



# Marsden

MARITIME HOLDINGS LTD

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## Annual Report 2019



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## Financial Calendar

### Annual Meeting

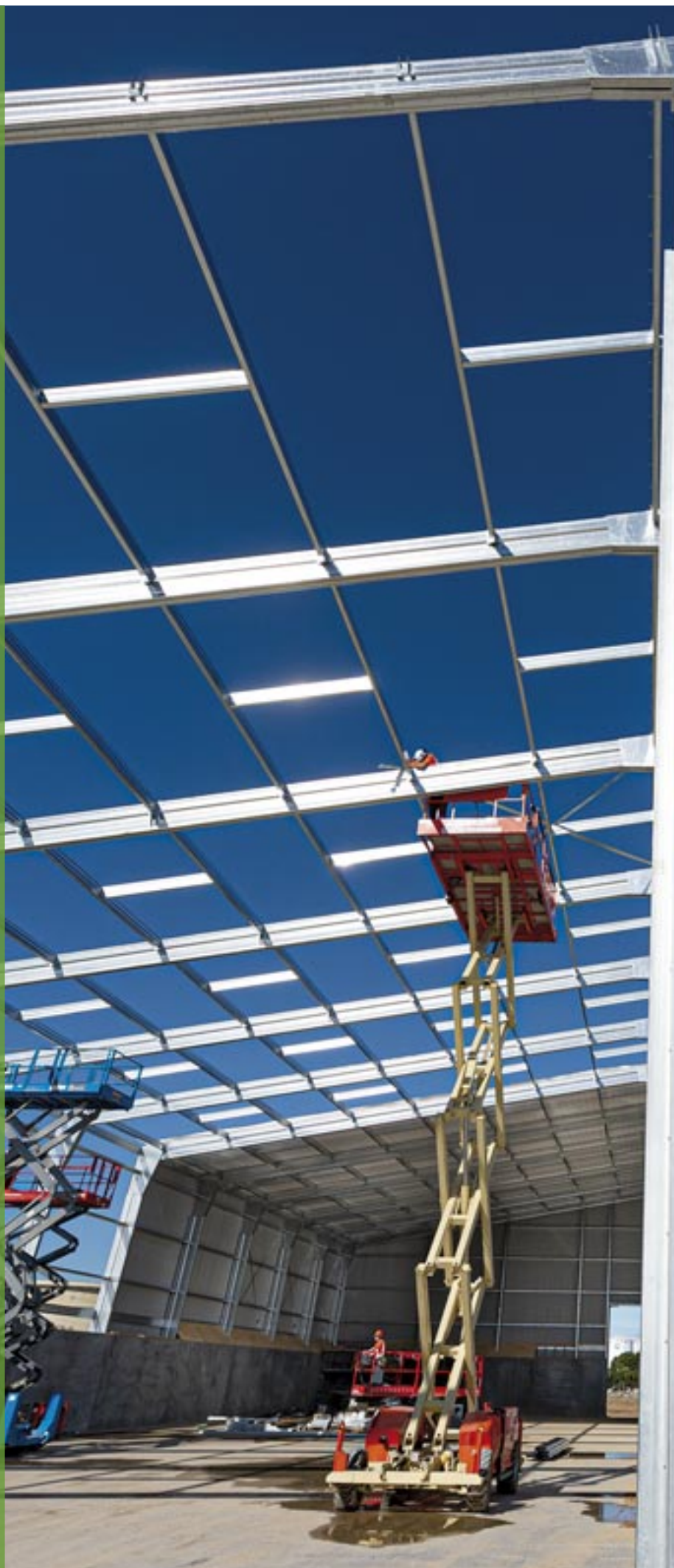
The Annual Meeting of shareholders of Marsden Maritime Holdings Ltd will be held at Forum North, Rust Avenue, Whangarei on Tuesday 15 October 2019 at 11.00am.

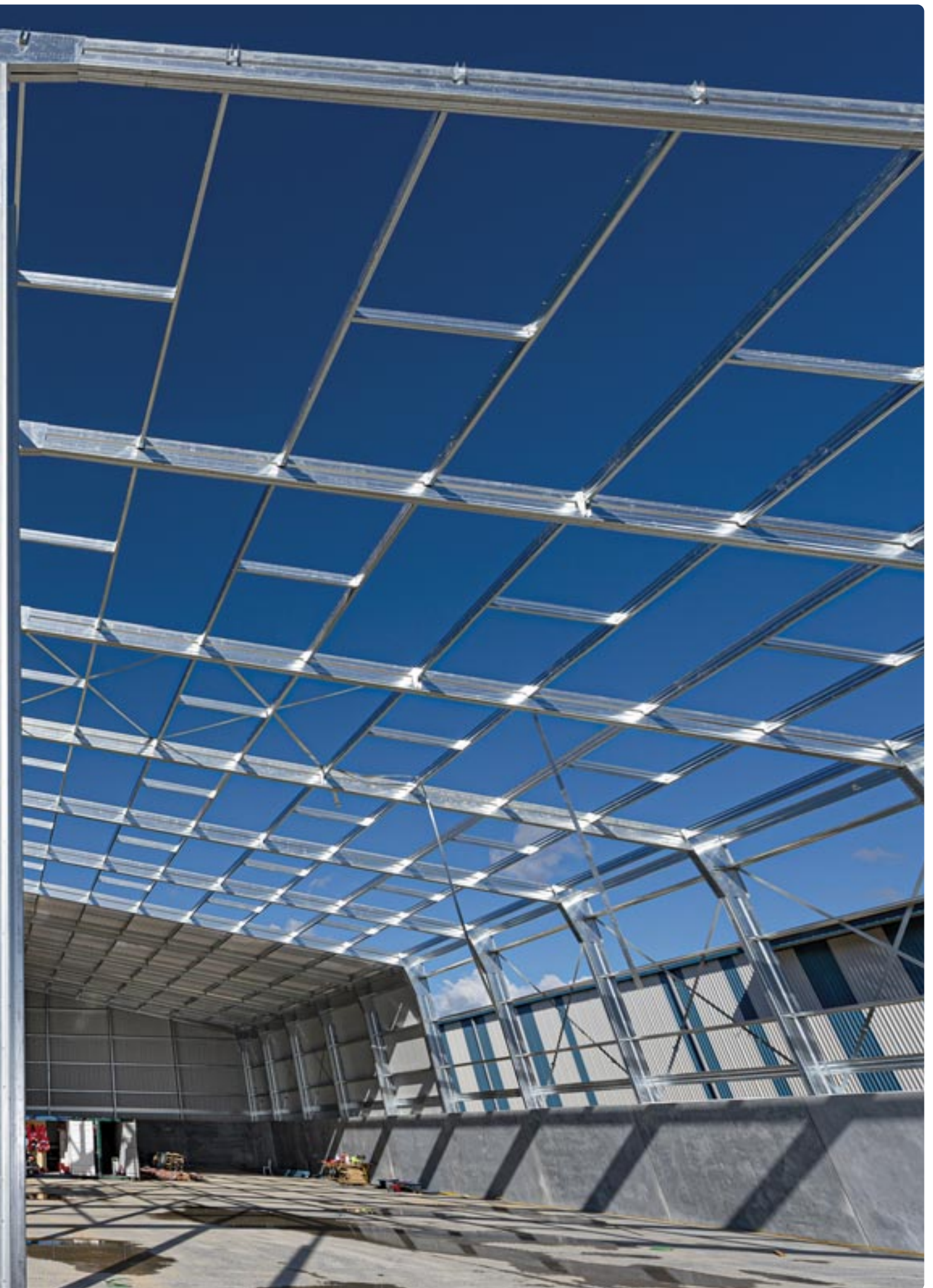
### 2020 Interim Profit Announcement

February 2020

### Interim Dividend Payment

March 2020





## Executive Review

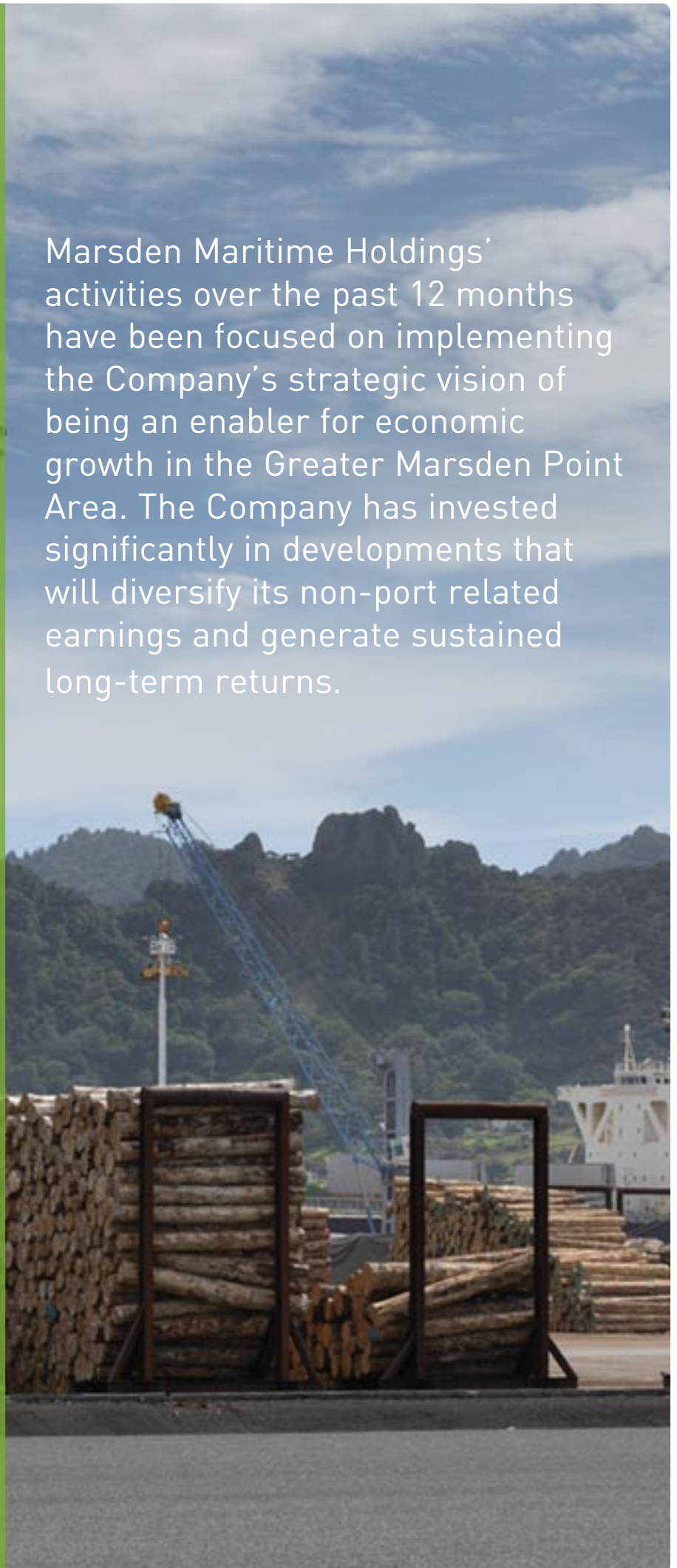


MURRAY JAGGER



FELIX RICHTER

Marsden Maritime Holdings' activities over the past 12 months have been focused on implementing the Company's strategic vision of being an enabler for economic growth in the Greater Marsden Point Area. The Company has invested significantly in developments that will diversify its non-port related earnings and generate sustained long-term returns.



## Financial

For the year ended 30 June 2019 Marsden Maritime Holdings recorded a net surplus of \$9.691 million, compared with the previous year result of \$9.397 million. This improved result was largely due to a \$0.603 million uplift in the valuation of the Company's investment property. This valuation uplift was partially offset by a decrease \$0.224 million in year on year earnings from the Company's joint venture interest in Northport Ltd.

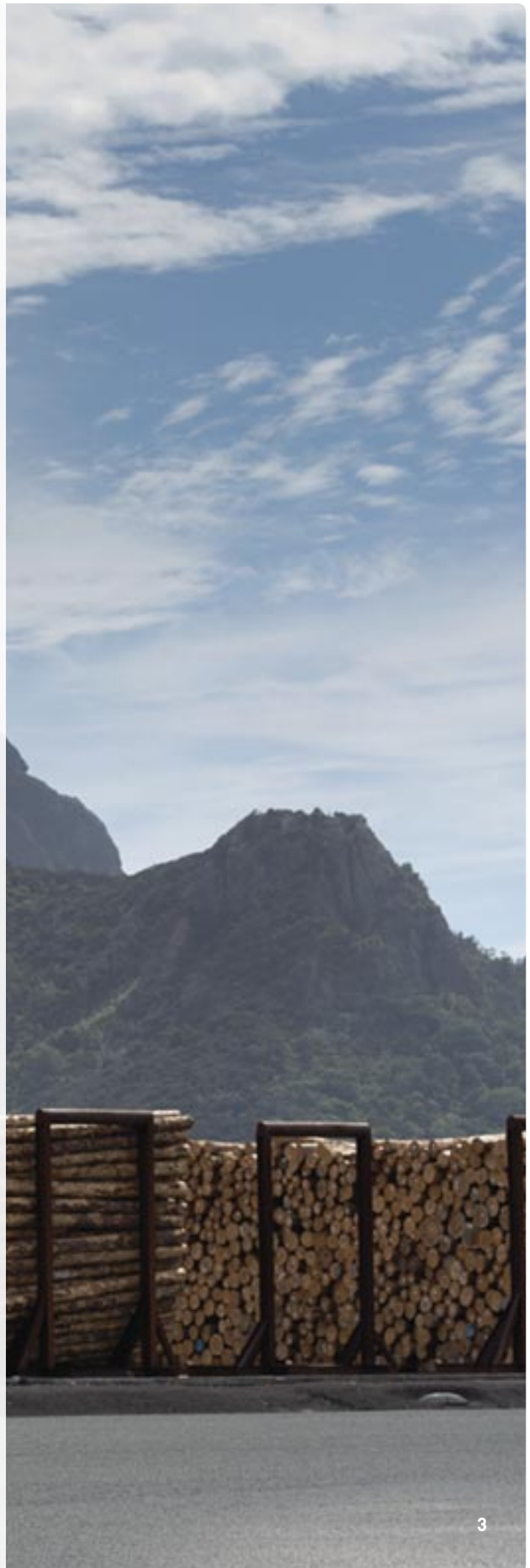
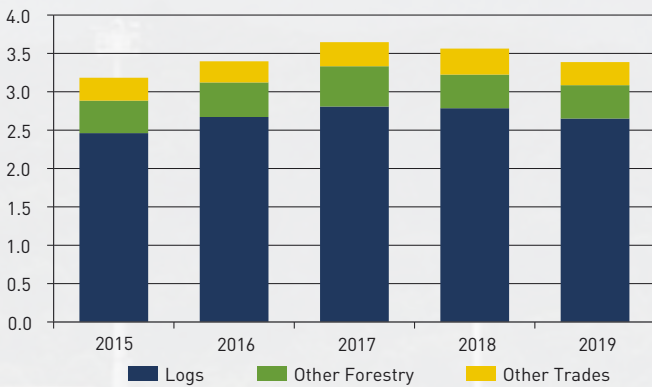
The Group's trading surplus (excluding revaluation gains, fair value movements and losses on sale of assets as shown in the statement of comprehensive income) was down slightly on the previous financial period. This lower result was due to the decrease in earnings from Northport Ltd however this was offset by an increase in earnings from the Company's property and marina business segments.

## Cargo Volumes

Bulk cargo throughput at Northport was 3,387,000 tonnes (2018 – 3,563,000 tonnes) including log exports of 2,651,000 tonnes (2018 – 2,786,000 tonnes). Annual container volumes increased by 61% over the previous financial year with 12,849 TEU (2018 – 7,975 TEU) being handled.

Northport Ltd Bulk Cargo Volumes

Tonnes Millions



## Executive Review continued



### Property Holdings

The Company is experiencing its highest ever level of enquiry and we are currently engaged in discussions with several prospective large-scale tenants. To accommodate future demand for developed land, the Company is planning to commence works to establish infrastructure on the farmland which neighbours its industrial subdivision over the course of the 2020 financial year.

In February 2019 construction of two 4,000m<sup>2</sup> bulk store warehouses began for lease to a multinational client on its industrial land. The first shed was completed at the end of

June and is now occupied. The second shed is due for completion mid-September. The total budget for the project is some \$8.0 million.

April 2019 saw the completion of four commercial units next to the Company's Marsden Point office and it is pleasing to report that this complex is fully tenanted. The Company has advanced plans to commence construction of a similar complex consisting of 12 units on a nearby site on Marsden Bay Drive.





### Marina

Berth occupancy has again experienced strong growth albeit at a slower rate than in previous years which is taken as a sign that demand is maturing. Now into its second year of operation the Company's boatyard complex is performing well with solid year on year growth. Feedback from customers using the facility has been across the board positive, which bodes well for our desire to be a premier boatyard in Northland.

The Company completed the construction of a 7,800m<sup>2</sup> trailer boat park and boat salesyard in December 2018.

This facility offers secure short to long term storage of pleasure craft near the marina. There has been reasonable up take to date with demand expected to increase as summer approaches. The area has also worked well in accommodating the overflow from the main boatyard when it reaches capacity.

To continue with its strategic objective to develop a marine hub adjacent to Marsden Cove Marina, the Company intends to expand its current boatyard by a further hectare in the 2020 financial year which will effectively double the size of the facility.



## Executive Review continued

### Change of Chairman

Chairman Sir John Goulter resigned from the Board at the end of the financial year after serving as a Director for nearly eight years (six and half as Chairman). Sir John has overseen a period of significant growth for the Company. On behalf of the Board, incoming Chairman Murray Jagger acknowledges Sir John's significant contribution and personal commitment to the Company over the past eight years and for his vision and energy that had been instrumental to the direction of the Company.

### Dividend

The Company paid a fully imputed final dividend of 9.25 cents per share on 13 September 2019. This compares to the final dividend of 9.00 cents per share paid last year and brings the total dividend distribution for the year to 16.00 cents per share (2018 – 15.75 cents per share).

### Outlook

The level of interest in the Marsden Point area currently being experienced bodes well for the future growth of the Company. With a period of lower log harvest being predicted, increased focus is being placed on Northport cargo diversification.

An interim report on the Upper North Island Supply Chain Strategy was released in April 2019. The report presented the findings of the Working Group's initial investigations, which included port ownership, efficiency, social licence and community support, investment, optimal land use and the wider context within which the strategy is being developed.

While growth in the national economy has slowed over the past year the Company has remained resilient and will continue to seek opportunities that serve its long-term ambitions. We will be aided by lowering interest rates which will reduce the cost of capital ensuring our appetite for development is maintained.



**Murray Jagger**  
CHAIRMAN



**Felix Richter**  
CHIEF EXECUTIVE





## Board of Directors



### **Murray Jagger**

Chairman Marsden Maritime Holdings Ltd  
Member Remuneration Committee  
Chair Board Nominations Committee  
Director Northport Ltd

Mr Jagger is a long-standing resident of Northland where he runs a significant dairy and beef farming operation. He has a Diploma in Agriculture from Massey University and is a member of the NZ Institute of Directors. Murray is currently a Director of Northport Ltd, North Tugz Ltd, President of the Whangarei Agricultural and Pastoral Society and is an Officer of the Fire Service. He is a former Director of Livestock Improvement Corporation and Cooperative Business NZ Inc. Murray joined the Board in October 2015 and is considered to be an Independent Director.



### **Mark Bogle**

Director Marsden Maritime Holdings Ltd  
Member Audit and Risk Committee  
Director Marsden Cove Canals Management Ltd

Mr Bogle is a qualified Accountant and is a member of Chartered Accountants Australia and New Zealand. He also has a Master of Public Policy degree. He has a background in corporate governance, audit, finance and commerce and has energy and forestry sector experience at Executive or Director level. Mr Bogle is currently a director of Marsden Cove Canals Management Ltd and an Alternate Crown Trustee of the Crown Forestry Rental Trust and is a former Director of Habitat for Humanity NZ Ltd and Habitat for Humanity (Northland) Ltd. Mr Bogle joined the Board in October 2014 and is considered to be an Independent Director.



### **Gavin Carroll**

Company Secretary/Financial Controller  
Marsden Maritime Holdings Ltd

Mr Carroll joined the Company in September 2012 and is currently the Company Secretary/Financial Controller. Mr Carroll was appointed Executive Director as at 1 July 2019 and is considered to be a Non-Independent Director.



### **Tony Gibson**

Director Marsden Maritime Holdings Ltd  
Chair Remuneration Committee

Mr Gibson is currently the Chief Executive Officer of Ports of Auckland Ltd. He has more than 30 years' experience in shipping and logistics and has worked in various senior roles in Africa, Asia and Europe, including European Director of Customer Operations, Rotterdam, before being appointed Managing Director P&O Nedlloyd, New Zealand and Pacific Islands in 2002. Following a take-over by Maersk, Tony served as Managing Director of Maersk New Zealand for three years. He is Chairman of North Tugz Ltd, Nexus Logistics and Conlinxx Ltd and a Director of AMG Consulting Ltd, Seafuels Ltd, Waikato Freight Hub, ERoad Financial Services Ltd. He is also a Director and Shareholder of ERoad Ltd. Mr Gibson joined the Board in April 2018 and is considered to be a Non-Independent Director.



### **Hamish Stevens**

Director Marsden Maritime Holdings Ltd  
Member Audit and Risk Committee  
Member Remuneration Committee  
Director Northport Ltd

Mr Stevens has had considerable experience in a number of senior corporate roles including both operational and financial management in large companies such as DB Breweries Ltd and Heinz-Watties Ltd. Hamish became a professional director in 2010. He is currently Chairman of The Kennedys Ltd, East Health Services Ltd and Independent Chair of Waikato Regional Council's Audit and Risk Committee. He is also a Director of Counties Power Ltd, Pharmaco Ltd and Pacific Radiology Group Ltd. Mr Stevens is a qualified chartered accountant with an MCom(Hons) and MBA from Auckland University and also chairs the audit committees for a number of the above companies. Mr Stevens joined the Board in October 2018 and is considered to be an Independent Director.



### **Elena Trout**

Director Marsden Maritime Holdings Ltd  
Chair Audit and Risk Committee  
Member Board Nominations Committee

Ms Trout is a professional civil engineer and a Fellow of Engineering New Zealand (previously IPENZ). She holds a Masters of Civil Engineering degree from Canterbury University. She has held a number of executive positions in the transport, infrastructure and energy sectors and has significant experience in the management planning and delivery of major projects in these sectors. Ms Trout is currently a member of the Electricity Efficiency and Conservation Authority and Callaghan Innovation, is an Independent Director of Harrison Grierson Holdings Ltd, Contact Energy and Ngapuhi Assets Holding Co Ltd. Elena is also an Advisory Member of the Ministry of Defence - NZ Defence Capability Governance Board and has been appointed Chair to the Government Inquiry into Auckland Fuel Supply Disruption. Ms Trout is a former Director of Transpower NZ Ltd, the Electricity Authority and Unitec. Ms Trout joined the Board in October 2011 and is considered to be an Independent Director.

## Statutory Information

### Auditors

Under Section 19 of the Port Companies Act, 1988, the Auditor-General is the Auditor of the Company and Group. Pursuant to Section 32 of the Public Audit Act 2001, Lloyd Bunyan of the firm Ernst & Young was appointed by the Office of the Auditor-General to undertake the Audit on its behalf.

### Directors' Shareholdings

Pursuant to section 148(1) of the Companies Act 1993 the following are the relevant interests in the Company's shares as advised by the Directors.

|             | Shares in which the Director has a Beneficial Interest Solely or as a Joint Holder |              | Shares in which the Director has a Non-Beneficial Interest |              | Shares held by Associated Persons of the Director |              |
|-------------|--|--------------|--|--------------|---|--------------|
|             | 30 June 2019   | 30 June 2018 | 30 June 2019   | 30 June 2018 | 30 June 2019                                      | 30 June 2018 |
| J P Goulter | 6,000  | 6,000        | -  | -            | -   | -            |
| M Bogle     | 25,000   | 25,000       | -  | -            | -   | -            |
| T Gibson    | -  | -            | -  | -            | -   | -            |
| M Jagger    | -  | -            | -  | -            | -   | -            |
| H Stevens   | -  | -            | -  | -            | -   | -            |
| E Trout     | -  | -            | -  | -            | -   | -            |

There were no share transactions during the period 1 July 2018 to 30 June 2019.

### Directors' Interests

The following are particulars of general disclosures of interest by Directors of Marsden Maritime Holdings Ltd holding office at 30 June 2019 pursuant to section 140(2) and section 211(1)(e) of the Companies Act 1993.

| Director   | Interest  | Position  |
|--|---|---|
| Sir John Goulter KNZM, JP<br>(resigned 30 June 2019) | Northport Ltd                                     | Director (resigned 30 June 2019)                |
|  | Opua Commercial Estate Ltd                        | Director/Shareholder                            |
|  | Packard House Ltd                                 | Director/Shareholder                            |
|  | Marsden Cove Canals Management Ltd                | Director (resigned 30 June 2019)                |
| Mark Bogle   | MSB Investments Ltd                               | Director/Shareholder (ceased 20 September 2018) |
|  | Trading Enterprises Incorporated Ltd              | Director/Shareholder                            |
|  | Habitat for Humanity NZ Ltd                       | Director (ceased 1 April 2019)                  |
|  | Habitat for Humanity (Northland) Ltd              | Director (ceased 11 July 2018)                  |
|  | Crown Forestry Rental Trust                       | Alternate Crown Trustee                         |
| Tony Gibson  | Marsden Cove Canals Management Ltd                | Director (appointed 30 June 2019)               |
|  | Ports of Auckland Ltd                             | Chief Executive Officer                         |
|  | North Tugz Ltd                                    | Chairman  |
|  | AMG Consulting Ltd                                | Director  |
|  | Seafuels Ltd                                      | Director  |
|  | Waikato Freight Hub                               | Director  |
|  | ERoad Financial Services Ltd                      | Director  |
| ERoad Ltd  | Director/Shareholder                              |   |
| Murray Jagger  | Manaia View Farms Ltd                             | Director  |
|  | Livestock Improvement Corporation                 | Director (ceased 31 May 2019)                   |
|  | Cooperative Business NZ Inc                       | Director (ceased September 2018)                |
|  | Ben Jagger Rallysport Ltd                         | Director (ceased 13 June 2019)                  |
|  | Whangarei Agricultural and Pastoral Society       | President                                       |
|  | Northport Ltd                                     | Director  |
| Hamish Stevens                                       | North Tugz Ltd                                    | Director  |
|  | The Kennedys Ltd                                  | Chairman  |
|  | East Health Services Ltd (and subsidiaries)       | Chairman  |
|  | Waikato Regional Council Audit and Risk Committee | Independent Chair                               |
|  | Restaurant Brands New Zealand Ltd                 | Director  |
|  | Counties Power Ltd (and subsidiaries)             | Director  |
|  | Pacific Radiology Group Ltd                       | Director  |
|  | Pharmaco Ltd                                      | Director  |
|  | DTS Food Assurance                                | Chairman (ceased 6 November 2018)               |
|  | Smart Environmental Ltd                           | Director (ceased 30 November 2018)              |
| Assure Quality Ltd                                   | Director (ceased 31 December 2018)                |   |

## Directors' Interests (continued)

| Director    | Interest   | Position                  |
|-------------|--|---------------------------|
| Elena Trout | Electricity Efficiency and Conservation Authority          | Member                    |
|             | Harrison Grierson Holdings Ltd                             | Director                  |
|             | Contact Energy   | Director                  |
|             | Ministry of Defence/NZ Defence Capability Governance Board | External Member           |
|             | Ngapuhi Assets Holding Co Ltd                              | Director                  |
|             | Unitec   | Member (ceased July 2018) |
|             | Callaghan Innovation                                       | Member                    |

## Directors' Remuneration and Benefits

Fees paid to Directors of the Company during the 12 month period were as follows:

|              | Marsden Maritime Holdings Ltd | Northport Ltd    |
|--------------|-------------------------------|------------------|
|              | Director Fees \$              | Director Fees \$ |
| J P Goulter  | 67,500                        | 25,000           |
| M Bogle      | 33,500                        | -                |
| T Gibson     | 34,333                        | -                |
| S Huria *    | 11,178                        | -                |
| M Jagger     | 33,500                        | 37,292           |
| E Trout      | 43,500                        | -                |
| H Stevens ** | 23,774                        | -                |
|              | <u>\$247,285</u>              | <u>\$62,292</u>  |

\* Retired 16 October 2018

\*\* Appointed 16 October 2018

## Net Tangible Assets per Security


Net tangible assets per security as at 30 June 2019: \$3.36 per share (30 June 2018: \$3.27)

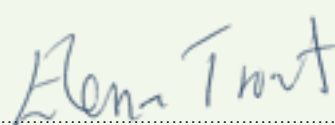
## Remuneration of Employees

The number of employees whose total annual remuneration including salary, employer's contributions to superannuation and health schemes, and other sundry benefits received in their capacity as employees exceeded \$100,000, was within the specific bands as follows:

| Remuneration Range \$ | Number of Employees |      |
|-----------------------|---------------------|------|
|                       | 2019                | 2018 |
| 100,001 – 110,000     | -                   | 1    |
| 110,001 – 120,000     | -                   | -    |
| 120,001 – 130,000     | -                   | 1    |
| 130,001 – 140,000     | 1                   | -    |
| 140,001 – 150,000     | 2                   | -    |
| 150,001 – 160,000     | -                   | -    |
| 160,001 – 170,000     | -                   | -    |
| 170,001 – 180,000     | -                   | -    |
| 180,001 – 190,000     | -                   | -    |
| 190,001 – 200,000     | 1                   | -    |
| 200,001 – 210,000     | -                   | -    |
| 210,001 – 220,000     | -                   | -    |
| 220,001 – 230,000     | -                   | 1    |
| 230,001 – 240,000     | -                   | -    |
| 240,001 – 250,000     | -                   | -    |

Signed:

  
.....  
Chairman

  
.....  
Director

Dated 30 August 2019

# Corporate Governance Statement

The Board of Marsden Maritime Holdings Limited ("Marsden Maritime" or "the Company") plays an essential role in setting and overseeing the effective execution of the Company's strategic direction, with a clear focus on the creation of long-term value for shareholders.

The Marsden Maritime Board of Directors ("the Board") is responsible for the Company's governance framework, which is recorded in the governance policies, Board Committee charters and management policies. The Company's corporate governance framework takes into consideration contemporary standards in New Zealand including the NZX Listing Rules, NZX's Corporate Governance Best Practice Code (the NZX Code) and the Financial Markets Authority's Corporate Governance in New Zealand, Principles and Guidelines (collectively the "Principles").

The Board has chosen to early adopt the January 2019 version of the NZX Code and this statement reports on the Company's governance recommendations against that version. The Board confirms that as at 30 June 2019, the governance practices largely comply with the NZX Code and have done so for the preceding 12 months of the financial year. There are exceptions in regard to Recommendation 2.5 (Measurable objectives for diversity) and 3.6 (Takeover Offer Protocol). For each of these exceptions an explanation of the alternative governance practices the Company has adopted to address the NZX code recommendation is given.

Marsden Maritime's corporate governance documents and related information are available at the Governance section of the Company's website [www.marsdenmaritime.co.nz](http://www.marsdenmaritime.co.nz)

This statement was approved by the Board on 30 August 2019.

## Principle 1 – Code of Ethical Behaviour

*Directors should document minimum standards of ethical behaviour to which the issuer's directors and employees are expected to adhere.*

### Code of Ethics

The Board is committed to ensuring the Company maintains best-practice standards of corporate governance, business behaviour and accountability to ensure that it always operates in a transparent, fair and ethical way.

The Board's governance documents include a Code of Ethics Policy that applies to directors and employees. The purpose of the Code of Ethics is to underpin and support the values that govern individual and collective behaviour. The Code of Ethics is intended to guide directors' and employees' decisions so that they are consistent with the Company's values, business goals and legal obligations. It sets out the minimum expectations of behaviour in relation to conduct, conflicts of interest, proper use of assets and property, and proper use of information. The Company's Whistleblowing Policy sets out the procedures for reporting any breaches of the Code of Ethics or of any law, regulation, company policy or any other serious wrongdoing.

## Security Trading Policy

The Company's Securities Trading Policy and Guidelines applies to all directors, executives and employees and is additional to the legal prohibitions on insider trading in New Zealand. The policy provides guidance and rules for trading in Marsden Maritime's securities listed on the NZX.

## 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

Details of the Board's role, composition, responsibilities, operation, policies and committees are provided in the Board Charter. The Charter distinguishes between the responsibilities of the Board and those matters that are delegated to management. The Board has responsibility for, amongst other things: overall governance and setting strategic direction; providing leadership and monitoring management's implementation of strategic objectives and performance; reviewing and approving budgets and capex; identifying and mitigating risks; monitoring operational and financial performance and reporting systems; determining dividends; appointing and removing the Chief Executive; and reviewing company policies. A set of delegated authorities establish the responsibilities delegated to management and those retained by the Board. The delegated authorities are subject to review and approval by the Board annually. The Chief Executive has responsibility for the proper exercise of and compliance with the delegation policies.

The Board meets its responsibilities by receiving reports and plans from management and through its annual work programme. The Board uses committees to address certain issues that require detailed consideration by members of the Board who have specialist knowledge and experience. The Board retains ultimate responsibility for the functions of its committees and determines their responsibilities.

### Director Independence

The Board determines on a case-by-case basis who, in its view, are independent directors. The guidelines set out in the NZX Listing Rules are used for this purpose.

As at 30 June 2019 the Board comprised six non-executive directors, five of whom were independent. A profile of each director is included in this Report. Further details are available from the Company's website.

The Chair of the Company is an independent director. The Chair's responsibilities are documented in the Board Charter.

### Board Composition and Operation

The composition of the Board is governed by the Company's Constitution which also details how directors are appointed and removed from office.

The following directors held office during the 12 months to 30 June 2019:

| Director         | Status  | Date Appointed | Last Re-Elected | Date Ceased |
|------------------|---|----------------|-----------------|-------------|
| Sir John Goulter | Board Chairman<br>Chair Board Nom. Com.<br>Independent Director | Oct 2011       | Oct 2016        | Jun 2019    |
| Mark Bogle       | Independent Director  | Oct 2014       | Nov 2017        | -           |
| Tony Gibson      | Non-Independent Director  | Apr 2018       | Oct 2018        | -           |
| Susan Huria      | Chair Remun. Com.<br>Independent Director                       | Oct 2009       | Oct 2015        | Oct 2018    |
| Murray Jagger    | Independent Director  | Oct 2015       | Oct 2018        | -           |
| Hamish Stevens   | Independent Director  | Oct 2018       | -               | -           |
| Elena Trout      | Chair Audit & Risk Com.<br>Independent Director                 | Oct 2011       | Nov 2017        | -           |

At each Annual Meeting of shareholders, any directors due to hold office (without re-election) past their third annual meeting or three years, whichever is longer will retire and are eligible to stand for re-election, along with any appointments made since the previous annual meeting.

Directors are encouraged to undertake continuing professional development to maintain their skills and knowledge. The Nominations Committee has responsibility for monitoring director training.

The Board reviews its performance as a whole on an annual basis. Each Committee undertakes an annual review of its performance and provides a report to the Board.

### Diversity

Marsden Maritime recognises the wide-ranging benefits diversity brings to an organisation and its workplace. The Company has a Diversity Policy which records the Company's commitment to an inclusive workplace that embraces and promotes diversity. The Policy and practices are overseen by the Board. The Company is not compliant with the NZX Code as regards setting measurable objectives for diversity. The Board does not consider it appropriate to set measurable diversity objectives as the Company has 9 employees. When a management role is to be filled it is the Company's policy to appoint the best person available.

When a Board appointment is made it is the Board's policy to ensure that, where possible, diversity is sustained.

### Gender Composition of the Board and Management as at 30 June

|                        | 2019   |    | 2018   |    |
|------------------------|--------|----|--------|----|
|                        | Number | %  | Number | %  |
| <b>Directors</b>       |        |    |        |    |
| Female                 | 1      | 17 | 2      | 33 |
| Male                   | 5      | 83 | 4      | 67 |
| <b>Management</b>      |        |    |        |    |
| Female                 | 1      | 25 | 2      | 50 |
| Male                   | 3      | 75 | 2      | 50 |
| <b>Total employees</b> |        |    |        |    |
| Female                 | 3      | 33 | 4      | 44 |
| Male                   | 6      | 67 | 5      | 56 |

Note: For the purposes of the above analysis "Management" includes any employee who reports directly to the Board or the Chief Executive.

### Principle 3 – Board Committees

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

The Board has four standing committees, being the Audit and Risk Committee, the Remuneration Committee, Board Nominations Committee and the Health and Safety Committee. Each Committee operates under a Charter approved and regularly reviewed by the Board. Committees do not have delegated authority to make decisions but make recommendations to the Board.

Information in relation to the number of meetings of each Committee and the fees paid to members are shown on pages 9 and 12 of this report.

#### Audit and Risk Committee

This Committee assists the Board with overseeing all matters relating to risk and financial management, accounting, audit and reporting.

As at 30 June 2019 the Committee comprised three Directors: Elena Trout (Chair), Mark Bogle and Hamish Stevens. All members are independent directors with Mr Bogle and Mr Stevens both being members of Chartered Accountants Australia and New Zealand. The Board Chairman attends meetings in an ex officio capacity.

The Chair of the Audit Committee is neither the Board Chair nor the Company's Chief Executive. The Chair of the Audit and Risk Committee has had no association with EY, the external auditor.

The agenda items for each meeting generally relate to financial governance, external financial reporting, external audit, internal controls, risk management, compliance and insurance.

The Chief Executive and Financial Controller are regularly invited to attend Audit and Risk Committee meetings.

#### Remuneration Committee

The Committee has responsibility for considering matters related to remuneration and human resources. It undertakes an annual review of management's performance and remuneration levels. The Committee also develops the Company's remuneration policy and recommends to the Board the distribution of the shareholder approved director fee pool.

As at 30 June 2019 the Committee comprised Tony Gibson (Chair), Sir John Goulter and Hamish Stevens.

#### Board Nominations Committee and Director appointment

The Board Nominations Committee has delegated responsibility for the process of identifying suitable candidates for appointment and reappointment to the Board.

Its responsibilities also include, amongst other things: overseeing director induction, developing and implementing a plan for identifying and assessing director competencies, and overseeing director training and upskilling.

As at 30 June 2019 the Committee comprised Sir John Goulter (Chair) and Murray Jagger.

All new directors will enter into a written agreement with the Company setting out the terms of their appointment.

## Corporate Governance Statement continued

### Principle 3 – Board Committees continued

#### Health and Safety Committee

The Committee operates as a committee of the full board and meets at each board meeting. The Committee's charter is incorporated in the Company's Health and Safety Policy. The purpose of the Committee is to support the Board in meeting its responsibility for the Company's health and safety outcomes.

The responsibilities of the Committee include:

- overseeing the establishment of health and safety policies and recommending performance targets
- ensuring the Company has appropriate resources and practices to operate the business safely
- monitoring the effectiveness of the Company's health and safety management system, and
- periodically reviewing the Company's overall management of health and safety risk and identifying continuous improvement opportunities.

The Board Chairman chairs the Committee.

#### Board and Committee Meeting Attendance

The full Board met eleven times between 1 July 2018 and 30 June 2019.

Special purpose meetings are held as required. The following table outlines the number of meetings attended by Directors in the period under review:

|                   | Full Board Meeting |          | Health & Safety Committee |          |
|-------------------|--------------------|----------|---------------------------|----------|
|                   | Attended           | Entitled | Attended                  | Entitled |
| Sir John Goulter  | 11                 | 11       | 11                        | 11       |
| Mark Bogle        | 11                 | 11       | 11                        | 11       |
| Tony Gibson       | 9                  | 11       | 9                         | 11       |
| Susan Huria**     | 4                  | 4        | 4                         | 4        |
| Murray Jagger     | 11                 | 11       | 11                        | 11       |
| Hamish Stevens*** | 6                  | 7        | 7                         | 7        |
| Elena Trout       | 10                 | 11       | 10                        | 11       |

|                  | Audit & Risk Committee |          | Remuneration Committee |          |
|------------------|------------------------|----------|------------------------|----------|
|                  | Attended               | Entitled | Attended               | Entitled |
| Sir John Goulter | 4*                     | 4        | 1                      | 1        |
| Mark Bogle       | 4                      | 4        | –                      | –        |
| Tony Gibson      | –                      | 4        | 1                      | 1        |
| Susan Huria      | 1                      | 1        | 1                      | 1        |
| Murray Jagger    | 1                      | 4        | –                      | –        |
| Hamish Stevens   | 2                      | 3        | –                      | –        |
| Elena Trout      | 4                      | 4        | –                      | –        |

\* Ex officio

\*\* Susan Huria retired from the Board 16 October 2018.

\*\*\* Hamish Stevens elected to the Board 16 October 2018.

#### Takeover Protocols

After taking into consideration the nature of the Company's predominant shareholding structure, the Board has determined that a takeover offer for Marsden Maritime Holdings is highly unlikely. Therefore, the establishment of takeover protocols is deemed to be unnecessary at this time.

### Principle 4 – Reporting and Disclosure

*The Board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosure.*

The Company believes that high standards of reporting and disclosure are essential for proper accountability between the Company and its investors, employees and stakeholders. Oversight of the Company's financial reporting is applied through the Audit and Risk Committee.

#### Continuous Disclosure Policy

The Board has adopted the NZX Continuous Disclosure Rules to ensure that all material matters are released to the financial markets in a clear and timely manner.

The accountabilities of individual directors and executives are documented in the Continuous Disclosure Policy together with the procedures to be followed in the event potential material information is raised by an employee or a director. The Chairman is accountable for making the final decision as to whether or not information requires disclosure and the form that disclosure takes however, the Chair may consult with the Audit and Risk Committee to decide whether the information is material, and if so, the form in which it should be disclosed.

Significant market announcements, including the preliminary announcement of the half year and full year results, the financial statements for those periods, and any advice of a change in earnings forecast are approved by the Board.

#### Financial/Non-Financial Disclosure

The Company is committed to ensuring integrity and timeliness in its financial reporting and in providing information to the market and shareholders which reflects a considered view on the present and future prospects of the Company. The Board takes an active role in overseeing financial reporting. Half year and full-year financial statements are prepared in accordance with relevant reporting standards and are subject to board review.

The Annual Report also reports on strategic progress and operational performance. A series of key performance indicators are used to link results to strategy. The Company is also committed to transparent reporting of non-financial objectives, such as environmental, social, and governance (ESG) factors. A key focus for the 2020 financial year is to formalise the Company's ESG policy and initiatives, which currently operate on a more informal basis. A Sustainability Report is included in this report on pages 15-16 and provides details of the Company's recent initiatives in this area.

### Principle 5 - Remuneration

*The remuneration of directors and senior management should be transparent, fair and reasonable.*

Marsden Maritime's approach to remuneration aims to attract, motivate and retain talented employees at all levels of the Company and seeks to align the interests of its shareholders and employees, whilst driving performance and growth in shareholder value and return.

## Director Remuneration

Directors are remunerated in the form of director fees which are paid within an aggregate annual pool amount approved by shareholders.

The Board reviews its fees every three years to ensure the Company's non-executive directors are fairly remunerated for their services, recognising the time commitment together with the level of skill and experience required to fulfil the role, and to enable the Company to attract and retain talented non-executive directors. The process involves benchmarking against a group of industry peer companies including other designated NZ Port Companies.

Non-executive directors have no entitlement to any performance-based remuneration or participation in any share-based incentive schemes. No retirement entitlements are payable.

Director fees paid to the non-executive directors of the Company for the financial year ended 30 June 2019 are shown in Statutory Information section on page 9 of this report.

## Chief Executive Remuneration

The composition of the Chief Executive's remuneration is as follows:

- Base or fixed remuneration – determined by the scope of the role and the level of knowledge, skill and experience required of the individual.
- Short-term incentive plan – this comprises an annual incentive, based on a percentage of the fixed remuneration, dependent on the achievement of key performance targets.

Any short-term incentive is paid at the discretion of the Board upon recommendation of the Remuneration Committee.

Remuneration for the years ended:

|                      | 2019           | 2018           |
|----------------------|----------------|----------------|
| Salary               | 164,063        | 175,000        |
| Other benefits*      | 23,657         | 22,475         |
| Short term incentive | 14,063         | 32,000         |
|                      | <u>201,783</u> | <u>229,475</u> |

\* Other benefits include company motor vehicle, medical insurance and Kiwisaver.

Mr Richter commenced employment with the Company on 14 August 2018. The figures shown for 2019 are for remuneration from this date to 30 June 2019.

The amounts shown in the above table for 2018 are for remuneration that relates to the former Chief Executive, Graham Wallace, who was employed until 31 March 2018.

## 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

The Company's risk management framework integrates risk management into the Company's operations and formalises risk management as part of the Company's internal control and corporate governance practices.

### Key Risks

#### Business

The Company's senior management are required to regularly identify the major risks affecting the business, record them in a risk management register, develop strategies to mitigate these risks and advise the Audit and Risk Committee of any emerging risks. The Committee regularly reviews the Company's risk profile and risk management register. It receives reports on the operation of risk management policies and procedures. Significant risks are discussed at each board meeting, or as required.

The Company maintains insurance policies that it considers adequate to meet its insurable risks. As part of risk management, the Company has a comprehensive Treasury Policy that sets out the procedures to minimise financial market risk.

#### Health and Safety

The Company considers the health and safety of its employees, contractors, clients and authorised visitors to its premises to be of utmost importance. The key principle applied is that "no job is so important that we are unable to take the time to work safely". The Board oversees the implementation of a Health and Safety Management System that conforms to best management practices, in accordance with AS/NZS 4801:2001.

The Board closely monitors a series of key lag and lead indicators including hazard reporting, incidents/ near misses, safety briefings held, training sessions, contractor inductions and audits undertaken.

#### Environmental

The Company recognises there are risks associated with particular parts of its operation, which could potentially have a detrimental impact on the environment. Once identified, these risks are mitigated by putting preventive measures in place and also ensuring adequate resources are available to respond to an environmental harm event.

## Corporate Governance Statement continued

### Principle 7 – Auditors

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

Ensuring the quality and independence of the external audit process is of utmost importance to the Board. The Audit and Risk Committee monitors the external audit programme and processes on behalf of the Board.

#### External Auditors

Pursuant to the Public Audit Act 2001, the Office of the Auditor-General is the auditor of the Company. The Office of the Auditor-General appoints an audit firm and partner to carry out the annual audit on their behalf. The lead audit partner is rotated every five years, consistent with the requirements of the NZX Listing Rules.

The Company's external auditor for the year ending 30 June 2019 was Lloyd Bunyan of EY on behalf of the Auditor-General. Mr Bunyan has been the auditor since 1 July 2017.

The external auditor meets at least once a year with the Audit & Risk Committee without management present. The auditor also has a direct line of communication to the Chair of the Audit & Risk Committee on any matters that require discussion. The auditor may call a meeting of the Audit & Risk Committee at any time.

To ensure the independence of the Company's external auditor is maintained, the Board has determined that the external auditor should not provide any services not permitted under International Federation of Accountants regulations. The Committee requires the external auditor to confirm annually in writing that it has complied with all professional regulations in relation to auditor independence.

The lead audit partner or a representative from EY attends the Annual Meeting of shareholders and is available to answer questions about the audit process, the Company's accounting policies and the independence of the auditor.

#### Internal Audit

The Company has internal processes and controls that are considered to be appropriate for the size and complexity of the organisation. The Audit & Risk Committee carefully considers the auditor's management report which lists its key findings and recommendations about significant matters arising from the audit.

### Principle 8 – Shareholder Relations

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

Marsden Maritime seeks to ensure that investors understand the Company's activities by communicating effectively with them and giving them access to clear and balanced information.

The key information channels used by the Company are periodic market announcements released first to NZX, the annual and half year results announcements, annual reports, the Company's website and the Annual Meeting of shareholders.

#### Access to Information

Annual reports, NZX releases, governance policies and a variety of corporate information is posted onto the Company's website. The Company's and management contact details are provided on the website. Each shareholder receives a hard copy of the Company's annual report. Shareholders can elect to receive their dividend remittance statements and other documents electronically. Computershare's contact details are provided on the website and in the annual report.

#### Annual Meeting and Voting Rights

The Company's Annual Meeting of shareholders is usually held in Whangarei. The Notice of Meeting is issued at least 20 business days prior to the meeting.

Marsden Maritime's commitment to timely and balanced disclosure is set out in its Continuous Disclosure Policy and includes advising shareholders on any major decisions. When voting on a shareholder matter occurs, the Board encourages investors to attend the meeting or to send in a proxy vote. Shareholders may raise matters for discussion at the Annual Meeting of shareholders either in person or by emailing the Company with a question to be asked.



## Sustainability Reporting

The Company is committed to providing a more transparent and formalised reporting framework. Over next twelve months the Company will look to formalise its approach further to better quantify, highlight and improve its ESG practises.

### Environment

Marsden Maritime takes responsibility for minimising the impact of our operations on the environment. We build environmental considerations into our development and operational plans and we encourage environmentally responsible behaviour from our staff and tenants.

### Biodiversity

As an official Arrivals & Departures Port, Marsden Cove Marina helps the Customs Service and the Ministry for Primary Industries to protect the integrity of New Zealand's borders. We facilitate monitoring and enforcement of programmes to control non-native species that may pose a potential threat to New Zealand's wildlife, ecosystems and the primary industries that rely upon them.

Marsden Maritime has made a significant contribution to the fight against Mediterranean fanworm, a marine pest that favours sheltered, shallow waters. Marsden Maritime ensures it is compliant with all Northland Regional Council requests relating to this matter.

### Water Quality / Environmental Compliance

Marsden Maritime is committed to protecting the quality of water involved in its activities on land, the foreshore and in the Marsden Cove Marina. From the outset, Marsden Maritime has had in place the infrastructure and systems needed to ensure that stormwater run-off from its land holdings is appropriately managed in order to mitigate any potential negative impacts on nearby natural waterways and the wider marine environment. Monitoring of marina water quality is carried out in partnership with Marsden Cove Canals Management Ltd and Hopper Developments Ltd.

A series of ecologically friendly storm water filtration ponds are used to capture water destined for the ocean. A permanent monitoring site uses advanced testing equipment to continually measure water temperature, pH, turbidity and dissolved oxygen levels at five minute intervals. In the ten years this testing regime has been in place, Marsden Maritime has achieved a 100% record of compliance with water quality consent conditions.



## Sustainability Reporting continued

Marsden Cove Marina's commitment to minimising the chance of hazardous spills into the marine environment includes:

- Fully contained washdown facilities at its newly completed hardstand;
- Stringent controls on fuel dock operations;
- Staff training and certification in the handling and disposal of dangerous goods;
- High pressure shut-down systems to reduce the chance of fuel spills;
- In the event of spills, state of the art spill kits are available to mitigate the impact on the environment.

### People & Community

Marsden Maritime aims to manage its business in a way that will produce positive outcomes for all stakeholders including customers, employees, shareholders, suppliers and the public. We are also strongly committed to acting in a socially responsible manner with all stakeholders and to our neighbours.

### Health & Safety

We are committed to a zero-harm philosophy. Marsden Maritime considers the health and safety of its staff, contractors, clients and visitors to its facilities to be of utmost importance. The key to achieving this is the creation of a strong safety culture backed up with appropriate training, resources and procedures.

We work hard to ensure that Health and Safety considerations receive appropriate priority in the design, operation and maintenance of all Marsden Maritime owned (or leased) property and equipment and we encourage our people throughout the organisation to play their part in identifying and raising potential issues.

### Communication & Engagement

We recognise the importance of being connected to our stakeholders, particularly our tenants, in order to function effectively. We have a duty to act as a responsible and respectful landlord, developer, employer, listed company, asset owner and neighbour.

We acknowledge Patuharakeke Te Iwi Trust Board Inc. as representatives of Patuharakeke Hapū, Tangata Whenua o Te Rohe o Patuharakeke and we are committed to ongoing engagement with the hapū to help us better understand any cultural impacts of our proposed developments.

Our active membership in the Ruakaka Economic Development Group (REDG) demonstrates our commitment to communication within our local community. The REDG provides a platform for local business representatives to discuss ideas and speak collectively on major issues affecting the area.

Our shareholders are encouraged to attend Marsden Maritime's annual meeting which is generally held each year in October. Our website, announcements and annual reports are publicly available to keep both our investors and the wider public informed about our activities.



### Corporate Performance

Our business exists to develop and manage a suite of assets centred within the Greater Marsden Point Area. Our long-term investment horizon is consistent with the nature of our business and our asset base.

### Economic Impact

Marsden Maritime is a significant landowner at Marsden Point and we are proud to be a key contributor to the area's business development. We have interests in supporting Northport, the Marsden Cove Marina, vessel repair and maintenance services, retail opportunities, general business and industrial land use. Our ownership and management of our assets puts us in a unique position to support the future growth and prosperity of our region.

### Sustainable Growth

The Company's strategy centres on the progressive development of its land and marina holdings. Diversification within the scope of our core business operations helps to insulate our business from concentration risk. Our recent investment in the vessel haul-out and hardstand facility recognised the potential to diversify our business to attract tenants and to build the marine industry sector.

### Sustainable Returns

Effective management and considered development of our asset base enables us to generate sustained returns for our shareholders with our goal being to continually improve earnings and dividend streams.



MARSDEN MARITIME HOLDINGS LTD

# Financial Statements

For the Year Ended 30 June 2019

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## Auditor's Report



Chartered Accountants

**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF  
MARSDEN MARITIME HOLDINGS LIMITED**

The Auditor-General is the auditor of Marsden Maritime Holdings Limited and its subsidiaries (the Group). The Auditor-General has appointed me, Lloyd Bunyan, using the staff and resources of Ernst & Young, to carry out the audit of the consolidated financial statements of the Group on his behalf.

**Opinion**

We have audited the consolidated financial statements of the Group on pages 21 to 46 that comprise the consolidated statement of financial position as at 30 June 2019, and 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 summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

**Basis for 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 (Revised) 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.

Ernst & Young provides taxation compliance services to the Group. Partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. We have no other relationship with, or interest in, the Group.

**Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of the audit report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

**Valuation of land and investment properties****Why significant**

The valuations of land and investment properties, carried at \$20.2m and \$76.0m respectively, are important to our audit as they represent significant judgment areas and a significant percentage (63%) of the total assets of the Group. The valuations of land and investment property are subjective and are highly dependent on assumptions and estimates.

The Group's policy is to revalue its land and investment properties on an annual basis. A 30 June 2019 valuation, on which the adopted values are based, was performed by an independent valuer. Amongst other matters, these valuations are based on assumptions such as future lease revenues, discount and capitalisation rates and land values per square metre.

Disclosures surrounding these items are included in notes 21 and 22 to the financial statements.

### Valuation of land and investment properties continued

#### How our audit addressed the key audit matter

In obtaining sufficient audit evidence we:

- evaluated the objectivity, independence and expertise of the external valuer;
- compared the key valuation assumptions used and the assessed values by property to the previous year's equivalent assumptions and amounts to determine the principal reasons for changes in assessed values;
- involved our real estate valuation specialists to assess the valuations and the underlying valuation methodology;
- considered the treatment of amounts capitalised in the year in relation to land improvements, their treatment in the financial statements and their impact on the valuation of land; and
- assessed the adequacy of the financial statement disclosures made in respect of the valuation of land and investment properties.

#### Other information

The directors of the company are responsible for the Annual Report, which includes information other than the consolidated financial statements and auditor's 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 during the audit or otherwise appears to be materially misstated. If, based upon 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.

#### Directors' responsibilities for the consolidated financial statements

The directors are responsible on behalf of the entity for the preparation and fair presentation of the consolidated financial statements in accordance with 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 entity 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.

## Auditor's Report continued



Chartered Accountants

### **Auditor's responsibilities for the audit of the consolidated financial statements** continued

- 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 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.

Lloyd Bunyan  
Ernst & Young  
On behalf of the Auditor-General  
Auckland, New Zealand  
29 August 2019

# Consolidated Statement of Comprehensive Income

For the Year Ended 30 June 2019

|  | Note   | 30 June 2019<br>\$ | 30 June 2018<br>\$ |
|--|--------|--------------------|--------------------|
| <b>Revenue &amp; Income</b>  |        |                    |                    |
| Property Revenue   |        | 2,163,966          | 2,198,943          |
| Marina Operations  |        | 1,533,128          | 1,204,277          |
| Share of Joint Venture Company's Net Surplus                               | 11     | 9,008,104          | 9,231,842          |
| Revenue from Goods Sold  |        | 1,635,766          | 1,253,488          |
| Farming Revenue  |        | 323,784            | 316,173            |
| Interest and Other Income  |        | 131,011            | 129,983            |
| <b>Total Revenue &amp; Income</b>  |        | <b>14,795,759</b>  | <b>14,334,706</b>  |
| <b>Expenditure</b>   |        |                    |                    |
| Operational Expenses   | 5      | 1,243,049          | 1,072,705          |
| Cost of Goods Sold   |        | 1,442,597          | 1,128,559          |
| Land Rates & Lease Expenses  | 6      | 560,596            | 545,025            |
| Administrative Expenses  | 7      | 1,576,544          | 1,671,908          |
| Finance Costs  | 8      | 286,294            | 273,655            |
| Depreciation Expense   | 9      | 409,449            | 299,489            |
| <b>Total Expenditure</b>   |        | <b>5,518,529</b>   | <b>4,991,341</b>   |
| <b>Trading Surplus</b>   |        | <b>9,277,230</b>   | <b>9,343,365</b>   |
| Gain (Loss) on Sale of Property, Plant & Equipment                         |        | (3,211)            | (44,728)           |
| Revaluation of Investment Property   | 22     | 603,243            | 43,550             |
| Fair Value Movements   | 17, 20 | (166,697)          | 73,836             |
| <b>Net Surplus Before Taxation</b>   |        | <b>9,710,565</b>   | <b>9,416,023</b>   |
| Taxation Expense   | 10     | 19,413             | 18,512             |
| <b>NET SURPLUS AFTER TAXATION</b>  |        | <b>9,691,152</b>   | <b>9,397,511</b>   |
| <b>Other Comprehensive Income</b>  |        |                    |                    |
| <i>Items that will be recycled through profit and loss</i>                 |        |                    |                    |
| Cash Flow Hedges - Gain (Loss) taken to Reserves (Northport Ltd)           |        | (427,894)          | (98,983)           |
| Income Tax relating to items of Other Comprehensive Income (Northport Ltd) |        | 119,810            | 27,715             |
| <i>Items that will not be recycled through profit and loss</i>             |        |                    |                    |
| Movement in Asset Revaluation Reserve                                      | 21(c)  | 369,588            | 634,436            |
| Share of Movement in Revaluation Reserve (Northport Ltd)                   |        | 160,008            | 1,160,697          |
| <b>Other Comprehensive Income for Year</b>                                 |        | <b>221,512</b>     | <b>1,723,865</b>   |
| <b>TOTAL COMPREHENSIVE INCOME</b>  |        | <b>9,912,664</b>   | <b>11,121,376</b>  |
| (attributable to Owners of the Company)                                    |        |                    |                    |
| Basic & Diluted Earnings Per Share (cents)                                 | 18(b)  | 23.46              | 22.75              |

## Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2019

|   | Share<br>Capital<br>\$ | Retained<br>Earnings<br>\$ | Asset<br>Revaluation<br>Reserve<br>\$ | Hedging<br>Reserve<br>(Joint Venture)<br>\$ | TOTAL<br>\$ |
|---|------------------------|----------------------------|---------------------------------------|---|-------------|
| Closing Equity 1 July 2018                            | 14,688,144             | 58,622,589                 | 62,458,697                            | (606,815)                                   | 135,162,615 |
| Net Surplus   | -                      | 9,691,152                  | -                                     | -   | 9,691,152   |
| Other Comprehensive Income                            | -                      | -                          | 529,596                               | (308,084)                                   | 221,512     |
| Total Comprehensive Income                            | -                      | 9,691,152                  | 529,596                               | (308,084)                                   | 9,912,664   |
| Transactions with owners in their capacity as owners: |                        |                            |                                       |   |             |
| Dividends Paid  | -                      | (6,504,853)                | -                                     | -   | (6,504,853) |
| Closing Equity 30 June 2019                           | 14,688,144             | 61,808,888                 | 62,988,293                            | (914,899)                                   | 138,570,426 |
| Closing Equity 1 July 2017                            | 14,688,144             | 55,626,680                 | 60,663,564                            | (535,547)                                   | 130,442,841 |
| Net Surplus   | -                      | 9,397,511                  | -                                     | -   | 9,397,511   |
| Other Comprehensive Income                            | -                      | -                          | 1,795,133                             | (71,268)                                    | 1,723,865   |
| Total Comprehensive Income                            | -                      | 9,397,511                  | 1,795,133                             | (71,268)                                    | 11,121,376  |
| Transactions with owners in their capacity as owners: |                        |                            |                                       |   |             |
| Dividends Paid  | -                      | (6,401,602)                | -                                     | -   | (6,401,602) |
| Closing Equity 30 June 2018                           | 14,688,144             | 58,622,589                 | 62,458,697                            | (606,815)                                   | 135,162,615 |



# Consolidated Balance Sheet

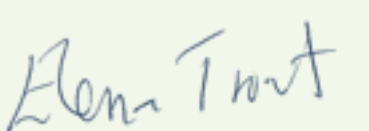
As at 30 June 2019

|   | Note  | 30 June 2019<br>\$        | 30 June 2018<br>\$        |
|---|-------|---------------------------|---------------------------|
| <b>ASSETS</b>   |       |                           |                           |
| <b>Non-Current Assets</b>                                     |       |                           |                           |
| Property, Plant & Equipment                                   | 21    | 28,959,992                | 26,801,696                |
| Investment Property   | 22    | 76,043,000                | 67,020,000                |
| Investment in Joint Venture Company (Northport Ltd)           | 19    | 46,719,234                | 47,049,528                |
| Other Investments   | 20    | 461,750                   | 652,446                   |
|   |       | <u>152,183,976</u>        | <u>141,523,670</u>        |
| <b>Current Assets</b>   |       |                           |                           |
| Cash & Deposits   | 12    | 306,322                   | 44,913                    |
| Receivables & Prepayments                                     | 13    | 579,895                   | 819,222                   |
| Inventory   |       | 95,471                    | 41,927                    |
| Earn Out - North Port Coolstores (1989) Ltd (Current Portion) | 17    | -                         | 155,000                   |
|   |       | <u>981,688</u>            | <u>1,061,062</u>          |
| <b>TOTAL ASSETS</b>   |       | <u><b>153,165,664</b></u> | <u><b>142,584,732</b></u> |
| <b>EQUITY AND LIABILITIES</b>                                 |       |                           |                           |
| <b>Equity</b>   |       |                           |                           |
| Share Capital   | 18(a) | 14,688,144                | 14,688,144                |
| Retained Earnings   |       | 61,808,888                | 58,622,589                |
| Asset Revaluation Reserve                                     |       | 62,988,293                | 62,458,697                |
| Hedging Reserve (Northport Ltd)                               |       | (914,899)                 | (606,815)                 |
|   |       | <u>138,570,426</u>        | <u>135,162,615</u>        |
| <b>Non-Current Liabilities</b>                                |       |                           |                           |
| Bank Loans  | 14    | 12,150,000                | 6,050,000                 |
| Revenue in Advance  | 15    | 802,535                   | 809,291                   |
|   |       | <u>12,952,535</u>         | <u>6,859,291</u>          |
| <b>Current Liabilities</b>                                    |       |                           |                           |
| Payables  | 16    | 1,642,703                 | 562,826                   |
|   |       | <u>1,642,703</u>          | <u>562,826</u>            |
| <b>TOTAL EQUITY AND LIABILITIES</b>                           |       | <u><b>153,165,664</b></u> | <u><b>142,584,732</b></u> |

For and on behalf of the Board of Directors who authorised the issue of this financial report on 29 August 2019.



.....  
Chairman



.....  
Director

# Consolidated Statement of Cash Flows

For the Year Ended 30 June 2019

|   | Note  | 30 June 2019<br>\$ | 30 June 2018<br>\$  |
|---|-------|--------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>         |       |                    |                     |
| Cash was provided from:                             |       |                    |                     |
| Cash from Customers                                 |       | 6,370,909          | 4,975,748           |
| Dividends Received                                  |       | 9,190,322          | 9,368,781           |
| Interest Received                                   |       | 16,458             | 6,798               |
|   |       | <u>15,577,689</u>  | <u>14,351,327</u>   |
| Cash was applied to:                                |       |                    |                     |
| Cash paid to Suppliers & Employees                  |       | (5,229,725)        | (4,227,690)         |
| Interest Paid                                       |       | (286,294)          | (273,656)           |
| Income Tax Paid                                     |       | (19,413)           | (18,513)            |
|   |       | <u>(5,535,432)</u> | <u>(4,519,858)</u>  |
| <b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>      |       | <u>10,042,256</u>  | <u>9,831,468</u>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>         |       |                    |                     |
| Cash was provided from:                             |       |                    |                     |
| Sale of Property, Plant & Equipment                 |       | –                  | 3,600,000           |
|   |       | <u>–</u>           | <u>3,600,000</u>    |
| Cash was applied to:                                |       |                    |                     |
| Purchase of Property, Plant & Equipment             |       | (1,932,418)        | (2,784,396)         |
| Purchase of and improvements to Investment Property |       | (7,443,576)        | (535,251)           |
|   |       | <u>(9,375,994)</u> | <u>(3,319,647)</u>  |
| <b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>      |       | <u>(9,375,994)</u> | <u>280,353</u>      |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>         |       |                    |                     |
| Cash was provided from:                             |       |                    |                     |
| BNZ Bank Facility                                   |       | 6,100,000          | –                   |
|   |       | <u>6,100,000</u>   | <u>–</u>            |
| Cash was applied to:                                |       |                    |                     |
| BNZ Bank Facility                                   |       | –                  | (3,800,000)         |
| Payment of dividends                                | 18(c) | (6,504,853)        | (6,401,602)         |
|   |       | <u>(6,504,853)</u> | <u>(10,201,602)</u> |
| <b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>      |       | <u>(404,853)</u>   | <u>(10,201,602)</u> |
| <b>NET INCREASE (DECREASE) IN CASH HELD</b>         |       | 261,409            | (89,781)            |
| <b>ADD OPENING CASH BALANCE</b>                     |       | 44,913             | 134,694             |
| <b>CLOSING CASH BALANCE</b>                         | 12    | <u>306,322</u>     | <u>44,913</u>       |

## Consolidated Operating Cash Flow Reconciliation

For the Year Ended 30 June 2019

|   | Note   | 30 June 2019<br>\$ | 30 June 2018<br>\$ |
|---|--------|--------------------|--------------------|
| NET SURPLUS AFTER TAXATION                                      |        | 9,691,152          | 9,397,511          |
| Add (Subtract) Non-Cash Items:                                  |        |                    |                    |
| Depreciation Expense  | 9      | 409,449            | 299,489            |
| (Gain) Loss on Sale of Property, Plant & Equipment              |        | 3,211              | 44,728             |
| Revaluation of Investment Property                              | 22     | (603,243)          | (43,550)           |
| Other Fair Value Movements                                      | 17, 20 | 166,697            | (73,836)           |
| Share of Joint Venture's Retained Surplus                       | 11     | 182,218            | 100,958            |
|   |        | <u>158,332</u>     | <u>327,789</u>     |
| Add (Subtract) Working Capital Items:                           |        |                    |                    |
| Movement in Receivables & Prepayments                           |        | 239,327            | (103,275)          |
| Movement in Payables  |        | 1,079,877          | (639,987)          |
| Movement in Inventory   |        | (53,544)           | (4,738)            |
|   |        | <u>1,265,660</u>   | <u>(748,000)</u>   |
| Movement in Revenue in Advance                                  |        | (6,756)            | 191,788            |
| Non-Operating Items included in Working Capital Movements above |        | <u>(1,066,132)</u> | <u>662,380</u>     |
| NET CASH FLOW FROM OPERATING ACTIVITIES                         |        | <u>10,042,256</u>  | <u>9,831,468</u>   |

# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2019

## Note 1

### GENERAL INFORMATION

#### 1.1 Reporting Entity

The financial statements are for Marsden Maritime Holdings Limited (Marsden Maritime or the Company) and the joint venture company Northport Limited (the Group). The Company is incorporated and domiciled in New Zealand, is registered under the Companies Act 1993 and is a FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013. The Company is listed with NZX Limited with its ordinary shares quoted on the NZX Main Board.

The Group's operations principally comprise of its 50% stakeholding in the deep water port facility at Marsden Point together with its substantial land holdings in the adjacent area. The Group also owns and operates the Marsden Cove Marina complex which consists of a 229 berth marina, adjoining commercial complex and boatyard facility.

#### 1.2 Basis of Preparation

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice (GAAP) and the Financial Markets Conduct Act 2013. They comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other guidance as issued by the External Reporting Board, as appropriate for profit-oriented entities, and with International Financial Reporting Standards.

The financial statements have also been prepared on a historical cost basis, except for the revaluation of certain non-current assets and financial instruments as described below. All financial information is presented in New Zealand Dollars.

#### 1.3 Joint Venture

The Group's investment in its joint venture is accounted for using the equity method of accounting in the consolidated financial statements. A joint venture is a type of joint arrangement whereby the parties have joint control of the arrangement and have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Under the equity method, investments in the joint ventures are recognised in the Consolidated Balance Sheet at cost plus post-acquisition changes in the Group's share of net assets of the joint ventures. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss in respect to the Group's net investment in joint ventures.

The Group's share of its joint ventures' post-acquisition profits or losses is recognised in profit or loss, and its share of post acquisition movements in reserves is recognised in other comprehensive income of the Group. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

Dividends received from joint ventures reduce the carrying amount of the investment.

If the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any unsecured long-term receivables and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

#### 1.4 Basis of Consolidation

The Group financial statements are prepared by consolidating the financial statements of all entities that together comprise the consolidated entity, being the Parent and its joint venture interest. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

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.

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 these returns through its power over the investee.

#### 1.5 New Standards, Amendments and Interpretations

The Group has adopted both NZ IFRS 9 Financial Instruments and NZ IFRS 15 Revenue from contracts with customers as required. There have been no material changes required to the financial statements through the adoption of these standards.

The following new standard has been published but is not yet effective and has not been early adopted by the Group.

##### NZ IFRS 16 'Leases'

This standard will replace the current guidance in NZ IAS 17. Under NZ IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under NZ IAS 17, a lessee was required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). NZ IFRS 16 now requires a lessee to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. Included is an optional exemption for certain short-term leases and leases of low-value assets, however, this exemption can only be applied by lessees.

The Directors have evaluated the impact of this new standard on the consolidated financial position and performance of the Group. Their evaluation has indicated that there is no material effect on the Group's profit and loss due to adopting the new standard.

The Group will adopt and apply NZ IFRS 16 from 1 July 2019.

# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2019

## Note 2

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Revenue Recognition

Revenue is recognised when (or as) a performance obligation is satisfied by transferring promised goods or services to a customer. The transfer occurs when the customer obtains control of the value created from goods or services.

Property revenue, incorporates rental income and is accounted for on a straight line basis over the lease term. Contingent rental income is recognised as income in the period in which it is earned. Lease incentives granted are recognised as an integral part of the total rental income over the period on the lease on a straight line basis.

Revenue from marine services provided are recognised over the financial periods in which the customer receives the benefit provided by performance of the service. This can be either over the period the service is rendered or upon delivery depending on the marine service provided.

Farming and goods sold revenues are recognised when the performance obligation is satisfied at a point in time, generally upon delivery.

With the adoption of IFRS 15 revenue from property leases are now disclosed separately in the Consolidated Statement of Comprehensive Income.

#### 2.2 Inventory

Inventory is stated at the lower of cost or net realisable value. The cost of inventories is based on the first-in-first-out principle. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

#### 2.3 Property, Plant & Equipment

Property Plant and Equipment comprises land and other fixed assets held for use in the production or supply of services. With the exception of freehold land, property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Freehold land is subject to annual revaluation at "fair value" on the basis of independent valuation.

Historical cost includes expenditure that is directly attributable to the acquisition of an item of property, plant and equipment. This includes any applicable borrowing costs and/or transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance are recognised in profit and loss as incurred.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the profit and loss.

Property, plant and equipment, with the exception of freehold land and capital work in progress, is depreciated. The charge for depreciation is calculated using the straight line method to allocate cost, net of residual value, over the estimated useful lives of assets as follows:

|  |                 |
|--|-----------------|
| Freehold Land                          | not depreciated |
| Buildings & Amenities                  | 5-50 years      |
| Plant & Equipment (including vehicles) | 2-25 years      |

Underground fuel tanks related to the Group's fuel facility that have been classified as Plant & Equipment and have an estimated useful life of 40 years.

Residual values and useful lives are reviewed, and adjusted if appropriate at each Balance Sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

#### Land Revaluations

Any revaluation increment is credited to the asset revaluation reserve included in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit and loss, in which case the increment is recognised in profit and loss.

Any revaluation decrease is recognised in profit or loss, except to the extent that it offsets a previous revaluation increment for the same asset, in which case the decrease is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset.

Upon disposal or derecognition of an asset, any associated revaluation reserve balance is transferred to retained earnings.

#### Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further economic benefits are expected from its use or disposal.

# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2019

## Note 2

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.4 Investment Property

Investment properties are held to earn rental income or for long term capital appreciation. After initial recognition at cost including directly attributable acquisition costs, investment properties are measured at fair value, on the basis of valuations made by independent valuers on at least an annual basis. Gains or losses arising from changes in the fair values of investment properties are included in the Statement of Comprehensive Income in the year in which they arise.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Investment properties under construction are carried at cost until it is possible to reliably determine their fair value, from which point they are carried at fair value less costs to complete.

Gains or losses on the disposal of investment properties are recognised in the Consolidated Statement of Comprehensive Income in the period in which the investment properties are derecognised when they have been disposed.

Transfers from property, plant and equipment to investment property are made when, and only when, there is a change in use, evidenced by the ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

For a transfer from investment property to owner-occupied property, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with its property plant and equipment policy up to the date of change in use.

#### 2.5 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.

#### 2.6 Borrowing Costs

Borrowing costs are recognised as an expense when incurred except for costs associated with the construction of any qualifying asset which are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale.

#### 2.7 Impairment of Assets

The carrying amounts of the Group's property, plant and equipment, intangibles, investments in joint ventures and receivables, are reviewed at each reporting date to determine whether there is any objective evidence of impairment.

An impairment loss is recognised for the amount by which the carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash generating units).

#### 2.8 Payables

Payables are carried at amortised cost. These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are typically unsecured and usually paid within 30 days of recognition.

#### 2.9 Dividends

A provision is made in the financial statements for the amount of any dividend declared on or before the end of the financial year but not distributed at balance date.

#### 2.10 Employee Benefits

Liabilities for wages and salaries, including annual leave entitlements and any non-monetary benefits are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amount expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

#### 2.11 Receivables

Receivables which generally have a 30 day term are recognised initially at fair value. The Company applies a simplified approach in calculating expected credit losses (ECLs). Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

#### 2.12 Prepayments

Prepayments comprise of significant items of expenditure having a benefit to more than one accounting period and are written off over the period to which they relate.

# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2019

## Note 2

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.13 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits at call with financial institutions, and bank overdrafts.

#### 2.14 Financial Instruments

Designation of financial assets and financial liabilities is determined by the purpose of the financial instruments, the policies and practices of management, the relationship with other instruments and the reporting costs and benefits of each designation. These designations are reflected in the financial statements of the Group.

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

Financial assets at fair value through profit or loss includes financial assets initially designated at fair value through profit or loss and financial assets classified as held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a profit. Derivative financial instruments are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on financial assets held for trading are recognised in the profit or loss.

##### Financial Liabilities

Financial liabilities are recognised initially at fair value, and in the case of loans and borrowings and payables less transaction costs and subsequently measured at amortised cost using the effective interest rate method.

##### Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired.

These are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current.

#### 2.15 Derivative Financial Instruments and Hedging

Northport Ltd periodically uses derivative financial instruments, such as interest rate swaps, to hedge risk associated with interest rate fluctuation.

Derivative financial instruments are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured at each balance sheet date to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative contract is designated as a hedging instrument, and if so, the nature of the item being hedged.

##### Designated Cash Flow Hedges

At the inception of a designated hedge transaction the relationship between the hedging instrument and hedged item is formally documented, as well as the risk management objectives and strategy for undertaking the transaction. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged, and how the hedging instrument's effectiveness will be assessed. Such instruments are expected to be highly effective in achieving offsetting changes and are assessed on an on-going basis to determine whether they have actually been highly effective throughout the financial reporting period(s) for which they were designated.

At each reporting date, all designated cashflow hedges are tested for effectiveness. The ineffective portion of the gain or loss on each hedging instrument is recognised in profit or loss whilst the effective portion is included in other comprehensive income of the relevant entity.

Amounts accumulated in Equity are recycled in the Statement of Comprehensive Income in the period(s) when the hedged item impacts profit or loss. When the forecast transaction that is hedged results in a non-financial asset, the gains or losses previously deferred in Equity are transferred from Equity and included in the initial cost or carrying amount of the asset with the deferred amount ultimately being recognised as depreciation in the case of property, plant and equipment.

If the hedging instrument expires or is sold, terminated or exercised without replacement or roll over, or its designation as a hedge is revoked (due to ineffectiveness), amounts previously recognised in equity remain in equity until the forecast transaction occurs.

##### Derivatives that do not qualify for hedge accounting

Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately via profit and loss. Similarly, if a previously forecast transaction is no longer expected to occur, any amounts accumulated in reserves are immediately reclassified to profit or loss.

#### 2.16 Other Investments

Other investments are initially recognised at cost and are subsequently restated to their assessed fair value at each reporting date and more frequently, if warranted.

Any movement in fair value is immediately recognised in the profit or loss.

# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2019

## Note 2

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.17 Income Tax

##### Current Tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

##### Deferred Tax

Deferred income tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences except:

When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

When the taxable temporary difference is associated with investments in subsidiaries, joint ventures or interests in joint operations, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

When the deductible temporary difference is associated with investments in subsidiaries, joint ventures or interests in joint operations, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

##### Taxation Expense

The income tax expense recognised in the profit and loss includes both current and deferred tax and is calculated after allowing for non-assessable income and non-deductible expenditure.

##### Tax Losses

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

#### 2.18 Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

##### (i) Group as a lessee

Operating lease payments are recognised as an operating expense in the statement of comprehensive income on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

##### (ii) Group as a lessor

Leases in which the Group retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.



# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2019

## Note 3

### SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES & ASSUMPTIONS

In applying the Group's accounting policies, management continually evaluates judgements, estimates and assumptions made based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgements, estimates and assumptions made. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

#### 3.1 Tax Losses

At the end of the reporting period the Group has accumulated tax losses amounting to \$6,600,901 with a tax effect of \$1,848,252 (2018: losses \$6,411,291 tax effect \$1,795,162) subject to Inland Revenue Department confirmation. Due to the time frame in which assessable income is anticipated to be available to offset such losses the Group has determined that it is appropriate to only recognise losses in the financial statements to a level that directly offsets the deferred tax liability.

#### 3.2 Estimation of Useful Lives of Assets

The estimation of the useful lives of assets has predominantly been based on historical experience. Useful lives are reviewed on an annual basis and adjustments made when considered necessary.

#### 3.3 Valuation of Freehold Land

Freehold Land is revalued annually by an independent valuer. The fair value of the Group's land holdings is based on market values, being the estimated amount for which the land could be exchanged between a willing buyer and a willing seller in an arm's length transaction. Changes to market conditions or assumptions made in the estimation of fair value will result in changes to the fair value of property.

#### 3.4 Valuation of Investment Property

Investment property is revalued annually by an independent valuer. The fair value of the Group's investment properties is based on market values, being the estimated amount for which the property could be exchanged between a willing buyer and a willing seller in an arm's length transaction. Changes to market conditions or assumptions made in the estimation of fair value will result in changes to the fair value of investment property.

## Note 4

### FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks including movements in fair value, liquidity risk, credit risk, price risk, interest rate risk and to a lesser extent foreign exchange risk. The Group's overall risk management programme seeks to minimise potential adverse effects on its financial performance.

#### 4.1 Fair Value

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 – the fair value is calculated using quoted prices in active markets.

Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2019

## Note 4

### FINANCIAL RISK MANAGEMENT OBJECTIVES & POLICIES (continued)

#### 4.2 Financial Assets

30 June 2019

|   |                |          |          |                |
|---|----------------|----------|----------|----------------|
| Fonterra Co-operative Group Ltd - Shares (Note 20)    | 461,750        | -        | -        | 461,750        |
| North Port Coolstores (1989) Ltd - Earn Out (Note 17) | -              | -        | -        | -              |
| <b>Total</b>  | <b>461,750</b> | <b>-</b> | <b>-</b> | <b>461,750</b> |

|   | Market Price<br>Level 1 \$ | Market Inputs<br>Level 2 \$ | Non Market Inputs<br>Level 3 \$ | Total \$       |
|---|----------------------------|-----------------------------|---------------------------------|----------------|
| Fonterra Co-operative Group Ltd - Shares (Note 20)    | 461,750                    | -                           | -                               | 461,750        |
| North Port Coolstores (1989) Ltd - Earn Out (Note 17) | -                          | -                           | -                               | -              |
| <b>Total</b>  | <b>461,750</b>             | <b>-</b>                    | <b>-</b>                        | <b>461,750</b> |

30 June 2018

|   |                |          |                |                |
|---|----------------|----------|----------------|----------------|
| Fonterra Co-operative Group Ltd - Shares (Note 20)    | 652,446        | -        | -              | 652,446        |
| North Port Coolstores (1989) Ltd - Earn Out (Note 17) | -              | -        | 155,000        | 155,000        |
| <b>Total</b>  | <b>652,446</b> | <b>-</b> | <b>155,000</b> | <b>807,446</b> |

|   | Market Price<br>Level 1 \$ | Market Inputs<br>Level 2 \$ | Non Market Inputs<br>Level 3 \$ | Total \$       |
|---|----------------------------|-----------------------------|---------------------------------|----------------|
| Fonterra Co-operative Group Ltd - Shares (Note 20)    | 652,446                    | -                           | -                               | 652,446        |
| North Port Coolstores (1989) Ltd - Earn Out (Note 17) | -                          | -                           | 155,000                         | 155,000        |
| <b>Total</b>  | <b>652,446</b>             | <b>-</b>                    | <b>155,000</b>                  | <b>807,446</b> |

#### 4.3 Liquidity Risk

The Group manages its exposure to liquidity risk by maintaining a balance between continuity of funding and flexibility through the use of bank loans, overdrafts and committed available credit lines. As at 30 June 2019, the Company had access to funding facilities with the BNZ totalling \$20,500,000 (2018: \$10,500,000) of which \$12,150,000 was drawn down at this date (2018: \$6,050,000). The present and expected level of cash flow is sufficient to meet repayment requirements.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Year Ended 30 June 2019

|   |          |                |                |                   |
|---|----------|----------------|----------------|-------------------|
| Interest-bearing loans and borrowings<br>(includes interest expense)* | -        | 117,500        | 352,500        | 12,410,000        |
| Trade and other payables  | -        | 855,783        | 299,948        | -                 |
| <b>Total</b>  | <b>-</b> | <b>973,283</b> | <b>652,448</b> | <b>12,410,000</b> |

|   | On Demand<br>\$ | Less than 3 Months<br>\$ | 3 to 12 Months<br>\$ | Over 12 Months<br>\$ |
|---|-----------------|--------------------------|----------------------|----------------------|
| Interest-bearing loans and borrowings<br>(includes interest expense)* | -               | 117,500                  | 352,500              | 12,410,000           |
| Trade and other payables  | -               | 855,783                  | 299,948              | -                    |
| <b>Total</b>  | <b>-</b>        | <b>973,283</b>           | <b>652,448</b>       | <b>12,410,000</b>    |

Year Ended 30 June 2018

|                                       |          |                |                |                  |
|---------------------------------------|----------|----------------|----------------|------------------|
| Interest-bearing loans and borrowings | -        | 60,000         | 180,000        | 6,220,000        |
| Trade and other payables              | -        | 208,723        | 82,280         | -                |
| <b>Total</b>                          | <b>-</b> | <b>268,723</b> | <b>262,280</b> | <b>6,220,000</b> |

|                                       | On Demand<br>\$ | Less than 3 Months<br>\$ | 3 to 12 Months<br>\$ | Over 12 Months<br>\$ |
|---------------------------------------|-----------------|--------------------------|----------------------|----------------------|
| Interest-bearing loans and borrowings | -               | 60,000                   | 180,000              | 6,220,000            |
| Trade and other payables              | -               | 208,723                  | 82,280               | -                    |
| <b>Total</b>                          | <b>-</b>        | <b>268,723</b>           | <b>262,280</b>       | <b>6,220,000</b>     |

\* This is a revolving cash advance facility which is repaid and redrawn typically every 3 months.

As at 30 June 2019, joint venture company Northport Ltd had access to funding facilities totalling \$45,000,000 (2018: \$45,000,000) of which a total sum of \$12,200,000 remained undrawn at balance date.

# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2019

## Note 4

### FINANCIAL RISK MANAGEMENT OBJECTIVES & POLICIES (continued)

#### 4.4 Credit Risk

Credit Risk arises from the financial assets of the Group, which comprises cash and cash equivalents, trade and other receivables, loans and receivables and derivative instruments. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. The Group trades only with recognised, creditworthy parties and as such collateral is not typically required.

Derivative counterparties and cash transactions are limited to high credit quality financial institutions. The Group further minimises its credit exposure by limiting the amount of funds placed with any one financial institution at any one time.

No material financial assets are past due as at balance date.

#### 4.5 Price Risk

Price risk arises from investments in equity securities as detailed in Note 20. The price risk for listed and unlisted securities is immaterial in terms of the possible impact on the Statement of Comprehensive Income or total equity and as such, a sensitivity analysis has not been completed.

#### 4.6 Interest Rate Risk

The Group's exposure to the risk in changes in interest rates primarily stems from its long-term debt obligations having a floating interest rate.

At balance date, the Company had the following direct\* exposure to variable interest rate risk:

|                                  | 30 June 2019<br>\$ | 30 June 2018<br>\$ |
|----------------------------------|--------------------|--------------------|
| <b>4.7 Financial Liabilities</b> |                    |                    |
| Bank Loan                        | (12,150,000)       | (6,050,000)        |

\* The Group also has an indirect exposure to variable interest rate risk via its holding in joint venture entity Northport Ltd. This entity periodically enters into cash flow hedges to hedge the risk associated with fluctuations in interest rates (refer Note 19).

The following sensitivity analysis is based on the Company's exposure to unhedged interest rate risk (with all other variables held constant) as at the end of the reporting period. The analysis below depicts the impact on post tax profit.

|                                  |          |          |
|----------------------------------|----------|----------|
| <b>+1.0% (100 Basis Points)</b>  |          |          |
| Post Tax Profit - Higher (Lower) | (81,500) | (20,500) |
| <b>-0.5% (50 Basis Points)</b>   |          |          |
| Post Tax Profit - Higher (Lower) | 40,750   | 10,250   |

#### 4.8 Financial Instruments

The Group has the following categories of financial instruments:

##### Financial Assets at Fair Value through Profit and Loss Designated on Initial Recognition

|  |              |             |
|--|--------------|-------------|
| Earn Out - North Port Coolstores (1989) Ltd    | -            | 155,000     |
| Other Investments                              | 461,750      | 652,446     |
| <b>Loans and Receivables</b>                   |              |             |
| Cash and Deposits                              | 306,322      | 44,913      |
| Receivables                                    | 477,538      | 734,154     |
| <b>Financial Liabilities at Amortised Cost</b> |              |             |
| Payables                                       | (1,642,703)  | (562,826)   |
| Bank Loans                                     | (12,150,000) | (6,050,000) |

# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2019

| <b>Note 5</b>               | <b>30 June 2019</b> | <b>30 June 2018</b> |
|-----------------------------|---------------------|---------------------|
| <b>OPERATIONAL EXPENSES</b> | <b>\$</b>           | <b>\$</b>           |
| Repairs & Maintenance       | 405,971             | 353,195             |
| Employee Related Benefits   | 313,865             | 290,174             |
| Marketing Expenses          | 75,956              | 96,955              |
| Farm Operating Expenses     | 127,595             | 86,315              |
| Other Operational Expenses  | 319,662             | 246,066             |
|                             | <u>1,243,049</u>    | <u>1,072,705</u>    |

| <b>Note 6</b>                          |                |                |
|--|----------------|----------------|
| <b>LAND RATES &amp; LEASE EXPENSES</b> |                |                |
| Land Rates                             | 506,481        | 504,855        |
| Lease Expenses                         | 54,115         | 40,170         |
|  | <u>560,596</u> | <u>545,025</u> |

| <b>Note 7</b>                                  |                  |                  |
|--|------------------|------------------|
| <b>ADMINISTRATIVE EXPENSES</b>                 |                  |                  |
| Directors' Fees                                | 247,285          | 228,378          |
| Auditor Remuneration - Audit Fees              | 72,247           | 70,809           |
| - Other Fees *                                 | 5,410            | 12,468           |
| Donations                                      | 3,373            | 7,263            |
| Employee Related Benefits                      | 610,261          | 709,695          |
| Share Registry Expenses                        | 78,073           | 74,169           |
| Professional Fees (excl. Auditor Remuneration) | 109,736          | 173,079          |
| Other Administrative Expenses                  | 450,159          | 396,047          |
|  | <u>1,576,544</u> | <u>1,671,908</u> |

\* This comprises fees associated with tax advice and management training.

| <b>Note 8</b>                    |                |                |
|----------------------------------|----------------|----------------|
| <b>FINANCE COSTS</b>             |                |                |
| Interest on debts and borrowings | 338,120        | 321,163        |
| Less capitalised borrowing costs | (51,826)       | (47,508)       |
|                                  | <u>286,294</u> | <u>273,655</u> |

The average weighted borrowing cost rate for capitalisation to property, plant and equipment, was 3.86% for the current period (2018: 3.85%).

# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2019

**Note 9****DEPRECIATION EXPENSE**

|                       | 30 June 2019<br>\$ | 30 June 2018<br>\$ |
|-----------------------|--------------------|--------------------|
| Buildings & Amenities | 229,004            | 160,479            |
| Plant & Equipment     | 180,445            | 139,010            |
|                       | <u>409,449</u>     | <u>299,489</u>     |

**Note 10****TAXATION EXPENSE**

|   |                  |                  |
|---|------------------|------------------|
| Net Surplus Before Taxation                           | <u>9,710,565</u> | <u>9,416,023</u> |
| Prima Facie Tax at 28%                                | 2,718,958        | 2,636,486        |
| Adjusted for the Tax Effect of:                       |                  |                  |
| Tax Paid Joint Venture Earnings                       | 54,687           | 39,895           |
| Imputed Dividend Receipts                             | (2,573,290)      | (2,613,184)      |
| Other Non-Assessable Income                           | (125,899)        | (44,494)         |
| Capitalised Borrowing Costs Deducted for Tax Purposes | (14,511)         | (13,302)         |
| Non-Deductible Expenses                               | 958              | 1,624            |
| Loss on Disposal of Assets Held for Sale              | 6,317            | -                |
| Carried Forward Losses Not Recognised (Recognised)    | (47,807)         | 11,487           |
|   | <u>19,413</u>    | <u>18,512</u>    |
| Represented by:                                       |                  |                  |
| Current Taxation                                      | 19,413           | 18,512           |
| Deferred Taxation                                     | -                | -                |
|   | <u>19,413</u>    | <u>18,512</u>    |

**Note 11****SHARE OF JOINT VENTURE COMPANY'S NET SURPLUS**

|   |                  |                  |
|---|------------------|------------------|
| Northport Ltd (50% interest)  |                  |                  |
| Net Surplus before Taxation   | 12,014,252       | 12,294,264       |
| Less Taxation   | (3,019,240)      | (3,103,942)      |
|   | <u>8,995,012</u> | <u>9,190,322</u> |
| Current period write back in respect of previous inter-entity asset sales | 13,092           | 41,520           |
|   | <u>9,008,104</u> | <u>9,231,842</u> |
| Comprising:   |                  |                  |
| Dividends Received  | 9,190,322        | 9,332,800        |
| Share of Retained Surplus for period                                      | (182,218)        | (100,958)        |
|   | <u>9,008,104</u> | <u>9,231,842</u> |

**Note 12****CASH & DEPOSITS**

|                               |                |               |
|-------------------------------|----------------|---------------|
| Current Accounts              | 305,922        | 44,513        |
| Cash                          | 400            | 400           |
| As per Statement of Cashflows | <u>306,322</u> | <u>44,913</u> |

Current account deposits held are non-interest bearing.

# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2019

## Note 13

### RECEIVABLES & PREPAYMENTS

|  | 30 June 2019<br>\$ | 30 June 2018<br>\$ |
|--|--------------------|--------------------|
| Trade Receivables                                    | 124,169            | 67,350             |
| North Port Coolstores (1989) Ltd Earn Out Receivable | 179,000            | 225,000            |
| GST Refund Due                                       | 124,739            | -                  |
| Prepayments  | 132,357            | 85,068             |
| Sundry Debtors                                       | 19,630             | 441,804            |
|  | <u>579,895</u>     | <u>819,222</u>     |

## Note 14

### BANK LOANS

|                   |                   |                  |
|-------------------|-------------------|------------------|
| BNZ Loan Facility | <u>12,150,000</u> | <u>6,050,000</u> |
|-------------------|-------------------|------------------|

As at 30 June 2019 Marsden Maritime Holdings Ltd had secured loan facilities totalling \$20,000,000. The facility's maturity dates range from 31 August 2021 to 31 March 2022.

The loan facility is able to be drawn-down on request subject to the Company being in compliance with undertakings in respect of the facility.

Interest rates are determined by reference to prevailing money market rates at the time of draw-down plus a margin. Interest rates paid during the year ranged from 2.58% to 3.18% (2018: 2.93% to 3.55%).

The loan facility is secured by a first ranking mortgage over all of Marsden Maritime Holdings Ltd's property interests.

## Note 15

### REVENUE IN ADVANCE

|                                     |                |                |
|-------------------------------------|----------------|----------------|
| Opening Balance                     | 809,291        | 617,503        |
| Marina Berth Licence Sales Proceeds | 171,112        | 315,913        |
| Marina Berth Licence Buy Back       | (23,945)       | (3,478)        |
| Recognition - Current Period        | (153,923)      | (120,647)      |
| Closing Balance                     | <u>802,535</u> | <u>809,291</u> |

Marina berth licences are sold giving the licensee a right to occupy a marina berth for a period that ranges from 5 to 20 years. The proceeds from a sale of a berth are recognised over the particular term of each licence sold.

## Note 16

### PAYABLES

|                              |                  |                |
|------------------------------|------------------|----------------|
| Trade Creditors              | 834,636          | 180,630        |
| Related Parties (Note 26(a)) | 21,147           | 19,736         |
| Retentions                   | 299,948          | 82,280         |
| GST Payable                  | -                | 8,357          |
| Other Payables               | 486,972          | 271,823        |
|                              | <u>1,642,703</u> | <u>562,826</u> |

# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2019

## Note 17

### EARN OUT - NORTH PORT COOLSTORES (1989) LTD

Under the terms and conditions of the sale of the stakeholding in North Port Coolstores (1989) Ltd, the Company is entitled to receive additional annual payments based on the actual level of revenues derived by the coolstore business during the 5 year period ending 31 March 2019.

|   | 30 June 2019<br>\$ | 30 June 2018<br>\$ |
|---|--------------------|--------------------|
| Opening Balance                                   | 155,000            | 239,000            |
| Earn Out Payment Receivable                       | (179,000)          | (225,000)          |
| Fair Value Adjustment                             | 24,000             | 141,000            |
|   | <u>          -</u> | <u>155,000</u>     |
| Current Portion - due within the next 12 months   | -                  | 155,000            |
| Non-Current Portion - due past the next 12 months | <u>          -</u> | <u>          -</u> |
|   | <u>          -</u> | <u>155,000</u>     |

## Note 18

### CONTRIBUTED EQUITY

#### (a) Share Capital

Opening / Closing Balance

| 30 June 2019      | 30 June 2018      |
|-------------------|-------------------|
| <u>14,688,144</u> | <u>14,688,144</u> |

All shares carry equal voting rights and have no par value.

The parent entity, Marsden Maritime Holdings Ltd has an authorised capital of 80,000,000 shares (unchanged from prior year).

|                                   | 30 June 2019<br>No. Shares | 30 June 2018<br>No. Shares |
|-----------------------------------|----------------------------|----------------------------|
| Opening / Closing Shares on Issue | <u>41,300,651</u>          | <u>41,300,651</u>          |

#### (b) Earnings per Share

Earnings per share of 23.46 cents per share (2018: 22.75 cents per share) has been calculated as the reported Net Surplus divided by the average number of fully paid shares (calculated on a daily basis) on issue during the period, comprising 41,300,651 shares (2018: 41,300,651 shares). Diluted earnings per share has been calculated on the same basis.

#### (c) Dividends Paid

During the financial year the following dividend payments were made:

Final, 14/09/18 - 9.00 cents/share (15/09/17 - 8.75 cents)

Interim, 22/03/19 - 6.75 cents/share (23/03/18 - 6.75 cents)

| 30 June 2019<br>\$ | 30 June 2018<br>\$ |
|--------------------|--------------------|
| 3,717,059          | 3,613,807          |
| <u>2,787,794</u>   | <u>2,787,795</u>   |
| <u>6,504,853</u>   | <u>6,401,602</u>   |

#### (d) Capital Management

When managing capital, management's 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. Changing market conditions may affect the amount of dividends paid to shareholders. Changing market conditions may also result in the return of capital to shareholders, the issuance of new shares, or result in the sale of assets to reduce debt.

During the reporting period, the Group's joint venture entities fully complied with any externally imposed capital requirements. The Group is not subject to any externally imposed capital requirements.

# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2019

**Note 19****INVESTMENT IN JOINT VENTURE COMPANY****(a) Northport Ltd**

200 shares - 50% holding (same shareholding as reported 30 June 2018)

Balance Date - 30 June

Main Activity: Port Operations

Shares Subscribed For

Share of Accumulated Surplus to 30 June

Share of Hedging Reserve

Share of Land Revaluation

Elimination re. inter-entity asset sales

Total Investment in Joint Venture Companies

30 June 2019  
\$30 June 2018  
\$

|                   |                   |
|-------------------|-------------------|
| 20,000,000        | 20,000,000        |
| 12,227,455        | 12,422,765        |
| (914,899)         | (606,814)         |
| 16,751,484        | 16,591,476        |
| (1,344,806)       | (1,357,900)       |
| <u>46,719,234</u> | <u>47,049,528</u> |

Marsden Maritime Holdings Ltd has a 50% shareholding in the port at Marsden Point which trades as Northport Ltd (2018: 50%), with Port of Tauranga Ltd holding the remaining 50%.

**(b) Summary Financial Information**

Cash &amp; Cash Equivalents

Other Current Assets

Current Assets

Non Current Assets

Current Financial Liabilities (excluding trade and other payables)

Other Current Liabilities

Current Liabilities

Non-Current Financial Liabilities (excluding trade and other payables)

Net Assets

Group share of Net Assets 50%

Other Consolidated Adjustments

Revenue

Depreciation and Amortisation

Interest Income

Interest Expense

Tax Expense

Net Surplus

Other Comprehensive Income

Total Comprehensive Income

|                    |                    |
|--------------------|--------------------|
| 386,340            | 195,838            |
| 4,379,550          | 4,448,098          |
| <u>4,765,890</u>   | <u>4,643,936</u>   |
| 131,515,046        | 132,243,427        |
| <u>136,280,936</u> | <u>136,887,363</u> |
| 866,391            | 34,084,709         |
| 4,594,922          | 4,315,114          |
| <u>5,461,313</u>   | <u>38,399,823</u>  |
| 34,691,543         | 1,672,684          |
| <u>40,152,856</u>  | <u>40,072,507</u>  |
| <u>96,128,080</u>  | <u>96,814,856</u>  |
| 48,064,040         | 48,407,428         |
| (1,344,806)        | (1,357,900)        |
| <u>46,719,234</u>  | <u>47,049,528</u>  |
| 42,622,298         | 42,194,532         |
| 3,817,844          | 4,147,864          |
| 20,818             | 20,245             |
| 1,813,010          | 1,809,020          |
| 6,038,479          | 6,207,883          |
| 17,990,023         | 18,380,644         |
| (296,151)          | 2,178,858          |
| <u>17,693,872</u>  | <u>20,559,502</u>  |



# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2019

**Note 20****OTHER INVESTMENTS**

Fonterra Co-operative Group Ltd - Shares

|                         | 30 June 2019<br>\$ | 30 June 2018<br>\$ |
|-------------------------|--------------------|--------------------|
| Opening Balance         | 652,446            | 719,610            |
| Acquisition/(Disposals) | -                  | -                  |
| Fair Value Movements    | (190,696)          | (67,164)           |
| Closing Balance         | <u>461,750</u>     | <u>652,446</u>     |

As at 30 June 2019 the Group held 119,935 co-operative shares in Fonterra Co-operative Group Ltd having a disclosed fair value of \$3.85 per share (2018: total holding of 119,935 shares at \$5.44 per share).

| Fair Value Movement in Other Investments | Shares Held | Disclosed Fair Value Per Share |           | Fair Value Movement |
|--|-------------|--------------------------------|-----------|---------------------|
|  |             | 30-Jun-19                      | 30-Jun-18 |                     |
| Fonterra Co-operative Group Ltd - Shares | 119,935     | 3.85                           | 5.44      | (190,696)           |

**Note 21****PROPERTY, PLANT & EQUIPMENT****(a) Carrying Values**

|                          |  |                   |  |                   |
|--------------------------|--|-------------------|--|-------------------|
| Freehold Land            |  |                   |  |                   |
| At Valuation             |  | 20,222,933        |  | 19,320,000        |
| Buildings & Amenities    |  |                   |  |                   |
| At Cost                  |  | 7,842,075         |  | 6,565,976         |
| Accumulated Depreciation |  | (1,022,720)       |  | (793,716)         |
| Carrying Value           |  | <u>6,819,355</u>  |  | <u>5,772,260</u>  |
| Plant & Equipment        |  |                   |  |                   |
| At Cost                  |  | 2,295,619         |  | 2,075,204         |
| Accumulated Depreciation |  | (607,626)         |  | (451,120)         |
| Carrying Value           |  | <u>1,687,993</u>  |  | <u>1,624,084</u>  |
| Capital Work in Progress |  | 229,711           |  | 85,352            |
| Total Carrying Value     |  | <u>28,959,992</u> |  | <u>26,801,696</u> |

**(b) Revaluation of Freehold Land**

The fair value of freehold land, a recurring level 3 fair value measured asset, was determined by using the market comparison method. The valuation has been prepared as at 30 June 2019 using the highest and best use approach while considering various market drivers for land in the Marsden Point area together with limited, recent sales evidence for the area.

The valuation was undertaken by independent valuer Chris Seagar of Seagar & Partners.

| Significant unobservable valuation input: | Range                  |
|---|------------------------|
| Price per hectare                         | \$100,000 to \$205,000 |

Significant increases (decreases) in estimated price per hectare in isolation would result in a significantly higher (lower) fair value. With the exception of a portion of land designated for a transport corridor, the Group has no restrictions on the realisability of its freehold land.

# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2019

**Note 21****PROPERTY, PLANT & EQUIPMENT (continued)****(c) Reconciliation by Asset Class**

## Freehold Land

|   |                   |                   |
|---|-------------------|-------------------|
| Opening Book Value                        | 19,320,000        | 17,400,000        |
| Additions                                 | 515,594           | 666,238           |
| Transferred from Capital Work in Progress | 17,751            | 619,326           |
| Revaluation to Reserves                   | 369,588           | 634,436           |
| Closing Carrying Value                    | <u>20,222,933</u> | <u>19,320,000</u> |

## Buildings &amp; Amenities

|   |                  |                  |
|---|------------------|------------------|
| Opening Book Value                        | 5,772,260        | 1,680,877        |
| Additions                                 | 1,274,136        | 1,637,368        |
| Transferred from Capital Work in Progress | 1,963            | 2,614,494        |
| Depreciation                              | (229,004)        | (160,479)        |
| Closing Carrying Value                    | <u>6,819,355</u> | <u>5,772,260</u> |

## Plant &amp; Equipment

|   |                  |                  |
|---|------------------|------------------|
| Opening Book Value                        | 1,624,084        | 437,024          |
| Additions                                 | 324,799          | 516,246          |
| Transferred from Capital Work in Progress | 42,288           | 831,994          |
| Transferred to Investment Property        | (119,523)        | -                |
| Disposals                                 | (3,210)          | (22,170)         |
| Depreciation                              | (180,445)        | (139,010)        |
| Closing Carrying Value                    | <u>1,687,993</u> | <u>1,624,084</u> |

## Capital Work in Progress

|                                      |                |               |
|--------------------------------------|----------------|---------------|
| Opening Book Value                   | 85,352         | 4,077,762     |
| Additions                            | 206,361        | 73,404        |
| Transferred to Freehold Land         | (17,751)       | (619,326)     |
| Transferred to Buildings & Amenities | (1,963)        | (2,614,494)   |
| Transferred to Plant & Equipment     | (42,288)       | (831,994)     |
| Closing Carrying Value               | <u>229,711</u> | <u>85,352</u> |

## Total Closing Carrying Value

30 June 2019  
\$30 June 2018  
\$

19,320,000

515,594

17,751

369,588

20,222,933

5,772,260

1,274,136

1,963

(229,004)

6,819,355

1,624,084

324,799

42,288

(119,523)

(3,210)

(180,445)

1,687,993

85,352

206,361

(17,751)

(1,963)

(42,288)

229,71128,959,992

17,400,000

666,238

619,326

634,436

19,320,000

1,680,877

1,637,368

2,614,494

(160,479)

5,772,260

437,024

516,246

831,994

-

(22,170)

(139,010)

1,624,084

4,077,762

73,404

(619,326)

(2,614,494)

(831,994)

85,35226,801,696**(d) Carrying value of Freehold Land if measured at cost**

If Freehold Land were measured at cost less accumulated depreciation and impairment, the respective carrying amounts would be as follows:

At Cost

7,111,2466,577,901

# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2019

## Note 22

### INVESTMENT PROPERTY

|  | 30 June 2019<br>\$ | 30 June 2018<br>\$ |
|--|--------------------|--------------------|
| Opening Carrying Value                       | 67,020,000         | 66,360,000         |
| Current Year Movements                       |                    |                    |
| Land Development and Improvements            | 1,940,562          | 167,532            |
| Other/Subsequent Improvements                | 15,464             | 367,719            |
| Investment Property in Progress              | 6,342,890          | -                  |
| Transferred from Property, Plant & Equipment | 119,523            | -                  |
| Movement in Lease Incentives                 | 1,318              | 81,199             |
| Revaluation (recognised in profit and loss)  | 603,243            | 43,550             |
| Closing Carrying Value                       | <u>76,043,000</u>  | <u>67,020,000</u>  |

The Group's investment properties consist of freehold land and improvements situated adjacent to Northport Ltd, as well as the Marsden Cove Marina complex.

Investment properties are recurring level 3 fair value measured assets. Fair value has been determined based on valuations performed, in accordance with NZ IAS 40 as at 30 June 2019, by Chris Seagar of Seagar & Partners, an industry specialist in valuing these types of asset. The 'fair value', highest and best use approach has been adopted. The valuation was assessed in accordance with NZ IAS 40 which defines 'fair value' as being the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

|                                      | Valuation Technique   | Significant Unobservable Inputs                     | 30 June 2019<br>Range           | 30 June 2018<br>Range           |
|--------------------------------------|---|---|---------------------------------|---------------------------------|
| Land and Improvements held for lease | DCF Method, Income Capitalisation and Direct Comparative Approach | Land Available for Lease Value per m <sup>2</sup> * | \$80 - \$115 per m <sup>2</sup> | \$80 - \$115 per m <sup>2</sup> |
|                                      |   | Discount Rate                                       | 9.00%                           | 9.00%                           |
|                                      |   | Capitalisation Rate                                 | 7.50%                           | 7.25%                           |
|                                      |   | Exit Yield at 10 years                              | 7.75%                           | 7.75%                           |
| Marsden Cove Marina                  | DCF Method  | Berth Licence Sell Down Period                      | 8 Years                         | 10 Years                        |
|                                      |   | Discount Rate                                       | 10.25%                          | 10.50%                          |
| Marsden Cove Commercial Complex      | DCF Method  | Annual Rental Cash Flow                             | \$288,000 - \$344,000           | \$283,000 - \$341,000           |
|                                      |   | Exit Yield at 10 years                              | 7.25%                           | 7.25%                           |
|                                      |   | Discount Rate                                       | 9.00%                           | 9.25%                           |

\* Excludes undeveloped land and land designated for a transport corridor which is valued at \$35 to \$110 per m<sup>2</sup> (2018: \$35 to \$110 per m<sup>2</sup>).

Under the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. The method involves the projection of a series of cash flows from the investment property assets. To this projected cash flow series a discount rate is applied to establish present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

Significant increases (decreases) in estimated land value, rent growth and berth sell down rates per annum in isolation would result in a significantly higher (lower) fair value of investment property. Significant increases (decreases) in discount rates and exit yields in isolation would result in significantly lower (higher) fair value.

With the exception of a portion of land designated for a transport corridor, the Group has no restrictions on the realisability of its investment property.

# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2019

## Note 23

### DEFERRED TAX ASSET

|   | 30 June 2019<br>\$ | 30 June 2018<br>\$ |
|---|--------------------|--------------------|
| Opening Balance   | -                  | -                  |
| Items Charged to Profit & Loss                            | -                  | -                  |
| Closing Balance   | <u>-</u>           | <u>-</u>           |
| Represented by:   |                    |                    |
| Investment Property                                       | (1,102,652)        | (982,892)          |
| Property, Plant and Equipment                             | 12,433             | 15,217             |
| Provisions  | 22,587             | 940                |
| Deferred Tax Liability                                    | (1,067,632)        | (966,735)          |
| Deferred Tax Asset (tax effect of losses carried forward) | <u>1,067,632</u>   | <u>966,735</u>     |
| Net Deferred Tax Asset                                    | <u>-</u>           | <u>-</u>           |

The Company has accumulated tax losses that are only partially recognised in the financial statements (refer Note 3).

## Note 24

### SEGMENT REPORTING

An operating segment is a component of an entity that engages in business activity from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance. The Group has three operating segments and an "Other Activities" category. During the period the Group operated within one geographic segment being the Greater Marsden Point Area.

During the reporting period the principal operating segments of the Group comprised:

- Port Related Operations (encompassing the Group's stakeholding in Northport Ltd).
- Property Holdings (comprising the Group's industrial subdivision and farmland at Marsden Point).
- Marina & Commercial (comprising the Group's activities associated with Marsden Cove Marina).
- Other Activities (largely comprising of overheads associated with the Company's support functions).

All Operations are undertaken in New Zealand. Any inter segment transactions are conducted at arms length at market prices. Accounting policies as detailed in Note 2 have been consistently applied.

# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2019

**Note 24****SEGMENT REPORTING (continued)**

|  | 30 JUNE 2019                     |                            |                              |                           |                    |
|--|----------------------------------|----------------------------|------------------------------|---------------------------|--------------------|
|  | Port Related<br>Operations<br>\$ | Property<br>Holdings<br>\$ | Marina &<br>Commercial<br>\$ | Other<br>Activities<br>\$ | TOTAL<br>\$        |
| <b>Revenue &amp; Income</b>                                  |                                  |                            |                              |                           |                    |
| Property Revenue from External Customers                     | -                                | 1,548,320                  | 291,442                      | -                         | 1,839,762          |
| Revenue from Joint Venture                                   | -                                | 324,204                    | -                            | -                         | 324,204            |
| Revenue from Contracts with Customers                        | -                                | 363,965                    | 3,240,995                    | 18,729                    | 3,623,689          |
| Share of Joint Venture Company's Net Surplus                 | 9,008,104                        | -                          | -                            | -                         | 9,008,104          |
| <b>Total Segmental Revenue &amp; Income</b>                  | <b>9,008,104</b>                 | <b>2,236,489</b>           | <b>3,532,437</b>             | <b>18,729</b>             | <b>14,795,759</b>  |
| <b>Expenditure</b>   |                                  |                            |                              |                           |                    |
| Finance Costs*   | -                                | -                          | -                            | 286,294                   | 286,294            |
| Depreciation Expense   | -                                | 52,457                     | 291,931                      | 65,061                    | 409,449            |
| Other Expenditure  | -                                | 1,026,030                  | 2,505,352                    | 1,291,403                 | 4,822,785          |
| <b>Total Expenditure</b>                                     | <b>-</b>                         | <b>1,078,487</b>           | <b>2,797,283</b>             | <b>1,642,759</b>          | <b>5,518,529</b>   |
| <b>Segmental Trading Surplus</b>                             | <b>9,008,104</b>                 | <b>1,158,002</b>           | <b>735,154</b>               | <b>(1,624,030)</b>        | <b>9,277,230</b>   |
| Gain (Loss) on Sale of Property, Plant & Equipment           | -                                | (3,211)                    | -                            | -                         | (3,211)            |
| Revaluation of Investment Property                           | -                                | 35,705                     | 567,538                      | -                         | 603,243            |
| Fair Value Movements   | -                                | (190,697)                  | -                            | 24,000                    | (166,697)          |
| <b>Segmental Operating Surplus (Deficit) Before Taxation</b> | <b>9,008,104</b>                 | <b>999,799</b>             | <b>1,302,692</b>             | <b>(1,600,030)</b>        | <b>9,710,565</b>   |
| Taxation Expense   | -                                | -                          | -                            | 19,413                    | 19,413             |
| <b>NET SURPLUS (DEFICIT) AFTER TAXATION</b>                  | <b>9,008,104</b>                 | <b>999,799</b>             | <b>1,302,692</b>             | <b>(1,619,443)</b>        | <b>9,691,152</b>   |
| <b>Total Segmental Assets</b>                                | <b>46,719,234</b>                | <b>85,688,149</b>          | <b>19,172,893</b>            | <b>1,585,388</b>          | <b>153,165,664</b> |
| <b>Total Segmental Liabilities</b>                           | <b>-</b>                         | <b>1,196,409</b>           | <b>1,030,913</b>             | <b>12,367,916</b>         | <b>14,595,238</b>  |
| <b>Non-Current Asset Additions:</b>                          |                                  |                            |                              |                           |                    |
| Property, Plant & Equipment                                  | -                                | 1,241,705                  | 1,037,307                    | 41,878                    | 2,320,890          |
| Investment Property  | -                                | 8,283,452                  | 15,464                       | -                         | 8,298,916          |

\* Finance costs are not allocated to individual business segments within the Parent Company

# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2019

**Note 24****SEGMENT REPORTING (continued)**

|  | 30 JUNE 2018                     |                            |                              |                           |                    |
|--|----------------------------------|----------------------------|------------------------------|---------------------------|--------------------|
|  | Port Related<br>Operations<br>\$ | Property<br>Holdings<br>\$ | Marina &<br>Commercial<br>\$ | Other<br>Activities<br>\$ | TOTAL<br>\$        |
| <b>Revenue &amp; Income</b>                                  |                                  |                            |                              |                           |                    |
| Property Revenue from External Customers                     | –                                | 1,627,273                  | 247,466                      | –                         | 1,874,739          |
| Revenue from Joint Venture                                   | –                                | 324,204                    | –                            | 11,958                    | 336,162            |
| Revenue from Contracts with Customers                        | –                                | 363,412                    | 2,521,754                    | 6,797                     | 2,891,963          |
| Share of Joint Venture Company's Net Surplus                 | 9,231,842                        | –                          | –                            | –                         | 9,231,842          |
| <b>Total Segmental Revenue &amp; Income</b>                  | <b>9,231,842</b>                 | <b>2,314,889</b>           | <b>2,769,220</b>             | <b>18,755</b>             | <b>14,334,706</b>  |
| <b>Expenditure</b>   |                                  |                            |                              |                           |                    |
| Finance Costs*   | –                                | –                          | –                            | 273,654                   | 273,654            |
| Depreciation Expense   | –                                | 42,567                     | 187,958                      | 68,964                    | 299,489            |
| Other Expenditure  | –                                | 908,862                    | 2,080,294                    | 1,429,042                 | 4,418,198          |
| <b>Total Expenditure</b>                                     | <b>–</b>                         | <b>951,429</b>             | <b>2,268,252</b>             | <b>1,771,660</b>          | <b>4,991,341</b>   |
| <b>Segmental Trading Surplus</b>                             | <b>9,231,842</b>                 | <b>1,363,460</b>           | <b>500,968</b>               | <b>(1,752,905)</b>        | <b>9,343,365</b>   |
| Gain (Loss) on Sale of Property, Plant & Equipment           | –                                | (22,558)                   | –                            | (22,170)                  | (44,728)           |
| Revaluation of Investment Property                           | –                                | (638,796)                  | 682,346                      | –                         | 43,550             |
| Fair Value Movements   | –                                | (67,164)                   | –                            | 141,000                   | 73,836             |
| <b>Segmental Operating Surplus (Deficit) Before Taxation</b> | <b>9,231,842</b>                 | <b>634,942</b>             | <b>1,183,314</b>             | <b>(1,634,075)</b>        | <b>9,416,023</b>   |
| Taxation Expense   | –                                | –                          | –                            | 18,512                    | 18,512             |
| <b>NET SURPLUS (DEFICIT) AFTER TAXATION</b>                  | <b>9,231,842</b>                 | <b>634,942</b>             | <b>1,183,314</b>             | <b>(1,652,587)</b>        | <b>9,397,511</b>   |
| <b>Total Segmental Assets</b>                                | <b>47,049,528</b>                | <b>76,453,174</b>          | <b>17,374,919</b>            | <b>1,707,111</b>          | <b>142,584,732</b> |
| <b>Total Segmental Liabilities</b>                           | <b>–</b>                         | <b>121,083</b>             | <b>1,024,220</b>             | <b>6,276,814</b>          | <b>7,422,117</b>   |
| <b>Non-Current Asset Additions:</b>                          |                                  |                            |                              |                           |                    |
| Property, Plant & Equipment                                  | –                                | 471,347                    | 2,358,576                    | 63,333                    | 2,893,256          |
| Investment Property  | –                                | 117,597                    | 417,654                      | –                         | 535,251            |

\* Finance costs are not allocated to individual business segments within the Parent Company.

# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2019

## Note 25

### OPERATING LEASE COMMITMENTS

The following future minimum rentals receivable as a lessor existed at year end:

|                     | 30 June 2019<br>\$ | 30 June 2018<br>\$ |
|---------------------|--------------------|--------------------|
| Less than 1 year    | 1,942,267          | 1,761,399          |
| Between 1 - 5 years | 5,123,925          | 4,872,932          |
| Over 5 years        | <u>7,798,478</u>   | <u>8,196,232</u>   |
|                     | <u>14,864,670</u>  | <u>14,830,563</u>  |

The Group leases land and buildings to a variety of customers within close proximity to the port. These non-cancellable leases have remaining terms of between one month and 32 years. All leases include a clause to enable upward revision of the rental charge on contractual rent review dates according to prevailing market conditions.

## Note 26

### RELATED PARTY DISCLOSURE

Related party transactions are undertaken on terms equivalent to those that prevail in arms length transactions. Outstanding balances at year-end are unsecured and interest free and settlement occurs in cash. The Company transacted with the following related parties during the period:

#### Northport Ltd

This company is jointly owned by the Marsden Maritime Holdings Ltd and Port of Tauranga Ltd. It was established to build a new port facility at Marsden Point which commenced operations in June 2002.

As a shareholder in this entity, the Company, during the year ended 30 June 2019, received dividends amounting to \$9,190,322 (2018: \$9,332,800) together with full imputation credits.

#### North Tugz Ltd

This company is jointly owned by the joint venture entity, Northport Ltd and Ports of Auckland Ltd (a significant shareholder of Marsden Maritime Holdings Ltd). It was established to operate various marine services previously undertaken by the respective shareholders.

#### Marsden Cove Canals Management Ltd

Marsden Maritime Holdings Ltd currently holds a 50% interest in this entity which effectively serves as a body corporate for the canal waterways at Marsden Cove. This entity is a limited liability company with charitable trust status and as such its stakeholders do not receive any distributions or have any entitlement to a share in the entity's equity. Due to nature of this entity it has not been consolidated with Marsden Maritime Holdings Ltd in these financial statements.

#### Northland Regional Council

The Northland Regional Council is the major shareholder of Marsden Maritime Holdings Ltd. During the year it received dividend payments totalling \$3,487,508 (2018: \$3,432,511).

#### Directors

Periodically, certain transactions, which are generally not of a material nature, take place between Marsden Maritime Holdings Ltd and companies in which some directors may have an interest or association. Any director involved in a transaction of this nature abstains from voting at the time in accordance with the Company's Constitution.

#### Key Management Personnel

The directors and certain senior management of the Group have been identified as key management personnel by virtue of their authority and responsibility for planning, directing and controlling the activities of the Group, either directly or indirectly. Total compensation for key management personnel amounted to \$952,360 (2018: \$1,043,501) comprising directors' fees \$247,285 (2018: \$228,378), salaries \$593,443 (2018: \$626,250), management bonuses \$28,619 (2018: \$68,400) and associated benefits \$83,013 (2018: \$120,473).

# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2019

## Note 26

### RELATED PARTY DISCLOSURE (continued)

|  | 30 June 2019<br>\$ | 30 June 2018<br>\$ |
|--|--------------------|--------------------|
| (a) Related Party Payables                         |                    |                    |
| Northport Ltd                                      | 5,647              | 5,184              |
| Northland Regional Council                         | 2,049              | 547                |
| Packard House Ltd (J Goulter)                      | 13,451             | 14,005             |
|  | <u>21,147</u>      | <u>19,736</u>      |
| (b) Related Party Transactions                     |                    |                    |
| Northport Ltd                                      |                    |                    |
| Services provided by Marsden Maritime Holdings Ltd | 39,835             | 53,364             |
| Leases provided by Marsden Maritime Holdings Ltd   | 324,204            | 324,204            |
| Services provided to Marsden Maritime Holdings Ltd | 306,199            | 122,954            |
| Services provided to North Tugz Ltd                | 259,355            | 222,643            |
| Services provided to Northland Regional Council    | –                  | 5,675              |
| North Tugz Ltd                                     |                    |                    |
| Services provided by Marsden Maritime Holdings Ltd | –                  | 1,842              |
| Services provided to Northland Regional Council    | 26,000             | 34,000             |
| Services provided to Northport Ltd                 | 6,314,566          | 5,800,584          |
| Northland Regional Council                         |                    |                    |
| Services provided to Marsden Maritime Holdings Ltd | 34,920             | 32,198             |
| Services provided to Northport Ltd                 | 138,001            | 138,778            |
| Marsden Cove Canals Management Ltd                 |                    |                    |
| Levies charged to Marsden Maritime Holdings Ltd    | 85,047             | –                  |
| Services provided by Marsden Maritime Holdings Ltd | 5,473              | 35,500             |
| Directors of Marsden Maritime Holdings Ltd         |                    |                    |
| Services provided to Marsden Maritime Holdings Ltd | 247,420            | 228,378            |
| Services provided to Northport Ltd                 | 62,292             | 38,835             |

## Note 27

### CONTINGENT LIABILITIES

At Balance Date the Group was aware of the following Contingent Liabilities:

- To the Bank of New Zealand for a \$75,000 (June 2018: \$75,000) Bond given by them to the New Zealand Stock Exchange.

## Note 28

### CAPITAL COMMITMENTS

Commitments for capital expenditure at 30 June 2019 amounted to \$1,567,284 in respect of the construction of two 4,000m<sup>2</sup> bulk store warehouses on the Company's industrial land. (2018: \$379,198 in respect of the development of the Company's new trailer boat park at Marsden Cove). The Group's share of committed capital expenditure in respect of its Joint Venture interests amounted to \$4,479 as at 30 June 2019 (2018: \$512,408).

## Note 29

### SUBSEQUENT EVENTS

#### Dividends

Joint Venture company Northport Ltd declared a fully imputed ordinary dividend of \$23,725 per share with payment to be made 30 August 2019.

Subsequent to balance date, the Board of Marsden Maritime Holdings Ltd declared a fully imputed ordinary dividend of 9.25 cents per share with payment to be made 13 September 2019.



## Analysis of Shareholdings

### Top 20 Shareholders as at 30 June 2019

|   | No. of Shares | Percentage |
|---|---------------|------------|
| 1. Northland Regional Council   | 22,142,907    | 53.61      |
| 2. Ports of Auckland Limited  | 8,218,829     | 19.89      |
| 3. Accident Compensation Corporation - a/c NZCSD  | 1,034,207     | 2.50       |
| 4. MFL Mutual Fund Limited - a/c NZCSD  | 987,102       | 2.39       |
| 5. National Nominees New Zealand Limited - a/c NZCSD  | 878,178       | 2.12       |
| 6. HSBC Nominees (New Zealand) Limited - a/c NZCSD  | 532,948       | 1.29       |
| 7. Michael Walter Daniel and Nigel Geoffrey Ledgard Burton and Michael Murray Benjamin                | 500,000       | 1.21       |
| 8. M A Janssen Limited  | 430,833       | 1.04       |
| 9. Citibank Nominees (New Zealand) Limited - a/c NZCSD  | 225,552       | 0.54       |
| 10. Fraser Bloomfield Hardie and Pamela Joan Hardie and Sharon Mary Dower and Christine Pamela Hardie | 205,000       | 0.49       |
| 11. Neil Stuart Campbell  | 165,000       | 0.39       |
| 12. Kennedy Westland Garland and Christopher Gary Deane   | 150,241       | 0.36       |
| 13. JBWere (NZ) Nominees Limited  | 127,511       | 0.30       |
| 14. Howard Cedric Zingel  | 107,928       | 0.26       |
| 15. FNZ Custodians Limited  | 105,196       | 0.25       |
| 16. Christopher Robert Malcolm and Helen Ann Malcolm  | 100,000       | 0.24       |
| 17. BNP Paribas Nominees (NZ) Limited - a/c NZCSD   | 98,550        | 0.23       |
| 18. Bryan Douglas Robertson and Susan Lynette Robertson   | 97,000        | 0.23       |
| 19. Forsyth Barr Custodians Limited   | 90,558        | 0.21       |
| 20. Matthew Charles Goodson and Dianna Dawn Perron and Goodson and Perron Independent Trustee Limited | 72,210        | 0.17       |

### Substantial Security Holders

The Company has 41,300,651 issued voting securities. Northland Regional Council and Ports of Auckland Limited are substantial security holders having a relevant interest which is the same as their registered shareholding.

| Holding Size     | Number of Shareholders |         | Shares Held |         |
|------------------|------------------------|---------|-------------|---------|
|                  |                        |         |             |         |
| 1 - 999          | 346                    | 27.22%  | 144,929     | 0.35%   |
| 1,000 - 4,999    | 614                    | 48.31%  | 1,328,289   | 3.22%   |
| 5,000 - 9,999    | 150                    | 11.80%  | 948,881     | 2.30%   |
| 10,000 to 99,999 | 145                    | 11.41%  | 2,967,120   | 7.18%   |
| 100,000 and over | 16                     | 1.26%   | 35,911,432  | 86.95%  |
|                  | 1271                   | 100.00% | 41,300,651  | 100.00% |

| Domicile               | Number of Shareholders |         | Shares Held |         |
|------------------------|------------------------|---------|-------------|---------|
|                        |                        |         |             |         |
| Northland              | 396                    | 31.16%  | 24,458,343  | 59.22%  |
| Auckland               | 414                    | 32.57%  | 12,210,896  | 29.57%  |
| Balance of New Zealand | 425                    | 33.44%  | 4,279,316   | 10.36%  |
| Overseas               | 36                     | 2.83%   | 352,096     | 0.85%   |
|                        | 1271                   | 100.00% | 41,300,651  | 100.00% |



## Directory

### Registered Office

Marsden Maritime Holdings Ltd  
8 Marsden Bay Drive  
Marsden Point 0171  
P O Box 196  
Ruakaka 0151  
New Zealand  
Telephone 09 432 5033  
[www.marsdenmaritime.co.nz](http://www.marsdenmaritime.co.nz)

### Auditor

Lloyd Bunyan on behalf  
of the Auditor General

### Banker

Bank of New Zealand

### Solicitors

Heimsath Alexander  
Webb Ross McNab Kilpatrick

### Share Registrar

Computershare Investor  
Services Limited  
Private Bag 92119  
Auckland 1142  
159 Hurstmere Road  
Takapuna, North Shore City 0622  
New Zealand

### Directors

Murray Jagger (Chairman)  
Mark Bogle  
Gavin Carroll  
Tony Gibson  
Hamish Stevens  
Elena Trout

### Management

Felix Richter  
Chief Executive  
Telephone 09 432 5051 (Direct)

Gavin Carroll  
Financial Controller/  
Company Secretary  
Telephone 09 432 5052 (Direct)

Brent Wilson  
Marina Complex Manager  
Telephone 09 432 7740  
(Marina Office)

Karri Williams  
Administration Manager  
Telephone 09 432 5033

### Joint Venture

Northport Ltd  
P O Box 44  
Ruakaka 0151  
New Zealand  
Telephone 09 432 5010  
Facsimile 09 432 8749  
[www.northport.co.nz](http://www.northport.co.nz)

### *Managing your shareholding on-line:*

To change your address, update your payment instructions  
and to view your investment portfolio including transactions,  
please visit: [www.computershare.co.nz/investorcentre](http://www.computershare.co.nz/investorcentre)

### *General enquiries can be directed to:*

[enquiry@computershare.co.nz](mailto:enquiry@computershare.co.nz)  
Private Bag 92119, Auckland 1142, New Zealand  
Telephone +64 9 488 8777 Facsimile +64 9 488 8787  
Please assist our registrar by quoting your CSN or  
shareholder number.



# Marsden

MARITIME HOLDINGS LTD

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Telephone 09 432 5033  
[www.marsdenmaritime.co.nz](http://www.marsdenmaritime.co.nz)

