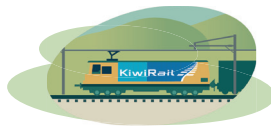
Overview of KiwiRail

We operate an integrated Services and Infrastructure Business



Value

The total value of rail to New Zealand's economy is \$3.3 billion every year*
 An estimated 210 minor injuries, serious injuries and deaths on the road are avoided each year by using rail*



Sustainability

Reduce heavy vehicle impact by 1 million truck journeys per year
 Every tonne of freight carried by rail delivers a 70% emissions saving over road



Community

Strong public support for a modern, efficient rail and ferry network
 Public recognition of rail and ferries as critical infrastructure
 Efficient movement of people and goods underpins the economy

Services

Freight



Move around 15 million tonnes of freight
 Transport around 18% of New Zealand's exports and imports
 Connect more than 300 customers' freight supply chains

Great Journeys New Zealand



Offer tourism experiences connecting Auckland, Wellington and Christchurch with regional New Zealand
 Operate Te Huia and Capital Connection

Interislander



Operate three ships making around 3400 sailings per year. We move around 73,000 commercial vehicles and provide around 600,000 passenger trips
 Connect State Highway 1 across Cook Strait

Property



Manage a portfolio worth \$4.3 billion with more than 18,000 hectares of land leased from NZRC
 Own more than 900 buildings
 Manage 10,000+ leases, licences and grants

Infrastructure



Metro networks

Manage the metro networks supporting more than 25 million metro commuter trips each year



Track

Operate and maintain 3800km of track



Infrastructure

3096 signals
 1444 public level crossings
 105 tunnels
 1367 bridges

Resources



Property (see Services)



Rolling stock and ferries

4500 wagons
 241 locomotives and shunts
 3 ferries



Our team

4800 employees
 20% women in the workforce
 32% under 35 years old

* Australasian Railway Association, The Benefit of Rail to New Zealand - EY 2024.

How KiwiRail creates value

Purpose

Stronger Connections.
Better New Zealand.

Ambition

To grow our business by winning customer loyalty.

How we are transforming and creating value

At KiwiRail, we create value over the short, medium and long term by:

- Elevating our business to be customer led
- Strengthening our core freight and property business
- Growing our earnings
- Building our Services Business to stand on its own two feet
- Building our infrastructure network so that it is an efficient and reliable partner
- Harnessing our deep sense of pride, expertise and union engagement



Roxanne Lewis, Apprentice Mechanical Engineer at KiwiRail's revitalised Hillside Workshops where new wagons are being rolled out to help us reliably deliver customers' freight.

Inputs



People and Safety



Customers



Partnerships



Environment

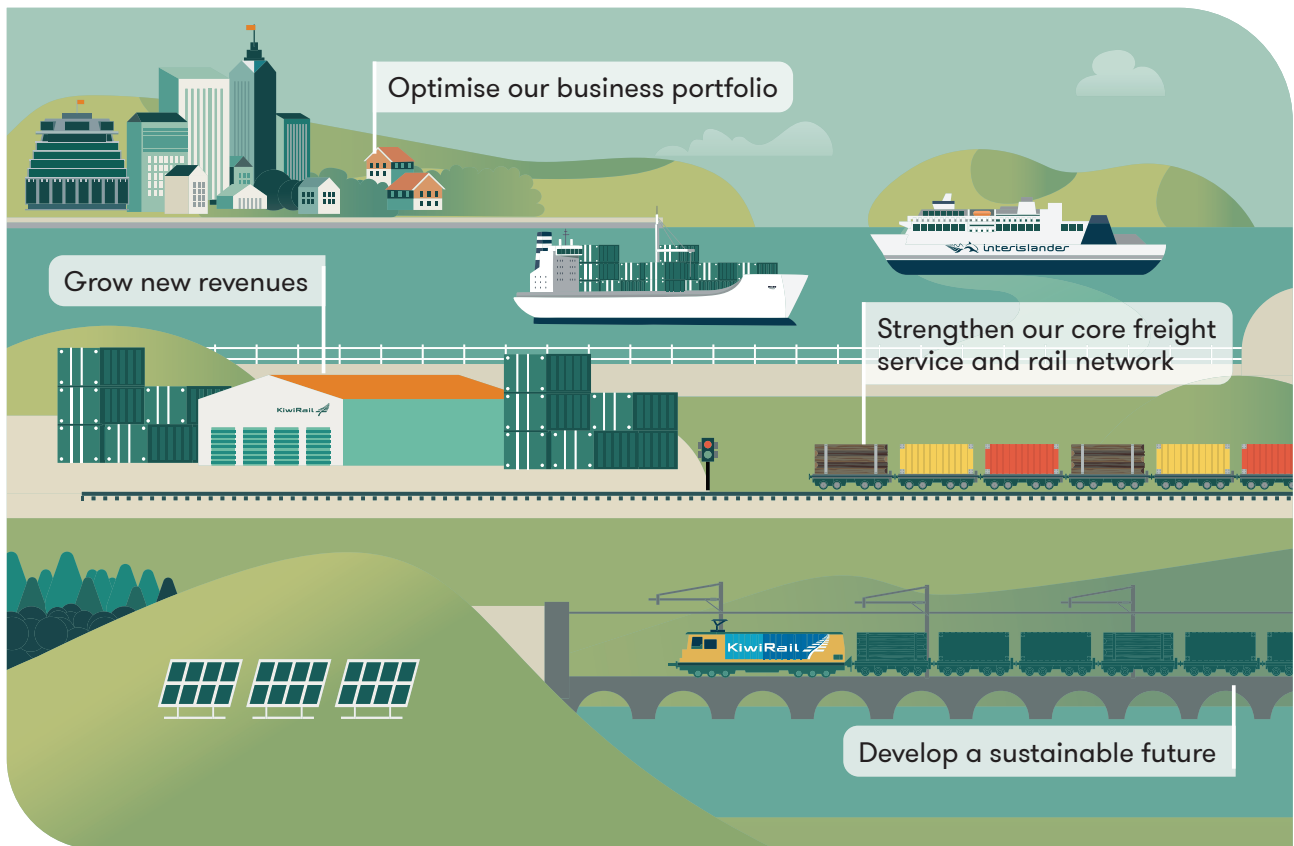


Assets



Commercial

Strategic priorities



Transformation outcomes



Zero injuries every day



Superior customer service



Easier to do business with



Reliable and efficient



Proud, connected culture



Sustainability

We operate an integrated Services and Infrastructure Business



Freight



Property



Services



Interislander



Tourism



Infrastructure



Infrastructure



Track

The Services Business provides:

- Rail logistics services to freight markets.
- Ferry services to rail and road freight markets, and for passengers and private vehicles.
- Passenger rail services for public transport and tourism markets.
- Property management and development for rail operations and third-party land use.

The Services Business is receiving Government funding support for major asset replacements (e.g. rolling stock), but in the near future needs to make sufficient operating surpluses to fund its ongoing investment and financing costs.

The Infrastructure Business delivers:

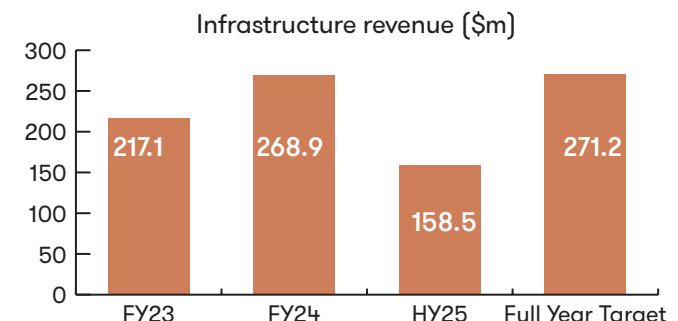
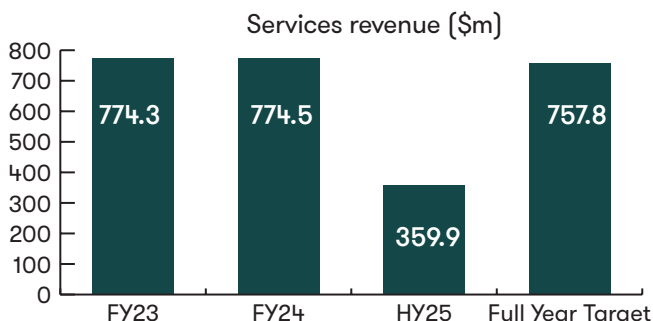
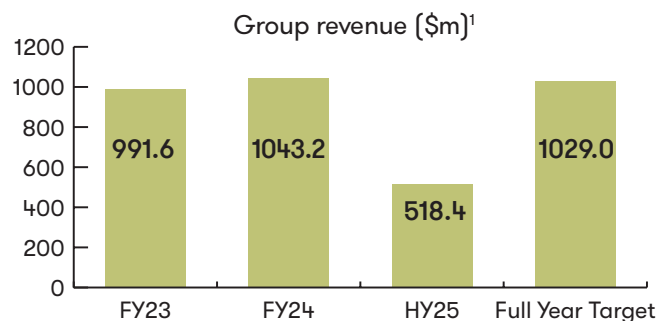
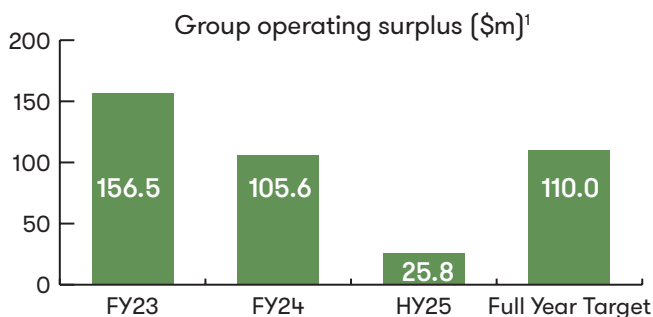
- Infrastructure expertise, providing core maintenance, renewals and our improvements programme in the rail network for all rail users.

The rail network is funded primarily by the Government, with the Rail Network Investment Programme (RNIP) funded through the National Land Transport Fund (NLTF), and major improvement projects through specific funding such as the New Zealand Upgrade Programme (NZUP). The principal source of funding for RNIP is the NLTF, administered by New Zealand Transport Agency. The NLTF funding is supplemented with direct Crown contributions, track access fees paid by rail users, and a track user charge paid by KiwiRail.

The Services and Infrastructure Businesses are supported by shared corporate services including the Safety, Health and Wellbeing, Finance, Legal, Human Resources, ICT, Policy and Funding, Communications and Strategy teams.

Overview of Services and Infrastructure performance

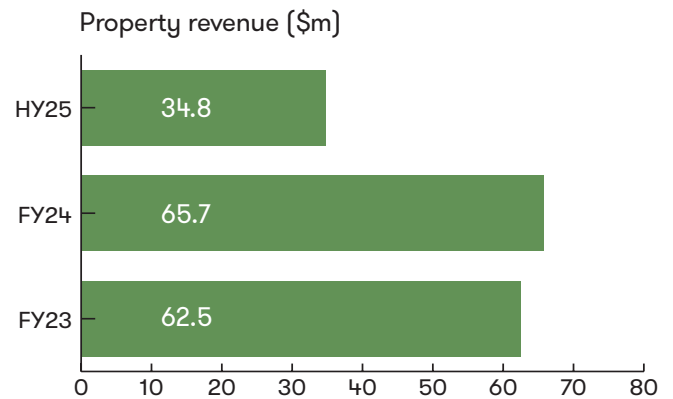
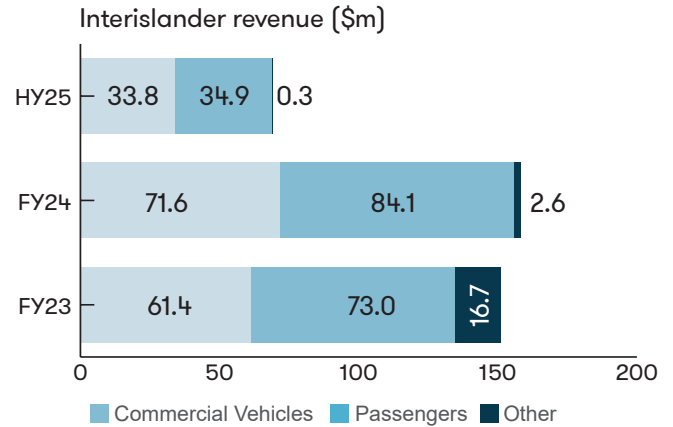
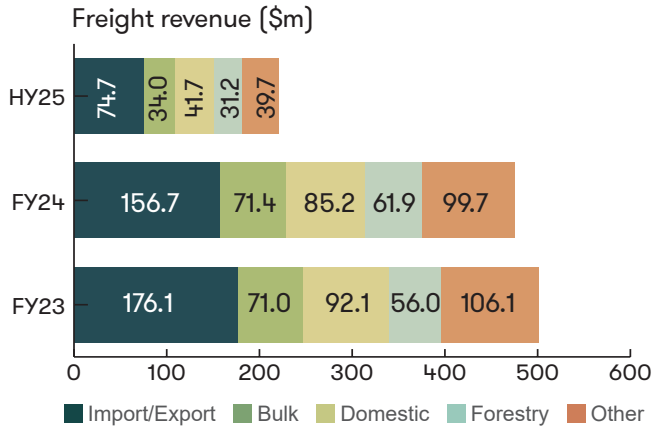
	\$m		
	Group	Services Business	Infrastructure Business
Operating revenue	518.4	359.9	158.5
Operating expenses	(492.6)	(334.1)	(158.5)
Operating surplus	25.8	25.8	-
Capital expenditure	497.0	140.9	356.1



Group performance headlines:

- Refreshed approach to the Safety, Health and Wellbeing Strategy with Critical Risk and Safety Governance taken on at individual business unit level.
- An 11 per cent improvement in Total Recordable Injury Frequency Rate (TRIFR) and a 14 per cent improvement in High-Potential critical near miss events, an indicator of severe safety risks, compared to this time last year.
- Operating surplus of \$25.8 million for the six months ended 31 December 2024 which includes one-off effects including the partial collapse of the Tawhai tunnel and redundancy payments for business transformation initiatives incurred to build KiwiRail Services into a sustainable business. If these impacts were excluded the result would have been \$7.1 million better than the same period last year.
- \$497 million invested in assets and capital projects.
- The major initiative to transform KiwiRail continued in the Services and Infrastructure businesses, with significant changes and benefits.
- Diversity numbers are similar to last year, with more work to do.
- Chief Executive Peter Reidy was appointed to the steering team of the Climate Leaders Coalition. This is a CEO lead community of over 80 organisations, to advance New Zealand's commitment to reduce carbon emissions and to lead the way on climate change in New Zealand.

1. Group revenue and Group operating surplus in FY23 excludes \$1.1m impact of non-recurring items.

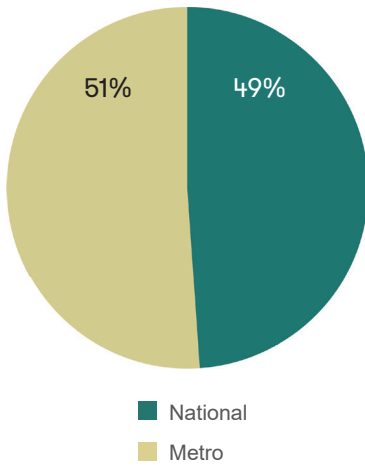


Services performance headlines:

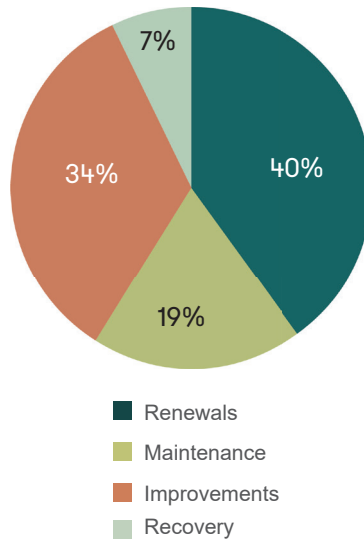
- Our transformation journey is a major initiative and continued in the first half of the year. Our ambition is to grow by winning customer loyalty and to do this we need to focus on operational excellence, deliver consistent, superior customer service and develop a growth mindset as ONE KiwiRail. We have delivered savings of \$20 million in the HY25 and we are seeing positive changes in the way our people are working together to improve service and reduce costs.
- Freight volumes of 1.6 billion net tonne kilometres were down 7 per cent compared to the same period last year, due to difficult trading conditions that include a soft domestic economy, the closure of a key forestry customer and major network outages impacting high volume coal and export routes.
- Auckland and Wellington metros carried approximately 12.8 million passengers, up 1 per cent on the same time last year.
- Interislander carried around 250,000 passengers and 600,000 lane meters of commercial vehicles, similar to volumes for the same time last year. December passenger numbers in excess of 90,000 reflect strong private vehicle volume share during the HY25. In December, we carried around 33,000 vehicles, which was close to historical highs.
- Commuter had a combined increase of 3 per cent in passenger volumes across Te Huia and Capital Connection, building on the 2024 customer satisfaction rating of 99 per cent for Te Huia; a tribute to our onboard staff.
- Great Journeys New Zealand domestic demand was soft during the winter but rebounded, with strong forward bookings in place for 2025 as well as several new services for New Zealanders to look forward to.
- Activity in our capital projects included:
 - Major rolling stock procurement contracts signed for 550 25ft curtain-side containers to replace box wagons, 450 CFT wagons and 11 electric heavy shunts.
 - The first two of 66 DM locomotives arrived in October, seven EF electric locomotives were refurbished and brought back into service and two electric shunts will arrive in March.
 - Blessing of the new Hillside Workshops in South Dunedin saw the conclusion of a multi-year redevelopment project and the re-start of wagon assembly work.

Infrastructure rail network

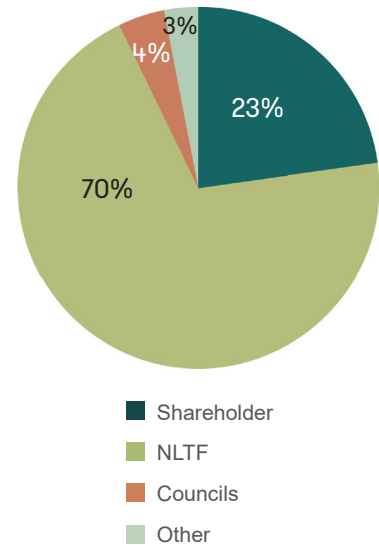
HY25 Infrastructure spend by business segment



HY25 Infrastructure spend by type



HY25 Infrastructure spend by funding source



Infrastructure performance headlines:

- KiwiRail's Infrastructure Business is delivering for New Zealand in tough economic conditions which have hit the transport services and infrastructure markets. Our transformation journey is focused on people engagement to deliver savings, growth and improved value.
- The second quarter of HY25 saw significant resources diverted to remediate the partial collapse in the Tawhai tunnel on the West Coast and ongoing weather events involving clearing of slips. Tawhai tunnel fully re-opened for coal trains in January 2025.
- Completed the final installation and energisation of overhead electric lines on the \$419 million project to extend the Auckland Metro Network from Papakura to Pukekohe (P2P), a major milestone allowing for full operation of the lines in 2025. P2P is the largest-scale electrification project since the Auckland Electrification Project in 2015.
- Mainfreight celebrated the opening of its first new rail siding in nine years on Hugo Johnson Drive in Auckland.
- Wairarapa level crossing upgrade work continued as part of the Future Rail partnership with Greater Wellington Regional Council to improve commuter services.
- Reopened the North Auckland Line which was damaged in the January 2023 Cyclone Gabrielle severe weather event, which closed the route between Swanson and Whangārei for 20 months.
- Worked closely with Auckland Transport, City Rail Link and others to prepare for the Auckland Christmas block of line work closures (where services are temporarily suspended to allow access to the network). This was the first of a series of closures to allow for the critical rail network upgrades required before City Rail Link opens in 2026.
- Wellington block of line work commenced on 26 December and ran through to 12 January, undertaking vital track maintenance.
- Finished a three-year project to design and build a rail siding extension to Coca-Cola at its Mt Wellington Distribution Centre. The centre avoids 7,000 truck movements each year that would otherwise go through Central Auckland and on North Island roads.

Chair and Chief Executive report



Customers' freight travelling safely in our new curtain sider wagons, which feature flora and fauna found in the regions the rail corridor passes through.

Moving freight and people is at the heart of KiwiRail's business. Despite the difficult economic and trading environment and a lower operating surplus than for the same period last year, KiwiRail continued to deliver on our transformation initiatives to lift service reliability, drive efficiency for our customers and deliver for New Zealand in the half year to 31 December 2024.

Supply chains are a barometer of the economy. KiwiRail has faced a weak trading environment in the half year. It has been dominated by a subdued domestic economy, changing import flows and a delayed lift in seasonal export volumes. In addition we have grappled with one-off impacts including the closure of Winstone Pulp International and subsequent loss of volume, loss of coal volume as a result of the Tawhai tunnel collapse and a delayed start to the north Auckland Rail dairy volume due to the lasting impacts of Cyclone Gabrielle. Combined, these factors led to KiwiRail's freight volumes being down 7 per cent in HY25, compared with the same period last year, and 2 per cent down across all segments if the impact of pulp and coal reductions are excluded.

The operating surplus for KiwiRail's commercial services business was \$25.8 million which was \$14.7 million behind last year, reflecting lower revenue and some one-off effects.

These included redundancies and effects of the partial collapse of the Tawhai tunnel. The tunnel reopened in January 2025 with additional coal trains scheduled to run to help make up for the months-long outage.

Despite the challenging trading conditions, there were many bright spots in the half year.

Nothing is more important to KiwiRail than the safety of our teams and the public. Our multi-year programme to lift our safety performance embeds the belief that every accident is preventable. In HY25 we recorded an 11 per cent improvement in our Total Recordable Injury Frequency Rate and a 14 per cent improvement in High-Potential critical near miss events, an indicator of severe safety risks, compared to this time last year. We are on track to meet our year-end safety targets.

In August, the Australasian Railway Association released its report, *The*

Benefits of Rail to New Zealand, calculating that the rail industry provides more than \$3.3 billion in economic benefits to New Zealand. This incorporates environmental gains, and nearly \$1 billion of GDP. Those benefits are increasingly recognised by our customers and stakeholders. Moving a tonne of freight by rail produces around 70 per cent fewer greenhouse gas emissions than moving it by truck. In the six months to 31 December, rail freight volumes of 1.6 billion net tonne kilometres resulted in 105,000 fewer tonnes of CO₂ emissions, a 39.4 million litre fuel saving and less congestion and wear and tear on the roads, than if that same freight had moved by truck. These are significant savings that matter to us, to our customers, and to New Zealand.

Reducing carbon is increasingly important to our customers – whether it's someone choosing to commute to work by rail in Auckland or Wellington, or major exporters reducing the carbon

footprint of their supply chain.

KiwiRail is embracing a transformation programme, aligned with our vision to be our customers' first choice as a trusted and sustainable partner to move freight and people. Our change focus is centred on our ambition to grow value by winning customer loyalty. To move our vision forward by attracting more volume through our network, we improve operational excellence to be more competitive, and deliver improved reliability and, on-time performance.

To support our change initiative, we have set up a transformation team working with a large number of people across the company. We have delivered savings of \$20 million in the first six months of FY25 and are seeing our people working together in new ways to enable faster, improving service and reducing costs. We will maintain this momentum.

As part of our focus on operational excellence, and to better match our services to demand, the size of our total KiwiRail team is being reduced through natural attrition and redundancies and through reductions in project teams as major capital projects finish and become part of our day-to-day business.

Change is unsettling and it is important to us to continue harnessing the pride that our team has in working for rail. Since the 1850s rail has done New Zealand's heavy lifting and as we introduce new technology in everything from booking systems to signals, rail and ferry services will continue to be valuable elements of an integrated transport system.

The first two prototypes of a new fleet of locomotives are currently being commissioned in the South Island. Alongside new wagons, our fleet is transitioning from an aged and complex fleet that is expensive to maintain, to a young fleet with modern technology and improved environmental credentials that will help us deliver improved capacity, better reliability and on-time performance for our customers.

Auckland and Wellington metro networks enable more than 25 million commuter trips each year with numbers increasing in the latest half year. The Government is readying Auckland for the opening of City Rail Link (CRL) next year and additional trains will be introduced in Wellington by 2030.

Major blocks of line (where services are temporarily suspended to allow access to the network) started at Christmas – commencing a 14-month rolling programme in Auckland where a decade's worth of maintenance work will happen. When this is completed and CRL opens, central city train movements will double in Auckland.

As we complete many of our multi-year capital improvement projects, we are entering a period where we and our customers can reap the value from unprecedented levels of investment into the rail network.

In Wellington, the 89-year-old switches and levers used to guide trains in and out of the busy Wellington Railway Station were replaced in December with a new computer-based signalling system as part of a gradual and ongoing introduction of reliable technology across KiwiRail's network and operations.

Auckland's electrified metro rail network now extends south to Pukekohe. This major project was completed on time and is one of many significant improvements delivered following government investment over recent years.

As we complete many of our multi-year capital improvement projects, we are entering a period where we and our customers can reap the value from unprecedented levels of investment into the rail network.

In December, the Government confirmed that it will buy two new ferries for Cook Strait. We welcome the commitment of capital to this vital connection.

Interislander ferries are the workhorses of Cook Strait. Together they make

around 3,400 sailings a year, providing around 600,000 passenger trips and carrying about 73,000 trucks, which keeps essential freight moving between the North and South Islands. In this half year, Interislander has been lifting its reliability and building back to strong volumes with the ships operating at almost 100 per cent reliability (excluding disruptions caused by weather) since the return of the fleet from deep maintenance programmes in October. Continued rebuild of international passenger numbers post Covid, improved booking processes, better capacity management, increased passenger capacity aboard Kaiarahi and hard work by our ship and shore teams, including during a rough patch of weather in Cook Strait after Christmas, contributed to generating extra volumes.

Private vehicle numbers carried by Interislander have also been climbing and in December we carried over 33,000 vehicles, which was near our all-time high for this period. Aratere is scheduled to go to dry dock in 2025, continuing the enhanced maintenance programme to which KiwiRail is committed for the Interislander fleet.

Despite difficult trading conditions and one-off network outages impacting us in the first half year, we are looking ahead with optimism. We remain focussed on safely achieving our targets, improving delivery for our customers, and building our capability, skills, pride and talent so we continually improve.

We have a clear vision and plan for the future with a commitment to increase our value for New Zealanders as our owners.



Rob Jager
Acting Chair



Peter Reidy
Chief Executive

Financial Statements

KiwiRail Holdings Limited and subsidiaries

Statement of Comprehensive Income

For the six months ended 31 December 2024

GROUP	Note	6 months ended 31 Dec 2024 (Unaudited)	6 months ended 31 Dec 2023 (Unaudited)	Year ended 30 June 2024 (Audited)
		\$m	\$m	\$m
Operating revenues	2	518.4	506.0	1,043.2
Operating expenses	3	(492.6)	(465.5)	(937.6)
Operating surplus		25.8	40.5	105.6
Capital grants	4	207.2	246.6	575.9
Depreciation and amortisation		(67.4)	(58.8)	(149.9)
Foreign exchange and commodity gains		21.7	7.0	50.7
Impairment		(286.2)	(401.9)	(1,022.2)
Insurance proceeds		0.1	4.7	4.6
Movement in value of investment properties		-	-	(13.3)
Net finance income	5	3.8	7.7	21.7
Other costs	6	(24.9)	(253.0)	(267.8)
Other income		3.9	0.2	47.8
Net (deficit) before taxation		(116.0)	(407.0)	(646.9)
Income tax expense		-	-	-
Net (deficit) after taxation		(116.0)	(407.0)	(646.9)
Other comprehensive income/(loss)				
<i>Items that can be reclassified into net surplus/deficit:</i>				
Gains/(losses) from cash flow hedges		22.8	(51.0)	(87.4)
<i>Items that cannot be reclassified into net deficit/surplus</i>				
Asset revaluation		(2.2)	(0.1)	37.9
Gain/(loss) on share investment		0.2	(0.1)	-
Total comprehensive (loss)		(95.2)	(458.2)	(696.4)

The accompanying notes form part of these financial statements.

KiwiRail Holdings Limited and subsidiaries
Statement of Financial Position

As at 31 December 2024

GROUP	Note	31 Dec 2024 (Unaudited)	31 Dec 2023 (Unaudited)	30 June 2024 (Audited)
		\$m	\$m	\$m
Current assets				
Cash and cash equivalents		369.1	283.6	232.9
Short-term deposits		40.0	60.0	20.0
Trade and other receivables		141.1	186.0	211.8
Inventories		156.6	173.4	159.1
Financial assets		54.0	13.4	21.8
		760.8	716.4	645.6
Non-current assets				
Property, plant and equipment		1,619.9	1,532.7	1,479.2
Right-of-use assets		132.6	108.8	135.8
Investment property		145.6	107.3	141.9
Intangible assets		10.6	15.9	-
Financial assets		48.5	40.3	37.1
Trade and other receivables		369.5	243.4	374.2
		2,326.7	2,048.4	2,168.2
Total assets		3,087.5	2,764.8	2,813.8
Current liabilities				
Trade and other liabilities	7	418.5	346.4	437.8
Employee entitlements		132.6	129.2	129.2
Financial liabilities		55.7	31.0	37.7
Provisions		20.6	71.7	17.5
		627.4	578.3	622.2
Non-current liabilities				
Trade and other liabilities	7	141.0	123.9	128.8
Employee entitlements		41.5	40.3	43.5
Financial liabilities		145.0	134.2	160.8
		327.5	298.4	333.1
Total liabilities		954.9	876.7	955.3
Equity				
Share capital		5,348.7	4,751.1	4,969.6
Retained earnings		(3,322.1)	(2,946.7)	(3,196.3)
Asset revaluation reserve		91.2	55.6	93.4
Cash flow hedge reserve		14.8	28.4	(8.0)
Share valuation reserve		-	(0.3)	(0.2)
		2,132.6	1,888.1	1,858.5
Total liabilities and equity		3,087.5	2,764.8	2,813.8



Rob Jager
Acting Chair
25 February 2025



Bruce Wattie
Chair of Risk, Audit and Assurance Committee and Director
25 February 2025

The accompanying notes form part of these financial statements.

Statement of Movements in Equity

For the six months ended 31 December 2024

GROUP	Note	Share Capital	Retained Earnings	Asset Revaluation Reserve	Cash Flow Hedge Reserve	Share Revaluation Reserve	Total
		\$m	\$m	\$m	\$m	\$m	\$m
As at 30 June 2023 (Audited)		4,324.8	(2,521.8)	55.7	79.4	(0.2)	1,937.9
Net deficit for the period		-	(407.0)	-	-	-	(407.0)
Other comprehensive loss		-	-	(0.1)	(51.0)	(0.1)	(51.2)
Total comprehensive (loss)		-	(407.0)	(0.1)	(51.0)	(0.1)	(458.2)
Transactions with owners							
Capital investment		426.3	-	-	-	-	426.3
Crown appropriation - land transactions	10	-	(17.9)	-	-	-	(17.9)
As at 31 December 2023 (Unaudited)		4,751.1	(2,946.7)	55.6	28.4	(0.3)	1,888.1
Net deficit for the period		-	(239.9)	-	-	-	(239.9)
Other comprehensive income/(loss)		-	-	38.0	(36.4)	0.1	1.7
Revaluation reserve of disposed assets		-	0.2	(0.2)	-	-	-
Total comprehensive (loss)/income		-	(239.7)	37.8	(36.4)	0.1	(238.2)
Transactions with owners							
Capital investment		218.5	-	-	-	-	218.5
Crown appropriation - land transactions	10	-	(9.9)	-	-	-	(9.9)
As at 30 June 2024 (Audited)		4,969.6	(3,196.3)	93.4	(8.0)	(0.2)	1,858.5
Net deficit for the period		-	(116.0)	-	-	-	(116.0)
Other comprehensive (loss)/income		-	-	(2.2)	22.8	0.2	20.8
Total comprehensive (loss)/income		-	(116.0)	(2.2)	22.8	0.2	(95.2)
Transactions with owners							
Capital investment		379.1	-	-	-	-	379.1
Crown appropriation - land transactions	10	-	(9.8)	-	-	-	(9.8)
As at 31 December 2024 (Unaudited)		5,348.7	(3,322.1)	91.2	14.8	-	2,132.6

The accompanying notes form part of these financial statements.

KiwiRail Holdings Limited and subsidiaries
Statement of Cash Flows
For the six months ended 31 December 2024

GROUP	Note	6 months ended	6 months ended	Year ended
		31 Dec 2024 (Unaudited)	31 Dec 2023 (Unaudited)	30 June 2024 (Audited)
		\$m	\$m	\$m
Cash flows from operating activities				
Receipts from customers		466.9	475.5	858.3
Receipts from the National Land Transport Fund		101.1	70.2	147.9
Operating appropriation receipts		-	-	47.0
Interest received		7.5	10.0	33.8
Payments to suppliers and employees		(566.8)	(587.7)	(1,059.5)
Payments for interest on borrowings		-	0.7	(0.5)
Payments for interest on leases		(4.0)	(2.9)	(11.5)
Net cash from operating activities	9	4.7	(34.2)	15.5
Cash flows from investing activities				
Sale of property, plant and equipment		4.6	24.7	31.7
Capital grant receipts		56.2	126.9	281.3
National Land Transport Fund receipts		274.8	222.4	478.5
Insurance proceeds		0.1	4.7	54.6
Purchase of property, plant and equipment and investment properties		(530.1)	(665.7)	(1,407.6)
Purchase of intangibles		(11.5)	(19.4)	(56.2)
(Purchase)/Maturity of short-term deposits		(20.0)	(20.0)	20.0
Net cash used in investing activities		(225.9)	(326.4)	(597.7)
Cash flows from financing activities				
Crown capital investment		379.0	426.3	644.8
Proceeds from NZRC land sales		-	-	2.1
Payment for NZRC land acquisitions		(9.8)	(17.9)	(29.9)
Repayment of loans		-	-	(25.0)
Lease payments		(11.8)	(10.4)	(23.1)
Net cash from financing activities		357.4	398.0	568.9
Net increase/(decrease) in cash and cash equivalents		136.2	37.4	(13.3)
Cash and cash equivalents at the beginning of the period		232.9	246.2	246.2
Cash and cash equivalents at the end of the period		369.1	283.6	232.9

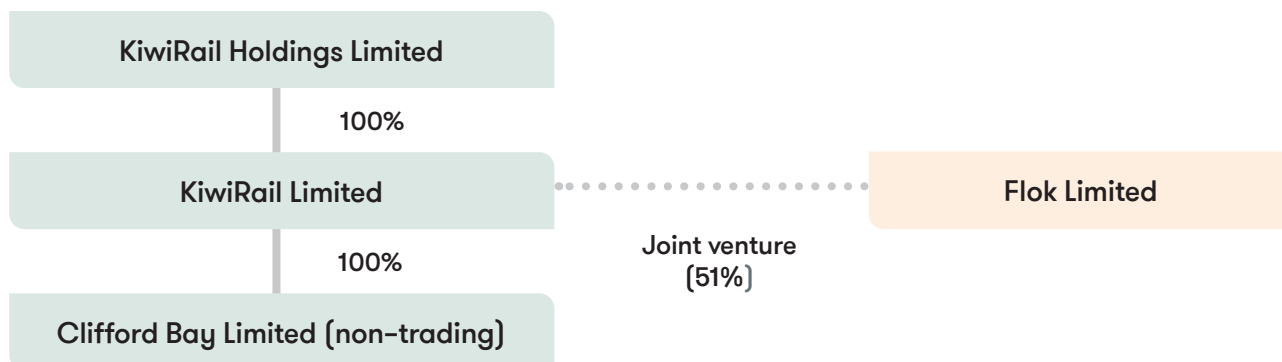
The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the six months ended 31 December 2024

1. REPORTING ENTITY

KiwiRail Holdings Limited (“KiwiRail”, “the Parent”) is a company domiciled in New Zealand, registered under the Companies Act 1993 and is included within the First Schedule of the State-Owned Enterprises Act 1986. The beneficial shareholder of the Parent is the Crown. The Group comprises KiwiRail Holdings Limited, and its subsidiaries as detailed in the diagram below:



The following activities are carried out by the Group:

- Ownership and operation of the national rail network
- End-to-end freight transport supply chain services that connect customers with global and domestic markets
- Ferry services (forming the ‘bridge’ between the North and South Islands) for rail and road freight and for passengers and their vehicles
- Support for rail passenger services in metropolitan areas and long-distance services for both domestic and international tourist markets
- Management and development of property for rail operations and appropriate third-party land use

The unaudited, condensed interim financial statements of the Group are for the six months ended 31 December 2024 (“the interim financial statements”) and were authorised by the Board of Directors on 25 February 2025.

BASIS OF PREPARATION

Statement of compliance

The interim financial statements have been prepared in accordance with NZ IAS 34 Interim Financial Reporting. They meet the requirements of the State-Owned Enterprises Act 1986, the Companies Act 1993 and the Financial Reporting Act 2013. The Group is designated as a for-profit entity.

The interim financial statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the audited financial statements for the year ended 30 June 2024 included in the Group’s Annual Integrated Report.

The interim financial statements have been prepared on the basis of historical cost, except for certain non-financial assets and derivative financial instruments, which have been valued at fair value.

All monetary amounts are New Zealand dollars and all values are expressed in millions of dollars (\$m).

Accounting policies

All accounting policies have been applied on a basis consistent with those used and described in the audited financial statements for the year ended 30 June 2024.

Comparatives

The presentation of some information has changed from the previous period with prior period balances re-classified to be comparable with current year figures.

Notes to the Financial Statements

For the six months ended 31 December 2024

2. OPERATING REVENUES

	6 months ended 31 Dec 2024 (Unaudited)	6 months ended 31 Dec 2023 (Unaudited)	Year ended 30 June 2024 (Audited)
	\$m	\$m	\$m
Freight	221.3	240.0	474.9
Interislander	69.0	72.8	158.3
Property	34.8	32.3	65.7
Scenic and Commuter	23.8	20.1	46.1
Other	11.0	9.8	29.3
Funding from the National Land Transport Fund	100.9	82.5	169.9
Infrastructure	57.6	48.5	99.0
Total operating revenues	518.4	506.0	1,043.2

3. OPERATING EXPENSES

	6 months ended 31 Dec 2024 (Unaudited)	6 months ended 31 Dec 2023 (Unaudited)	Year ended 30 June 2024 (Audited)
	\$m	\$m	\$m
Salaries and wages	313.2	312.4	614.0
Restructuring	9.3	0.6	2.8
Employer contributions	13.9	11.3	23.1
Other employee expenses	8.1	10.9	9.8
Total employee expenses	344.5	335.2	649.7
Amount capitalised	(98.9)	(114.9)	(206.5)
Total employee costs expensed	245.6	220.3	443.2
Materials and supplies	84.1	81.4	169.0
Fuel and traction electricity	52.4	65.1	125.1
Lease and rental costs	16.2	18.7	33.0
Incidents and insurance	21.2	25.0	50.8
Contractors' expenses	8.4	5.3	9.8
Audit fees	0.5	0.3	0.8
Impairment of receivables	0.3	0.1	0.1
Directors' fees	0.2	0.2	0.4
(Gain) on disposal of property, plant and equipment	(0.3)	(1.0)	(3.9)
Other expenses	64.0	50.1	109.3
Total operating expenses	492.6	465.5	937.6

Notes to the Financial Statements

For the six months ended 31 December 2024

4. CAPITAL GRANTS

	6 months ended 31 Dec 2024 (Unaudited)	6 months ended 31 Dec 2023 (Unaudited)	Year ended 30 June 2024 (Audited)
	\$m	\$m	\$m
Ministry of Transport	0.6	0.2	24.7
National Land Transport Fund	167.7	136.6	338.8
Local and Regional Councils	17.5	31.7	67.9
Auckland Transport	9.4	56.0	113.2
City Rail Link	5.7	19.9	27.0
NZ Transport Agency Waka Kotahi	5.4	2.0	2.4
Ministry of Business, Innovation and Employment	0.6	0.2	1.2
Other	0.3	-	0.7
Total capital grant income	207.2	246.6	575.9

5. NET FINANCE INCOME/(EXPENSES)

	6 months ended 31 Dec 2024 (Unaudited)	6 months ended 31 Dec 2023 (Unaudited)	Year ended 30 June 2024 (Audited)
	\$m	\$m	\$m
Finance income			
Interest income on bank deposits	8.1	10.6	19.6
Gain on interest rate swaps designated as hedging instruments reclassified from equity to net deficit	-	-	13.8
	8.1	10.6	33.4
Less finance expenses			
Interest expense on borrowings	-	-	(0.2)
Interest expense on leases	(4.0)	(2.9)	(11.5)
Other interest expense	(0.3)	-	-
	(4.3)	(2.9)	(11.7)
Net finance income	3.8	7.7	21.7

6. OTHER COSTS

	Note	6 months ended 31 Dec 2024 (Unaudited)	6 months ended 31 Dec 2023 (Unaudited)	Year ended 30 June 2024 (Audited)
		\$m	\$m	\$m
Project write-off and wind-down costs	12	23.3	251.0	264.2
Impact of weather events		1.3	1.9	3.6
Other		0.3	0.1	-
		24.9	253.0	267.8

Notes to the Financial Statements

For the six months ended 31 December 2024

7. TRADE AND OTHER LIABILITIES

	6 months ended 31 Dec 2024 (Unaudited)	6 months ended 31 Dec 2023 (Unaudited)	Year ended 30 June 2024 (Audited)
	\$m	\$m	\$m
Trade payables	86.8	122.2	151.2
GST payable	4.3	-	5.2
Unearned revenue	413.9	232.6	306.1
Related party payable	1.8	-	5.7
Other payables and accruals	52.7	115.5	98.4
Total payables	559.5	470.3	566.6
Current liabilities	418.5	346.4	437.8
Non-current liabilities	141.0	123.9	128.8
	559.5	470.3	566.6

8. CAPITAL AND OTHER COMMITMENTS

The Group has capital commitments for procurement of new rolling stock, network upgrades, infrastructure renewal materials, refurbishment costs relating to rolling stock and purchases of plant and equipment. Capital and other commitments are funded by both KiwiRail and the Government. Government funding is committed for new rolling stock, mechanical depots and major infrastructure projects including the Rail Network Investment Programme.

	31 Dec 2024 (Unaudited)	31 Dec 2023 (Unaudited)	30 June 2024 (Audited)
	\$m	\$m	\$m
Not later than one year	678.5	1,004.9	513.6
Later than one year but not later than five years	529.9	662.4	556.6
	1,208.4	1,667.3	1,070.2

Notes to the Financial Statements

For the six months ended 31 December 2024

9. RECONCILIATION OF NET DEFICIT TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	6 months ended 31 Dec 2024 (Unaudited)	6 months ended 31 Dec 2023 (Unaudited)	Year ended 30 June 2024 (Audited)
	\$m	\$m	\$m
Net (deficit) after taxation	(116.0)	(407.0)	(646.9)
Add/(deduct) items classified as investing or financing activities			
Loss on sale of assets	(0.3)	(1.0)	(7.1)
Fair value movement in derivatives	(16.8)	1.8	(24.2)
Capital grant receipts	(56.2)	(126.9)	(281.3)
National Land Transport Fund receipts	(274.8)	(222.4)	(478.5)
Insurance proceeds	(0.1)	(4.7)	(54.6)
	(464.2)	(760.2)	(1,492.6)
Add/(deduct) non-cash items			
Depreciation and amortisation	67.4	58.8	149.9
Movements in provisions	1.1	59.9	8.9
Impairment of non-financial assets	286.2	211.0	827.6
Movement in fair value of investment properties	-	-	13.3
Other costs	-	263.5	263.0
	(109.5)	(167.0)	(229.9)
Add/(deduct) movements in working capital			
Decrease/(increase) in trade receivables	14.3	(14.0)	(8.6)
Decrease in other receivables	56.8	108.8	80.6
Decrease/(increase) in inventories	2.5	(10.1)	4.3
(Decrease)/increase in trade payables	(64.4)	(26.8)	1.7
Increase in other payables	105.0	74.9	167.4
Net cash flows from operating activities	4.7	(34.2)	15.5

Notes to the Financial Statements

For the six months ended 31 December 2024

10. SALE AND PURCHASE OF LAND

On 31 December 2012 there was a restructure of the Crown's investment in rail operations. In accordance with the KiwiRail Holdings Vesting Order 2012 which took effect from 31 December 2012, the KiwiRail business was transferred from New Zealand Railways Corporation (NZRC) to KHL. All land previously held by KiwiRail was retained by NZRC.

From time to time NZRC may sell parcels of railway land. Under the Group's lease agreement with NZRC entered into on 31 December 2012, the Group may identify land that is no longer required for rail purposes and can request NZRC to sell the land or surrender it from the lease. The sale proceeds are provided to the Group to support its business as the State-Owned Enterprise responsible for the financial performance of the Crown's investment in rail operations.

Similarly, the Group can identify new parcels of land that are required for rail purposes. The Group will fund the acquisition of the land and can transfer it to NZRC to be included within the lease.

The sale and purchase of land are treated as common control transactions as the Crown is the ultimate parent of the Group and the parent of NZRC. The sale of NZRC's land is regarded as an increase in the Crown's equity investment in the Group. The Group's acquisition of land for NZRC is treated as a reduction in the Crown's equity investment in the Group.

For the period ended 31 December 2024, the total net proceeds from land sold/land swaps was \$nil (31 December 2023: \$nil; 30 June 2024: \$2.1m) and the total net land acquisitions was \$9.8m (31 December 2023: \$17.9m; 30 June 2024: \$29.9m). These were treated as transactions with owners in the Statement of Movements in Equity.

11. IMPACT OF WEATHER EVENTS

In January and February 2023 significant weather events caused considerable damage to the Group's infrastructure assets.

The Group has insurance cover in place for loss and damage under two policies. A claim has been submitted for the damage caused by the January and February 2023 weather events. The claim has not been settled as at 31 December 2024. It is not practicable to estimate the full extent of the overall insurance recovery that will result from the claim and so no receivable has been recognised (31 December 2023: no receivable recognised; 30 June 2024: no receivable recognised). To date \$50m of insurance proceeds have been received and recognised in prior periods. These payments were not specific to a particular loss or damage, but will be allocated to the claim in due course.

12. INTER-ISLAND RESILIENT CONNECTION PROJECT

The purpose of the Group's Inter-island Resilient Connection (iReX) project was to replace the Interislander ships and upgrade the ferry terminal infrastructure at Picton and Wellington. In December 2023, the Government declined the Group's request for funding to meet the increasing cost of the terminal infrastructure. The Board subsequently determined that it could not proceed with the project and it would be wound down.

In the six month period ended 31 December 2024 \$23.3m of wind-down costs were incurred. As at 30 June 2024 project expenditure of \$264.2m was written off. The project expenditure excluded settlement costs relating to exiting the ship building contracts. Because of the ongoing negotiations for exiting the contracts, which are commercially sensitive, information regarding the settlement has not been disclosed in accordance with the concessions in s20 of the SOE Act. The Group will continue to work with the shareholder on potential funding for costs that may be incurred in settling the ship building contracts.

Other Income

Funding received from the Government associated with the wind down activity has been recognised as 'Other income' within the Statement of Comprehensive Income was \$nil (31 December 2023: \$nil; 30 June 2024: \$47.0m).

KiwiRail 