Marsden

MARITIME HOLDINGS LTD

Annual Report 2017

MARSDEN MARITIME HOLDINGS LTD

Contents

Financial Calendar

Annual Shareholders' Meeting
The Annual Meeting of shareholders of Marsden Maritime Holdings Ltd will be held at A'Fare, 197 Lower Dent Street, Town Basin, Whangarei on Thursday 2 November 2017 at 11.00am.

2018 Interim Profit Announcement
February 2018

Interim Dividend Payment
March 2018

Cover: Fullmoon Photography

The new vessel haul-out ramp at Marsden Cove Marina is receiving finishing touches before operations start in mid-October 2017. A custom built hydraulic slip-way trailer will load vessels (up to 80 tonnes and 35 metres in length) at the 12 metre wide ramp and carry these on a purpose built road to the 1 hectare hardstand facility nearby (refer inside back cover).

Executive Review

SIR JOHN GOULTER

GRAHAM WALLACE

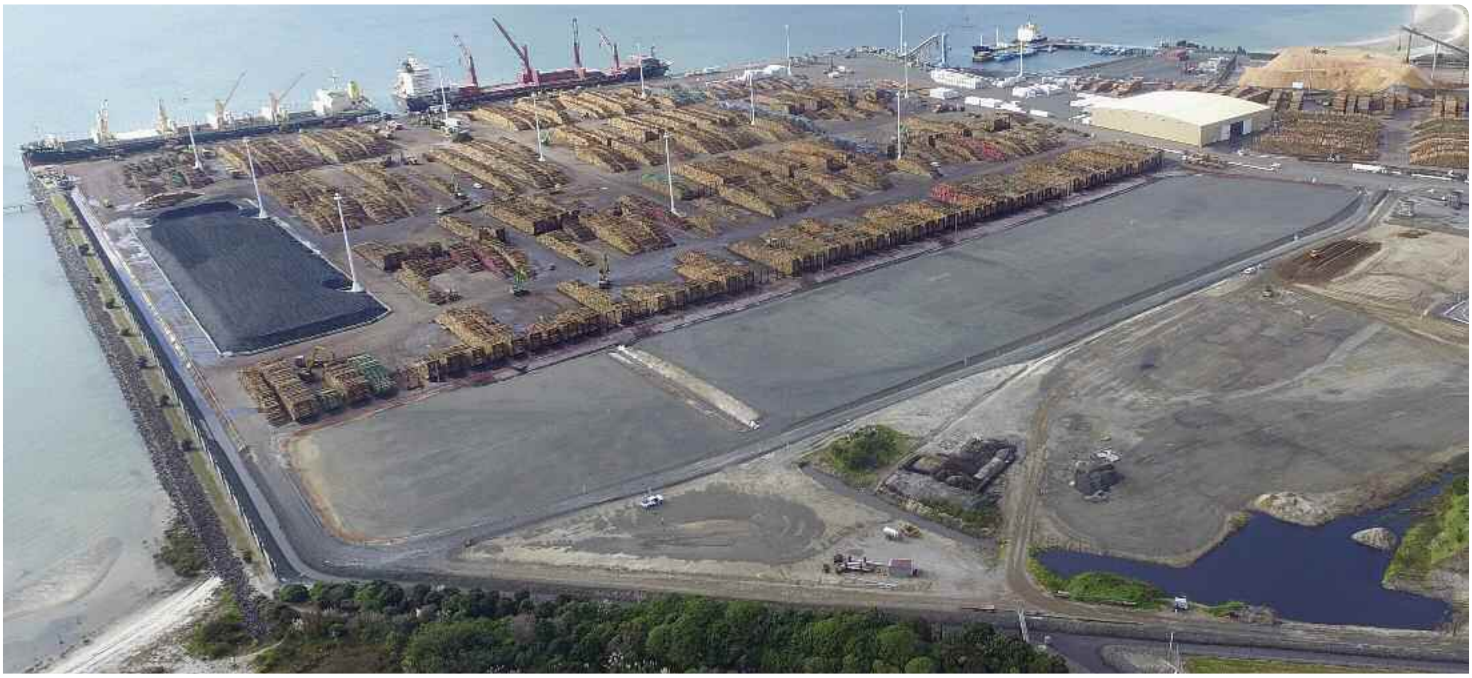
For the financial year ended 30 June 2017, Marsden Maritime Holdings Ltd recorded a tax-paid net surplus of $10.050 million, as compared to the previous year's result of $12.062 million (which included a substantial revaluation uplift of $3.235 million in the Company's investment property portfolio).

Underlying earnings or trading surplus (which excludes revaluation gains and fair value movements as shown in the statement of comprehensive income) increased by $1.082 million or 12.8% to $9.541 million (2016: $8.459 million). While our three principal business segments all contributed positively in this regard, our joint venture, Northport Ltd, underpinned the improved trading result.

Fullmoon Photography

Cargo Volumes

During the period, Northport handled record cargo volumes totalling 3,646,000 tonnes (2016: 3,397,000 tonnes) representing an increase of 7.3%. Log exports climbed to 2,808,000 tonnes (2016: 2,671,000 tonnes) while other cargo throughput increased to 838,000 tonnes, up 15.4% on that handled last year (726,000 tonnes).



Property Holdings

This segment of the Company's operations recorded a much improved trading result for the period under review as a result of additional tenancies and a full year of earnings from a major tenancy secured in the previous year. An uplift in farming revenues also contributed.

As previously reported, the Company took the opportunity during the year to purchase an adjoining property of 55ha as part of an overall plan to consolidate its various landholdings. At the same time, the Company offered for sale an existing property, located furthest from the port and comprising some 43ha. This property, which has generated a good level of interest, is not classed as strategic to the longer term development needs of the Company.

At the time of writing a sale has yet to be confirmed, however we remain confident of concluding a transaction in respect of this property within the near future (refer land holdings plan below).

We are currently working with a number of parties for prospective tenancies, both on our industrial subdivision and on land adjacent to our vessel haul-out facility, a result of having devoted additional resources to promoting these assets in the past year. The Company's ample availability of affordable, flat, industrial land in close proximity to Northport, coupled with government plans to improve transport links between Marsden Point and Auckland, provide sound reasons for such enterprises to consider relocation.

During the period, the Company provided a laydown area of 1.5ha to receive steel imports (via Northport) for Whangarei-based engineering firm Culham Engineering. These materials are destined for a number of major construction projects in the Auckland region. This, and a number of other opportunities currently being pursued, highlight the significant potential for tenancies to contribute to not just one but several of the Company's business segments.

Executive Review continued

Marina & Commercial Complex

The new vessel haul-out and hardstand facilities are close to completion and are expected to start operation at the beginning of summer.

The facilities are already generating considerable interest from local and international vessel owners and service providers alike. A number of marine-related businesses have committed to establishing premises on site.

Some disruption has occurred while these facilities have been under construction, but berth occupancy levels continue to improve and the expanded commercial complex remains fully tenanted. This trend is set to continue. Indeed, once the new facilities are fully complete and operational, they will generate further developments which are expected to progressively accelerate establishment of additional business activity on the Company's wider landholdings.

A fuel station canopy and numerous other enhancements have been made to better cater for anticipated increase in activity following completion of the boatyard development.

Dividend

The Company will pay a fully imputed final dividend of 8.75 cents per share on 15 September 2017. This is an increase of 1.00 cent per share compared to the final dividend paid last year and brings the total dividend distribution for the year to 15.00 cents per share (2016: 13.25 cents per share)

Outlook

After a number of years of continued growth, we anticipate that export log volumes in the coming year may plateau or reduce slightly. Other cargo volumes are expected to continue to diversify and to remain at a similar overall tonnage level to 2016/17.

The Company will continue the marketing of its port, marina and industrial landholdings to promote and capture business opportunities. This provides an increasingly positive outlook as the potential of the Greater Marsden Point Area is progressively harnessed.

Sir John Goulter KNZM, JP
CHAIRMAN

Graham Wallace
CHIEF EXECUTIVE

Board of Directors

Sir John Goulter KNZM, JP

Chairman Marsden Maritime Holdings Ltd
Chairman Northport Ltd
Member Remuneration Committee

Sir John was first elected to the Board of Marsden Maritime Holdings Ltd in October 2011 and was appointed Chairman in November 2012. Sir John has long-standing experience in both the public and private sectors in New Zealand. He currently acts as Chairman of Metro Performance Glass Limited and Northport Ltd. He is a former Chair of the New Zealand Business and Parliament Trust, NZ Lotteries Commission and United Carriers Group, a former Director of the Reserve Bank of New Zealand, Television NZ Limited, Vector Limited and was the inaugural Managing Director of Auckland International Airport Limited. In 1999 Sir John was recognized as the New Zealand Herald Business Leader of the Year and in 2003 was appointed a Distinguished Companion of the New Zealand Order of Merit (DCNZM) for services to business and the community. This honour was re-designated as Knight Companion of the New Zealand Order of Merit (KNZM) in 2009. Sir John is a graduate of Harvard Business School (Advanced Management Program), a Justice of the Peace and a Fellow of the New Zealand Institute of Management. He was inducted as a Laureate into the New Zealand Business Hall of Fame in 2003. Sir John is considered to be an Independent Director.

Mark Bogle

Director Marsden Maritime Holdings Ltd
Member Audit and Risk Committee

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 a Director of Habitat for Humanity NZ Ltd and Habitat for Humanity Northland Ltd and is an Alternate Crown Trustee of the Crown Forestry Rental Trust. Mr Bogle is considered to be an Independent Director.

Peter Griffiths

Director Marsden Maritime Holdings Ltd
Chair Remuneration Committee

Mr Griffiths is a professional Director and joined the Board in 2010. In 2009 he retired after 21 years with BP, the last 10 of which he was Managing Director of BP NZ. He has previously served on the Boards of NZ Refining Company Ltd, Liquigas Ltd, Wanganui Gas Ltd, NZ Oil and Gas Ltd and Bitumix Ltd. He is currently the Chairman of NZ Diving and Salvage Ltd, Z Energy Ltd, a Director of Wings Over Whales (NZ) Ltd, Great Barrier Airlines Ltd and Metro Performance Glass Ltd. Mr Griffiths is also Chairman of the NZ Business and Parliament Trust and a Member of the Civil Aviation Authority. Mr Griffiths holds a BSc (Hons) from Victoria University in Wellington. Mr Griffiths is considered to be an Independent Director.

Susan Huria ONZM

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

Ms Huria is a professional Director and a Chartered Fellow of the Institute of Directors. She is Chairman of Veterinary Enterprises Group and a Director of Ngāi Tahu Property and Connexis. She is the independent Chair of the Remuneration Committee of Māori Television and serves on the Auckland branch of the Institute of Directors. Her previous Directorships include Agresearch, where she was Deputy Chair, Radio New Zealand Limited, Housing New Zealand Corporation, Watercare Services, Airways Corporation and Manukau Leisure. Ms Huria joined the Board in 2009 and is considered to be an Independent Director.

Murray Jagger

Director Marsden Maritime Holdings 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 has been a Director of Livestock Improvement Corporation (LIC) since 2000 and is currently a Director of Co-operative Business NZ, President of the Whangarei Agricultural and Pastoral Society, Advisory Member to Beef and Lamb Genetics Beef Advisory Group and is an Officer of the Fire Service. Mr Jagger is considered to be an Independent Director.

Elena Trout

Director Marsden Maritime Holdings Ltd
Chair Audit and Risk Committee

Ms Trout is a professional civil engineer with an IPENZ membership status of Fellow and 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 over 30 years of experience in the management planning and delivery of large projects. Ms Trout is currently a member of the Electricity Efficiency and Conservation Authority and Unitec, Immediate Past-President of the Institution of Professional Engineers NZ, Independent Director of Harrison Grierson Holdings Ltd and Contact Energy Ltd. Ms Trout is also an Advisory Member of the Ministry of Defence - Capability Management Board and former Director of Transpower NZ Ltd and the Electricity Authority. Ms Trout joined the Board in 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, Simon Brotherton of the firm Ernst & Young was appointed by the Office of the Auditor-General to undertake the Audit on its behalf for the 2017 financial year. Lloyd Bunyan of the same firm has been appointed to undertake the Audit for the next two financial years.

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 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016
J P Goulter	6,000	4,000	–	–	–	–
M Bogle	25,000	25,000	–	–	–	–
P W Griffiths	–	–	–	–	–	–
S Huria	1,000	1,000	–	–	–	–
M Jagger	–	–	–	–	–	–
E Trout	–	–	–	–	–	–

Share Transactions during the period 1 July 2016 to 30 June 2017

Date	Transaction	No. of Shares Acquired	Average Price per Share $
12/09/2016	Purchase by J P Goulter	2,000	3.30

Directors' Interests

The following are particulars of general disclosures of interest by Directors of Marsden Maritime Holdings Ltd holding office at 30 June 2017, pursuant to section 140(2) and section 211(1)(e) of the Companies Act 1993.

Director	Interest	Position
Sir John Goulter KNZM, JP	Northport Ltd	Chairman
	NZ Business and Parliament Trust	Chairman (resigned 31 May 2017)
	Metro Performance Glass Ltd	Chairman
	Opua Commercial Estate Ltd	Director/Shareholder
	Packard House Ltd	Director/Shareholder
Mark Bogle	MSB Investments Ltd	Director/Shareholder
	Trading Enterprises Incorporated Ltd	Director/Shareholder
	Habitat for Humanity NZ Ltd	Director
	Habitat for Humanity (Northland) Limited	Director
	Crown Forestry Rental Trust	Alternate Crown Trustee (appointed 1 January 2017)
Peter Griffiths	NZ Diving and Salvage Ltd	Chairman
	The Civil Aviation Authority	Member
	Z Energy Ltd	Chairman
	Wings Over Whales (NZ) Ltd	Director
	NZ Business and Parliament Trust	Chairman (appointed 1 June 2017)
	Metro Performance Glass Ltd	Director (appointed 2 September 2016)
	Great Barrier Airlines Ltd	Director (effective 27 April 2017)
Susan Huria ONZM	Huria Anders Ltd	Director/Shareholder
	Māori Television Remuneration Committee	Chairman
	Marsden Cove Canals Management Ltd	Director
	Ngāi Tahu Property Ltd	Director
	Connexis	Director (appointed July 2016)
	Susan Huria & Associates Ltd	Director/Shareholder
	Veterinary Enterprises Group	Chairman

Directors' Interests (continued)

Director	Interest	Position
Murray Jagger	Manaia View Farms Ltd	Director
	Livestock Improvement Corporation	Director
	Cooperative Business NZ Inc	Director
	Ben Jagger Rallysport Ltd	Director
	Whangarei Agricultural and Pastoral Society	President
Elena Trout	Electricity Efficiency and Conservation Authority	Member
	Electricity Authority	Member (resigned effective 19 August 2016)
	Institution of Professional Engineers New Zealand	Immediate Past-President (May 2017)
	Harrison Grierson Holdings Ltd	Director
	Contact Energy	Director (appointed 3 October 2016)
	Ministry of Defence - Capability Management Board (CMB)	Advisory Member (appointed February 2017)
	Unitec	Member (June 2017)

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	Consultancy Fees	Other	Director Fees
J P Goulter	54,000	–	1,000	41,000
M Bogle	28,000	–	1,000	–
P W Griffiths	28,000	–	1,000	–
S Huria	28,000	–	1,000	–
M Jagger	28,000	–	1,000	–
E Trout	33,000	–	1,000	–
	199,000	–	6,000	41,000

Net Tangible Assets per Security

Net tangible assets per security as at 30 June 2017: $3.16 (30 June 2016: $3.05).

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 specified bands as follows:

Remuneration Range $	Number of Employees 2017	2016
100,001 - 110,000	–	–
110,001 – 120,000	1	1
120,001 – 130,000	–	–
130,001 – 140,000	1	1
140,001 – 150,000	–	–
150,001 – 160,000	–	–
160,001 – 170,000	–	–
170,001 – 180,000	–	–
180,001 – 190,000	–	–
190,001 – 200,000	–	–
200,001 – 210,000	–	–
210,000 – 220,000	–	–
220,000 – 230,000	–	–
230,000 – 240,000	–	–
240,000 – 250,000	1	1

Signed:

Elena Trout

Chairman Director

Dated 25 August 2017

Corporate Governance Statement

At Marsden Maritime Holdings, we are committed to maintaining best-practice standards of corporate governance to ensure that we operate in a transparent, fair and ethical way to create sustainable long-term value for our shareholders.

Compliance

The Marsden Maritime Holdings Board is responsible for the Marsden Maritime Holdings governance framework, which is recorded in various policies and charters and maintained through various practices. These are regularly reviewed by the Board and its committees to keep pace with the standards set by the NZX, any regulatory changes and developments in corporate governance practices.

The Company's corporate governance framework takes into consideration contemporary standards in New Zealand, incorporating the NZX Listing Rules, Appendix 16 – Corporate Governance Best Practice Code and Corporate Governance in New Zealand, Principles and Guidelines by the Financial Markets Authority, New Zealand (collectively the 'Principles').

The Board's view is that the Company's corporate governance practices, have not materially differed from best practice 'Principles' for the reporting period to 30 June 2017. This statement reflects a summary of the Company's corporate governance practices as at 25 August 2017.

The following corporate governance documents are referred to in this Statement and are available on the Governance section of the Company's website:

http://marsdenmaritime.co.nz/governance/documents/
Constitution
Board Charter
Audit and Risk Committee Charter
Remuneration Committee Charter
Director Nomination Committee Charter
Code of Ethics Policy
Continuous Disclosure Policy
Securities Trading Policy and Guidelines
Diversity Policy
Health and Safety Policy

The Company has aligned the reporting of its corporate governance practices with the Financial Markets Authority Corporate Governance Principles and Guidelines.

Principle 1 – Ethical Behaviour

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

The Company has a Code of Ethics Policy that sets out the ethical and behavioural standards expected of Directors and employees of Marsden Maritime Holdings. The purpose of the Code of Ethics is to underpin and support the values that govern our individual and collective behaviour. The Code of Ethics is intended to guide decisions so that they are consistent with the Company's values, business goals and legal obligations. The Company's Code of Ethics is available on the Governance section of the Company's website.

Trading in Marsden Maritime Holdings Shares

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

The composition of the Board is governed by the Company's Constitution which also details how Directors are appointed and removed from office. A copy of the Constitution is available on the Governance section of the Company's website.

The Board has met ten times between 1 July 2016 and 30 June 2017.

Special purpose meetings are held as required.

The following table outlines the number of meetings attended by Directors for the reporting period to 30 June 2017:

	Full Board	Board Committees	
		Audit	Remuneration
J P Goulter	10	2*	1
M Bogle	10	4	–
P W Griffiths	9	–	2
S Huria	9	4	2
M Jagger	10	–	–
E Trout	10	4	–

* Ex Officio

Diversity Policy

Marsden Maritime Holdings recognises the wide ranging benefits diversity brings to an organisation and its workplaces. The Company has recently adopted a formal Diversity Policy which records the Company's commitment to an inclusive workplace that embraces and promotes diversity.

Gender Composition of the Board and Management

	2017		2016	
	Number	%	Number	%
Female				
Directors	2	33	2	33
Management	2	40	2	40
Male				
Directors	4	67	4	67
Management	3	60	3	60

Note: Management for purposes of the above composition analysis includes any employee who reports directly to the Board or alternatively, reports directly to an employee who reports directly to the Board.

Director Independence

The Board determines annually on a case-by-case basis who in its view are independent Directors. The guidelines set out in the NZX Listing Rules (para.3.3.1) are used for this purpose.

All Directors are considered to be Independent.

Board Performance

The Board undertakes an annual review of the Board and sub-committee performance. The most recent review was undertaken in November 2016.

Appointment and Retirement of Directors

At each annual meeting two of the Directors retire by rotation and are eligible to apply for re-election at the Annual Shareholders' Meeting, along with any appointments made since the previous annual meeting. The Company does not pay retirement benefits to any Director on retirement.

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 three standing committees, being the Audit and Risk Committee, the Remuneration Committee and the Director Nomination Committee. Each Committee operates under a charter approved by the Board and any recommendations they make are recommendations to the Board.

A copy of each Committees' Charter is available on the Governance section of the Company's website.

Audit and Risk Committee

The Audit and Risk Committee comprises three Directors: Elena Trout (Chair), Mark Bogle and Susan Huria and has met on four occasions during the year.

The Audit and Risk Committee has been established to assist the Board with overseeing all matters relating to risk and financial management, accounting, audit and reporting.

Annually the Committee agrees a programme of matters to be addressed by the Committee over the next 12 month period.

The Committee reviews the annual audit process, the financial and operational information provided to the stakeholders and others, the management of business risk to the organisation, and the framework of internal control and governance which the Board and Management have established. The Chief Executive and Financial Controller regularly attend meetings. The Company's external auditors attend Committee meetings as deemed necessary by the Committee.

Remuneration Committee

This Committee comprises Susan Huria (Chair), Sir John Goulter and Peter Griffiths and has the role of completing 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 directors' fee pool to each Director.

Director Nomination Committee

This Committee was established by the Board in November 2016 and comprises Sir John Goulter (Chair) and Murray Jagger.

The purpose of the Director Nomination Committee is to assist the Board in fulfilling its responsibility to shareholders in ensuring that the Board is composed of Directors who contribute to the successful management of the Company and discharge their duties under the law diligently and efficiently.

Principle 4 – Reporting and Disclosure

The Board should demand integrity both in financial reporting and in the timeliness and balance of 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.

Financial Reporting

The Audit & Risk Committee oversees the quality and integrity of external financial reporting including the accuracy, completeness and timeliness of financial statements. It reviews half-year and annual financial statements and makes recommendations to the Board concerning accounting policies, areas of judgement, compliance with accounting standards, stock exchange and legal requirements, and the results of the external audit.

The Chief Executive and Financial Controller have confirmed in writing to the Board that the Company's external financial reports present fairly in all material aspects.

Continuous Disclosure

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.

Principle 5 - Remuneration

The remuneration of Directors and Senior Management should be transparent, fair and reasonable.

Marsden Maritime Holdings' remuneration strategy 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. This strategy is supported by a performance-based remuneration system that, among other things, seeks to align individual employee objectives with the Company's strategic and business goals.

Corporate Governance Statement continued

Directors' Remuneration

Directors are remunerated in the form of directors' fees which are paid within an aggregate amount approved by shareholders.

The current directors' fee pool limit is $200,000 which was approved by the shareholders at the 18 October 2013 Annual Shareholders' Meeting. For more information on directors' fees paid in the most recent financial year refer to the Statutory Information section of this Annual Report.

Senior Management Remuneration

The objective of the senior managerial remuneration strategy is to provide competitive remuneration aimed at;

- aligning managers' rewards with improvement in shareholder value;
- achieving business plans and corporate strategies;
- rewarding performance improvement; and
- retaining key skills and competencies.

The composition of senior executive remuneration is made up as follows:

- Base or fixed remuneration – determined by the scope of the role and the level of knowledge, skill and experience required by 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 and operating result objectives.

For Senior Management, the incentive component is generally up to 10% of base salary for 'On Target' performance and is based on a combination of the performance against budget and each manager's specific objectives. All short-term incentives are paid at the discretion of the Board.

Principle 6 – Risk Management

Directors should have a sound understanding of the key risks faced by the business. The Board should regularly verify that the entity has appropriate processes that identify and manage potential and relevant risks.

The Company's risk management framework integrates risk management into the Company's operations, formalises risk management as part of the Company's internal control and corporate governance practices, and provides a consistent and structured way to manage risk across the Company.

The framework is supported by a number of policies appropriate for the Company's business, including a Risk Management Policy, Treasury Policy and Delegations of Authority Policy.

Business

The Company's Senior Management are required to regularly identify the major risks affecting the business into a risk management register and to develop strategies to mitigate these risks. 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 Board oversees the implementation of the Company's Health and Safety Policy and seeks assurance from the Chief Executive at each Board meeting that it is being effectively implemented and monitored.

Environmental

The Company recognises there are environmental 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.

Risk Monitoring

The Audit & Risk Committee reviews the Company's risk management framework and policies annually. Senior management provides an updated risk assessment profile to the Board annually or as requested.

Chief Executive and Financial Controller Assurance

The Chief Executive and Financial Controller have provided the Board with written confirmation that the Company's 2017 financial statements are founded on a sound system of risk management and internal compliance and control; and that all such systems are operating efficiently and effectively in all material respects.

Principle 7 – Auditors

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

Independence

To ensure the independence of the Company's external auditor is maintained, the Board has agreed the external auditor should not provide any services not permitted under International Federation of Accountants regulations. This is monitored by the Audit & Risk Committee.

External Auditor

Pursuant to the Public Audit Act 2001, the Auditor-General is the auditor of the Company. The Auditor-General appoints an audit firm and partner to carry out the annual audit on his behalf. The NZX Listing Rules require rotation of the lead audit partner at least every five years.

A representative from the appointed audit firm attends the Annual Shareholders' Meeting where he or she is available to answer questions about the audit process, the Company's accounting policies and the independence of the auditor.

Principle 8 – Shareholder Relations

Directors should keep shareholders fully informed of all major developments affecting the Company.

Annual and Interim Reports are posted onto the Company's website and each shareholder receives a hard copy of each report.

Shareholders may raise matters for discussion at the Annual Shareholders' Meeting each year.

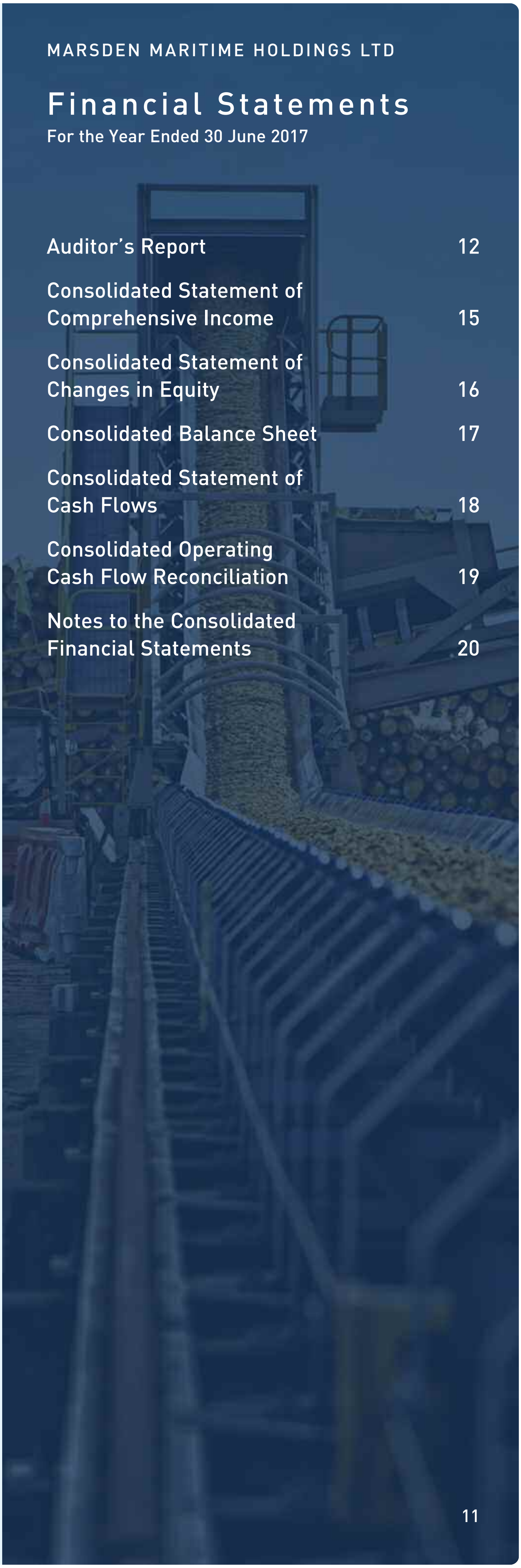
Principle 9 - Stakeholder Interests

The Board should respect the interests of stakeholders taking into account the entity's ownership type and its fundamental purpose.

The Company aims to manage its business in a way that will produce positive outcomes for all stakeholders including the public, customers, employees, shareholders and suppliers. The Company is strongly committed to acting in a socially responsible manner with all stakeholders, including the wider community.

Financial Statements

For the Year Ended 30 June 2017



Fullmoon Photography

Auditor's Report

Chartered Accountants

Building a better working world

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, Simon Brotherton, 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 15 to 42 that comprise the consolidated statement of financial position as at 30 June 2017, 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 2017, 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. In addition to the audit we have carried out tax compliance and advisory services which are compatible with those independence requirements. Other than the audit and these services we have no relationship with, or interests in, Marsden Maritime Holdings Limited or any of its subsidiaries.

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

The valuations of land and investment properties, carried at $17.4m and $66.4m respectively, are important to our audit as they represent significant judgment areas and a significant percentage (59%) 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 2017 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 22 and 23 to the financial statements.

A member firm of Ernst & Young Global Limited

In obtaining sufficient audit evidence we:

- evaluated the objectivity, independence and expertise of the external valuer.
- compared the key valuation inputs used and the assessed values by property to the previous year's equivalent 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.
- assessed the adequacy of the financial statement disclosures made in respect of the valuation of land and investment properties.

Other information

The directors are responsible on behalf of the entity for the other information. The other information comprises the information to be included in the Annual Report other than the consolidated financial statements and auditor's report which is expected to be made available to us after the date of this 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. When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and, if uncorrected, to take appropriate action to bring the matter to the attention of the shareholders for whom our auditor's report was prepared.

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.
- 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.

Auditor's Report continued

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Chartered Accountants

- 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.

Simon Brotherton
Ernst & Young
On behalf of the Auditor-General
Auckland, New Zealand
25 August 2017

A member firm of Ernst & Young Global Limited

Consolidated Statement of Comprehensive Income

For the Year Ended 30 June 2017

	Note	30 June 2017 $	30 June 2016 $
Revenue			
Rents & Leases		2,848,442	2,256,723
Share of Joint Venture Company's Net Surplus	11	9,152,126	8,494,982
Revenue from Goods Sold		1,063,041	813,826
Farming Revenue		286,554	174,244
Interest Income		10,105	15,332
Dividends		35,321	51,004
Other		52,971	133,763
Total Revenue		13,448,560	11,939,874
Expenditure			
Operational Expenses	5	764,098	726,672
Cost of Goods Sold		959,712	714,010
Land Rates & Lease Expenses	6	470,746	479,702
Administrative Expenses	7	1,380,721	1,252,321
Finance Costs	8	194,912	178,182
Depreciation Expense	9	137,453	130,270
Total Expenditure		3,907,642	3,481,157
Trading Surplus		9,540,918	8,458,717
Gain (Loss) on Sale of Property, Plant & Equipment		392	(2,213)
Revaluation of Investment Property	23	341,223	3,234,975
Fair Value Movements	17, 21	186,430	375,806
Operating Surplus Before Taxation		10,068,963	12,067,285
Taxation Expense	10	18,568	5,763
NET SURPLUS AFTER TAXATION		10,050,395	12,061,522
Other Comprehensive Income			
Items that will be recycled through profit and loss			
Cash Flow Hedges - Gain (Loss) taken to Reserves (Northport Ltd)		253,263	(549,219)
Income Tax relating to items of Other Comprehensive Income (Northport Ltd)		(70,914)	153,782
Items that will not be recycled through profit and loss			
Movement in Asset Revaluation Reserve	22(c)	344,000	–
Share of Movement in Revaluation Reserve (Northport Ltd)		(124,770)	283,041
Other Comprehensive Income for Year		401,579	(112,396)
TOTAL COMPREHENSIVE INCOME		10,451,974	11,949,126
(attributable to Owners of the Company)			
Basic & Diluted Earnings Per Share (cents)	19(b)	24.33	29.20

The accompanying notes form an integral part of these Financial Statements.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2017

	Share Capital $	Retained Earnings $	Asset Revaluation Reserve $	Hedging Reserve (Joint Venture) $	TOTAL $
Opening Equity 1 July 2016	14,688,144	51,358,376	60,444,334	(717,896)	125,772,958
Net Surplus	–	10,050,395	–	–	10,050,395
Other Comprehensive Income	–	–	219,230	182,349	401,579
Total Comprehensive Income	–	10,050,395	219,230	182,349	10,451,974
Transactions with owners in their capacity as owners:					
Dividends Paid	–	(5,782,091)	–	–	(5,782,091)
Closing Equity 30 June 2017	14,688,144	55,626,680	60,663,564	(535,547)	130,442,841
Opening Equity 1 July 2015	14,688,144	44,356,185	60,161,293	(322,459)	118,883,163
Net Surplus	–	12,061,522	–	–	12,061,522
Other Comprehensive Income	–	–	283,041	(395,437)	(112,396)
Total Comprehensive Income	–	12,061,522	283,041	(395,437)	11,949,126
Transactions with owners in their capacity as owners:					
Dividends Paid	–	(5,059,331)	–	–	(5,059,331)
Closing Equity 30 June 2016	14,688,144	51,358,376	60,444,334	(717,896)	125,772,958

The accompanying notes form an integral part of these Financial Statements.

Consolidated Balance Sheet

As at 30 June 2017

	Note	30 June 2017 $	30 June 2016 $
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	22	23,595,663	19,581,448
Investment Property	23	66,360,000	64,045,000
Investment in Joint Venture Company (Northport Ltd)	20	46,061,054	45,680,812
Other Investments	21	719,610	618,852
Earn Out - North Port Coolstores (1989) Ltd (Non-Current Portion)	17	111,000	146,000
Deferred Tax Asset	24	–	4,387
		136,847,327	130,076,499
Current Assets			
Cash & Deposits	12	134,694	139,845
Receivables & Prepayments	13	715,947	390,134
Inventory		37,189	34,715
Earn Out - North Port Coolstores (1989) Ltd (Current Portion)	17	128,000	114,000
		1,015,830	678,694
Assets Held for Sale	18	4,250,000	–
		5,265,830	678,694
TOTAL ASSETS		142,113,157	130,755,193
EQUITY AND LIABILITIES			
Equity			
Share Capital	19(a)	14,688,144	14,688,144
Retained Earnings		55,626,680	51,358,376
Asset Revaluation Reserve		60,663,564	60,444,334
Hedging Reserve (Northport Ltd)		(535,547)	(717,896)
		130,442,841	125,772,958
Non-Current Liabilities			
Bank Loans	14	9,850,000	4,195,000
Revenue in Advance	15	617,503	270,008
		10,467,503	4,465,008
Current Liabilities			
Payables	16	1,202,813	517,227
		1,202,813	517,227
TOTAL LIABILITIES AND EQUITY		142,113,157	130,755,193

For and on behalf of the Board of Directors who authorised the issue of this financial report on 25 August 2017.

Chairman

Director

The accompanying notes form an integral part of these Financial Statements.

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2017

	Note	30 June 2017 $	30 June 2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Cash from Customers		4,558,124	3,632,613
Dividends Received		8,864,784	8,064,732
Interest Received		10,105	15,332
Income Tax Refunded		–	64,585
		13,433,013	11,777,262
Cash was applied to:			
Cash Paid to Suppliers & Employees		(3,682,921)	(3,144,559)
Interest Paid		(194,912)	(178,182)
Income Tax Paid		(14,181)	–
		(3,892,014)	(3,322,741)
NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES		9,540,999	8,454,521
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Sale of Property, Plant & Equipment		392	15,174
Vendor Financing Loan Repayment		–	237,500
Earn Out Payment re Sale of Joint Venture	17	147,000	255,000
		147,392	507,674
Cash was applied to:			
Purchase of Property, Plant & Equipment		(7,529,565)	(316,446)
Purchase of and improvements to Investment Property		(1,996,558)	(4,192,167)
Purchase of Fonterra Shares		(40,328)	–
		(9,566,451)	(4,508,613)
NET CASH INFLOW (OUTFLOW) FROM INVESTING ACTIVITIES		(9,419,059)	(4,000,939)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from:			
BNZ Bank Facility		5,655,000	545,000
		5,655,000	545,000
Cash was applied to:			
Payment of dividends	19(c)	(5,782,091)	(5,059,331)
		(5,782,091)	(5,059,331)
NET CASH INFLOW (OUTFLOW) FROM FINANCING ACTIVITIES		(127,091)	(4,514,331)
NET INCREASE (DECREASE) IN CASH HELD		(5,151)	(60,749)
ADD OPENING CASH BALANCE		139,845	200,594
CLOSING CASH BALANCE	12	134,694	139,845

The accompanying notes form an integral part of these Financial Statements.

Consolidated Operating Cash Flow Reconciliation

For the Year Ended 30 June 2017

	Note	30 June 2017 $	30 June 2016 $
NET SURPLUS AFTER TAXATION		10,050,395	12,061,522
Add (Subtract) Non-Cash Items:			
Depreciation Expense	9	137,453	130,270
Deferred Taxation		4,387	2,117
(Gain) Loss on Sale of Property, Plant & Equipment		(392)	2,213
Revaluation of Investment Property	23	(341,223)	(3,234,975)
Other Fair Value Movements	17, 21	(186,430)	(375,806)
Share of Joint Venture's Retained Surplus	11	(322,663)	(481,254)
		(708,868)	(3,957,435)
Add (Subtract) Working Capital Items:			
Movement in Receivables & Prepayments		(325,813)	195,982
Movement in Taxation Refundable		–	68,231
Movement in Payables		685,586	(630,080)
Movement in Inventory		(2,474)	6,919
		357,299	(358,948)
Movement in Revenue in Advance		347,495	132,277
Non-Operating Items included in Working Capital Movements above		(505,322)	577,105
NET CASH FLOW FROM OPERATING ACTIVITIES		9,540,999	8,454,521

The accompanying notes form an integral part of these Financial Statements.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

Note 1

GENERAL INFORMATION

Marsden Maritime Holdings Ltd ('the Company') is publicly listed on the New Zealand Stock Exchange (NZX). It is registered under the Companies Act 1993 and is domiciled and incorporated in New Zealand. The Group principally consists of Marsden Maritime Holdings Ltd and joint venture company Northport Ltd.

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 223 berth marina and adjoining commercial complex.

Note 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all of the years presented unless otherwise stated.

Basis of Preparation

Marsden Maritime Holdings Ltd is a reporting entity for the purposes of the Financial Markets Conduct Act 2013.

The Group financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand ('NZ GAAP') and the requirements of the Financial Markets Conduct Act 2013. For the purposes of complying with NZ GAAP the entity is a For-Profit entity.

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.

Statement of Compliance

The Group financial statements comply with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS'). They also comply with International Financial Reporting Standards.

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.

Joint Venture Companies

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.

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.

Functional and Presentation Currency

These financial statements are presented in New Zealand Dollars ($), which is also the functional currency of each entity in the Group.

Note 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Revenue comprises the fair value of consideration received or receivable for the sale of goods and services (net of Goods and Services Tax, rebates and discounts).

When an outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a portion of the total services to be provided.

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

Dividend Income is recognised when the Group's right to receive the payment is established while interest income is recognised on a time-proportion basis using the effective interest method.

Other Revenues, including farming revenues, are generally recognised when the Group's right to receive payment is established.

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.

Property, Plant & Equipment

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)	2-12 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.

Non-Current Assets Held for Sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount or fair value less disposal costs. At the time of classification, if an asset was subject to fair value measurement and the assets carrying amount was higher than its current fair value then the difference is offset against reserves. Any impairment losses for write-downs of non-current assets held for sale are recognised in the profit loss. Any increases in the fair value (less disposal costs) are recognised up to the level of any impairment losses that have been previously recognised in assets held for sale.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

Note 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment Property

Investment properties are initially measured at cost, including transaction costs. The carrying amount excludes the cost of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are measured at fair value, which is based on active market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset at the reporting date. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no economic benefit is expected from its disposal. Any gains or losses on retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Transfers are made to investment property 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.

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.

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.

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).

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.

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.

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.

Receivables

Receivables which generally have a 30 day term are recognised initially at fair value with a subsequent impairment provision made where objective evidence indicates a receivable is impaired. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are generally considered objective evidence of impairment. Individual debts that are known to be uncollectable are written off when identified.

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.

Cash and Cash Equivalents

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

Note 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 of 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.

Derivative Financial Instruments and Hedging

Joint venture entities within the Group periodically use 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.

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.

Note 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

New Accounting Standards and Interpretations

The Group has not elected to early adopt any new standards or interpretations that are issued but not yet effective (refer Note 29).

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

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:

Tax Losses

At the end of the reporting period the Group has accumulated tax losses amounting to $6,040,568 with a tax effect of $1,691,359 (2016: losses $5,842,621 tax effect $1,635,934) 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.

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.

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 arms 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.

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 arms 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.

Earn Out - Northport Coolstores (1989) Ltd

The fair value of anticipated future receipts is assessed annually. The level of future receipts is based on estimated revenues derived by the coolstores business for the remaining period to 31 March 2019. A discount rate is then applied to reflect the uncertainty of the level of revenue which will be earned.

Valuation of Derivative Financial Instruments - Northport Ltd

Northport Ltd uses interest rate swaps to hedge the risk associated with fluctuations in interest rate on their loan facility. The derivative financial instruments are valued using valuation techniques with market observable inputs.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

Note 4

FINANCIAL RISK MANAGEMENT OBJECTIVES & 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 lessor extent foreign exchange risk. The Group's overall risk management programme seeks to minimise potential adverse effects on its financial performance.

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:

As at 30 June 2017	Market Price Level 1 $	Market Inputs Level 2 $	Non Market Inputs Level 3 $	Total $
Financial Assets				
Fonterra Co-operative Group Ltd - Shares (Note 21)	719,610	–	–	719,610
North Port Coolstores (1989) Ltd - Earn Out (Note 17)	–	–	239,000	239,000
Total	719,610	–	239,000	958,610

As at 30 June 2016	Market Price Level 1 $	Market Inputs Level 2 $	Non Market Inputs Level 3 $	Total $
Financial Assets				
Fonterra Co-operative Group Ltd - Shares (Note 21)	618,852	–	–	618,852
North Port Coolstores (1989) Ltd - Earn Out (Note 17)	–	–	260,000	260,000
Total	618,852	–	260,000	878,852

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 2017, the Company had access to funding facilities with the BNZ totalling $11,500,000 (2016: $6,500,000) of which $9,850,000 was drawn down at this date (2016: $4,195,000). 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 2017	On Demand $	Less than 3 Months $	3 to 12 Months $	Over 12 Months $
Interest-bearing loans and borrowings (includes interest expense)*	–	97,500	292,500	10,720,000
Trade and other payables	–	675,363	83,993	–
Total	–	772,863	376,493	10,720,000

Year Ended 30 June 2016	On Demand $	Less than 3 Months $	3 to 12 Months $	Over 12 Months $
Interest-bearing loans and borrowings	–	44,167	132,500	4,548,333
Trade and other payables	–	235,527	22,781	–
Total	–	279,694	155,281	4,548,333

* This is a revolving cash advance facility which is repaid and redrawn typically every 3 months. The final expiry date of this facility is 31 August 2021.

As at 30 June 2017, joint venture company Northport Ltd had access to funding facilities totalling $45,000,000 (2016: $45,000,000) of which a total sum of $11,300,000 remained undrawn at balance date.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

Note 4

FINANCIAL RISK MANAGEMENT OBJECTIVES & POLICIES (continued)

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.

Price Risk

Price risk arises from investments in equity securities as detailed in Note 21. 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.

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 2017 $	30 June 2016 $
Financial Liabilities		
Bank Loan	(9,850,000)	(4,195,000)

* 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 20). The Group regularly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative hedging positions and the mix of fixed and variable interest rates. At 30 June 2017 the Joint Venture entity Northport Ltd was party to fixed interest swap contracts with principal amounts totalling $59,500,000 (2016: $42,500,000).

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.

	30 June 2017 $	30 June 2016 $
+1.0% (100 Basis Points)		
Post Tax Profit - Higher (Lower)	(58,500)	(41,950)
-0.5% (50 Basis Points)		
Post Tax Profit - Higher (Lower)	29,250	20,975

Financial Instruments

The Group has the following categories of financial instruments:

	30 June 2017 $	30 June 2016 $
Financial Assets at Fair Value Through Profit and Loss Designated on Initial Recognition		
Earn Out - North Port Coolstores (1989) Ltd	239,000	260,000
Other Investments	719,610	618,852
Loans and Receivables		
Cash and Deposit	134,694	139,845
Receivables	516,272	215,705
Financial Liabilities at Amortised Cost		
Payables	(1,202,813)	(517,227)
Bank Loans	(9,850,000)	(4,195,000)

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

Note 5

OPERATIONAL EXPENSES

	30 June 2017 $	30 June 2016 $
Repairs & Maintenance	232,846	235,026
Employee Related Benefits	209,261	223,796
Farm Operating Expenses	100,865	95,812
Other Operational Expenses	221,126	172,038
	764,098	726,672

Note 6

LAND RATES & LEASE EXPENSES

Land Rates	426,470	423,321
Lease Expense	44,276	56,381
	470,746	479,702

Note 7

ADMINISTRATIVE EXPENSES

Directors' Fees	199,000	197,667
Auditor Remuneration - Audit Fees	70,317	66,010
- Other Fees *	6,460	5,490
Donations	2,533	4,167
Employee Related Benefits	535,987	463,220
Share Registry Expenses	74,126	71,275
Professional Fees (excl. Auditor Remuneration)	169,680	191,994
Other Administrative Expenses	322,618	252,498
	1,380,721	1,252,321

* This comprises fees associated with tax compliance and related advice.

Note 8

FINANCE COSTS

Interest on debts and borrowings	231,882	216,197
Less capitalised interest	(36,970)	(38,015)
	194,912	178,182

The average weighted interest rate for interest capitalised to property, plant and equipment, was 4.05% for the current period (2016: 5.44%).

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

Note 9	30 June 2017 $	30 June 2016 $
DEPRECIATION EXPENSE		
Buildings & Amenities	65,405	65,725
Plant & Equipment	72,048	64,545
	137,453	130,270

Note 10		
TAXATION EXPENSE		
Net Surplus Before Taxation	10,068,963	12,067,285
Prima Facie Tax at 28%	2,819,310	3,378,840
Adjusted for the Tax Effect of:		
Tax Paid Joint Venture Earnings	(70,937)	(116,406)
Imputed Dividend Receipts	(2,472,250)	(2,243,844)
Other Non-Assessable Income	(162,765)	(1,027,247)
Capitalised Interest Deducted For Tax Purposes	(10,352)	(10,655)
Non-Deductible Expenses	16,024	2,871
Carried Forward Losses Not Recognised (Recognised)	(100,462)	22,204
	18,568	5,763
Represented by:		
Current Taxation	14,181	3,646
Deferred Taxation	4,387	2,117
	18,568	5,763

Note 11		
SHARE OF JOINT VENTURE COMPANY'S NET SURPLUS		
Northport Ltd (50% interest)		
Net Surplus before Taxation	12,154,278	11,294,358
Less Taxation	(3,071,469)	(2,864,895)
	9,082,809	8,429,463
Current period write back in respect of previous inter-entity asset sales	69,317	65,519
	9,152,126	8,494,982
Comprising:		
Dividends Received	8,829,463	8,013,728
Share of Retained Surplus for period	322,663	481,254
	9,152,126	8,494,982

Note 12		
CASH & DEPOSITS		
Current Accounts	134,294	139,310
Call Deposits	–	135
Total Funds at Bank	134,294	139,445
Cash	400	400
As Per Statement of Cashflows	134,694	139,845

Current account deposits held are non-interest bearing.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

Note 13

RECEIVABLES & PREPAYMENTS

	30 June 2017 $	30 June 2016 $
Trade Receivables	186,507	162,552
Related Parties (Note 28(a))	8,290	38,615
GST Refund Due	262,697	5,357
Sundry Debtors	58,778	9,181
Accrued Rental	80,297	99,216
Prepayments	119,378	75,213
	715,947	390,134

Note 14

BANK LOANS

BNZ Loan Facility	9,850,000	4,195,000

As at 30 June 2017 Marsden Maritime Holdings Ltd had a secured loan facility of $10,000,000 (2016: $6,000,000) with $9,850,000 (2016: $4,195,000) being drawn-down. The facility matures in November 2021.

The remainder of 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 3.00% to 3.55% (2016: 3.39% to 4.59%).

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	270,008	137,731
Marina Berth Licence Sales Proceeds	414,522	163,565
Marina Berth Licence Buy Back	(4,841)	–
Recognition - Current Period	(62,186)	(31,288)
Closing Balance	617,503	270,008

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	550,650	170,326
Related Parties (Note 28(b))	124,713	65,201
Retentions	83,993	22,781
Other Payables	443,457	258,919
	1,202,813	517,227

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

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.

The future value of anticipated future receipts has been based on our assumption that revenues for each of the remaining 2 years will be 24% above the anticipated earn out threshold at the time of sale. A discount rate of 15% has been applied to the anticipated future receipts based on the uncertainty around the level of revenue which will be earned.

	30 June 2017 $	30 June 2016 $
Opening Balance	260,000	214,000
Earn Out Payment Received	(147,000)	(255,000)
Fair Value Adjustment	126,000	301,000
	239,000	260,000
Current Portion - due within the next 12 months	128,000	114,000
Non Current Portion - due past the next 12 months	111,000	146,000
	239,000	260,000

Note 18

ASSETS HELD FOR SALE

Fair value of assets held for sale	4,300,000	–
Less expected selling costs associated with sale of assets held for sale	(50,000)	–
	4,250,000	–

As at 30 June 2017 the Company is actively marketing a 43.87 hectare block of land for sale and is expected to be sold within 12 months of balance date. The block of land is currently being used for the Company's farming operations but is considered surplus to the Company's long term requirements.

The land held for sale has been valued at fair value less expected costs to sell.

The fair value of the 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 2017 using the highest and best use approach while considering various market outcomes for land in the Marsden Point area together with recent sales evidence for the area.

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

Significant unobservable valuation input:	Value
Price per hectare	$98,000

Significant increases (decreases) in estimated price per hectare in isolation would result in a significantly higher (lower) fair value.

Note 19

CONTRIBUTED EQUITY

(a) Share Capital

Opening / Closing Balance	14,688,144	14,688,144

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 2017 No. Shares	30 June 2016 No. Shares
Opening / Closing Shares on Issue	41,300,651	41,300,651

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

Note 19

CONTRIBUTED EQUITY (continued)

(b) Earnings per Share

Earnings per share of 24.33 cents per share (2016: 29.20 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 (2016: 41,300,651 shares). Diluted earnings per share has been calculated on the same basis.

(c) Dividends Paid

	30 June 2017 $	30 June 2016 $
During the financial year the following dividend payments were made:		
Final, 16/09/16 - 7.75 cents/share (18/09/15 - 6.75 cents)	3,200,800	2,787,794
Interim, 24/03/17 - 6.25 cents/share (18/03/16 - 5.50 cents)	2,581,291	2,271,537
	5,782,091	5,059,331

(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.

Note 20

INVESTMENT IN JOINT VENTURE COMPANY

(a) Northport Ltd

200 shares - 50% holding (same shareholding as reported 30 June 2016)

Balance Date: 30 June

Main Activity: Port Operations

	30 June 2017 $	30 June 2016 $
Shares Subscribed For	20,000,000	20,000,000
Share of Accumulated Surplus to 30 June	12,565,243	12,311,896
Share of Hedging Reserve	(535,547)	(717,896)
Share of Land Revaluation	15,430,779	15,555,549
Elimination re. inter-entity asset sales	(1,399,421)	(1,468,737)
Total Investment in Joint Venture Companies	46,061,054	45,680,812

Marsden Maritime Holdings Ltd has a 50% shareholding in the port at Marsden Point which trades as Northport Ltd (2016: 50%), with Port of Tauranga Ltd holding the remaining 50%.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

Note 20

INVESTMENT IN JOINT VENTURE COMPANY (continued)

(b) Summary Financial Information	30 June 2017 $	30 June 2016 $
Cash & Cash Equivalents	206,479	320,973
Other Current Assets	3,780,752	4,390,627
Current Assets	3,987,231	4,711,600
Non-Current Assets	130,674,916	132,689,116
	134,662,147	137,400,716
Current Financial Liabilities (excluding trade and other payables)	334,963	24,747
Other Current Liabilities	4,358,354	4,657,463
Current Liabilities	4,693,317	4,682,210
Non-Current Financial Liabilities (excluding trade and other payables)	35,047,881	38,419,408
	39,741,198	43,101,618
Net Assets	94,920,949	94,299,098
Group share of Net Assets 50%	47,460,475	47,149,549
Other Consolidated Adjustments	(1,399,421)	(1,468,737)
	46,061,054	45,680,812
Revenue	40,894,265	38,801,691
Depreciation and Amortisation	4,387,984	4,185,547
Interest Income	21,760	27,400
Interest Expense	1,770,880	1,858,160
Tax Expense	6,142,937	5,729,789
Net Surplus	18,165,618	16,858,926
Other Comprehensive Income	115,158	(224,792)
Total Comprehensive Income	18,280,776	16,634,134

Note 21

OTHER INVESTMENTS

Fonterra Co-operative Group Ltd - Shares		
Opening Balance	618,852	544,046
Acquisition (Disposals)	40,328	–
Fair Value Movements	60,430	74,806
Closing Balance	719,610	618,852

As at 30 June 2017 the Group held 119,935 co-operative shares in Fonterra Co-operative Group Ltd having a disclosed fair value of $6.00 per share. (2016: total holding of 113,343 shares at of $5.46 per share).

Fair Value Movement in Other Investments	Shares Held	Disclosed Fair Value Per Share 30-Jun-17	Disclosed Fair Value Per Share 30-Jun-16	Fair Value Movement	Prior Year Fair Value Movement
Fonterra Co-operative Group Ltd - Shares	119,935	6.00	5.46	60,430	74,806

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

Note 22 PROPERTY, PLANT & EQUIPMENT	30 June 2017 $	30 June 2016 $
(a) Carrying Values		
Freehold Land		
At Valuation	17,400,000	17,106,000
Buildings & Amenities		
At Cost	2,314,114	2,497,427
Accumulated Depreciation	(633,238)	(755,760)
Carrying Value	1,680,876	1,741,667
Plant & Equipment		
At Cost	768,883	703,820
Accumulated Depreciation	(331,858)	(276,420)
Carrying Value	437,025	427,400
Capital Work in Progress	4,077,762	306,381
Total Carrying Value	23,595,663	19,581,448

(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 2017 using the highest and best use approach while considering various market outcomes for land in the Marsden Point area together with 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	$85,000 to $187,500

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 2017

Note 22 **PROPERTY, PLANT & EQUIPMENT (continued)**	30 June 2017 $	30 June 2016 $
(c) Reconciliation by Asset Class:		
Freehold Land		
Opening Book Value	17,106,000	17,106,000
Additions	4,250,000	–
Reclassfied as assets held for sale at fair value	(4,300,000)	–
Assets held for sale impairment reducing reserves	(87,000)	–
Revaluation to Reserves	431,000	–
Closing Carrying Value	17,400,000	17,106,000
Buildings & Amenities		
Opening Book Value	1,741,667	1,745,252
Additions	4,614	40,132
Transferred from Capital Work in Progress	–	22,008
Depreciation	(65,405)	(65,725)
Closing Carrying Value	1,680,876	1,741,667
Plant & Equipment		
Opening Book Value	427,400	376,023
Additions	81,673	133,309
Disposals	–	(17,387)
Depreciation	(72,048)	(64,545)
Closing Carrying Value	437,025	427,400
Capital Work in Progress		
Opening Book Value	306,381	128,347
Additions	3,846,285	205,488
Transferred to Buildings & Amenities	–	(22,008)
Transferred to Investment Property	(74,904)	(773)
Reclassified to Profit & Loss	–	(4,673)
Closing Carrying Value	4,077,762	306,381
Total Closing Carrying Value	23,595,663	19,581,448

(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	5,292,337	1,913,640
Accumulated Depreciation and Impairment	–	–
	5,292,337	1,913,640

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

Note 23 INVESTMENT PROPERTY	30 June 2017 $	30 June 2016 $
Opening Carrying Value	64,045,000	57,252,000
Additions		
Land Improvements	386,395	543,103
Transferred from Capital Work in Progress	74,904	773
Other/Subsequent Improvements	1,512,478	3,014,149
Revaluation (recognised in profit and loss)	341,223	3,234,975
Closing Carrying Value	66,360,000	64,045,000

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 2017, 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 2017 Range	30 June 2016 Range
Land and Improvements held for lease	DCF Method, Income Capitalisation and Direct Comparative Approach	Land Available for Lease Value per m^2 *	\$105 - \$125 per m^2	\$100 - \$120 per m^2
		Years to Full Tenancy	10 years	10 years
		Discount Rate	9%	9%
		Capitalisation Rate	6% - 7.5%	6% - 9%
		Exit Yield at 10 years	8%	8%
Marsden Cove Marina	DCF Method	Berth Licence Sales Rate p.a.	5% - 15%	5% - 15%
		Discount Rate	11.50%	11.50%
Marsden Cove Commercial Complex	DCF Method	Annual Rental Cash Flow	\$244,000 - \$287,580	\$167,000 - \$198,000
		Exit Yield at 10 years	7.75%	7.75%
		Discount Rate	8.75%	8.75%

* Excludes undeveloped land and land designated for a transport corridor which is valued at $35 to $110 per m2 (2016 $35 to $110 per m2).

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 2017

Note 24

DEFERRED TAX ASSET

	30 June 2017 $	30 June 2016 $
Opening Balance	4,387	6,504
Items Charged to Profit & Loss	(4,387)	(2,117)
Closing Balance	–	4,387
Represented by:		
Investment Property	(822,577)	(659,492)
Property, Plant and Equipment	26,157	22,387
Provisions	8,728	5,300
	(787,693)	(631,805)
Less Deferred Tax re inter-entity asset sales	–	4,387
Deferred Tax Liability	(787,693)	(627,418)
Deferred Tax Asset (tax effect of losses carried forward)	787,693	631,805
Net Deferred Tax Asset	–	4,387

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

Note 25

SEGMENT REPORTING

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 (including the Company's boatyard and haul-out facility currently under construction).
- Other Activities (largely comprising of overheads associated with the Company's support functions).

All Operations are undertaken in New Zealand. All external customers are domiciled 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 2017

Note 25

SEGMENT REPORTING (continued)

	30 JUNE 2017				
	Port Related Operations $	Property Holdings $	Marina & Commercial $	Other Activities $	TOTAL $
Revenue					
Revenue from External Customers	–	1,812,575	2,129,050	5,605	3,947,230
Share of Joint Venture Company's Net Surplus	9,152,126	–	–	–	9,152,126
Other Revenue from Joint Venture	–	324,204	–	25,000	349,204
Total Segmental Revenue	**9,152,126**	**2,136,779**	**2,129,050**	**30,605**	**13,448,560**
Expenditure					
Finance Costs*	–	–	–	194,912	194,912
Depreciation Expense	–	34,639	37,831	64,983	137,453
Other Expenditure	–	857,154	1,572,935	1,145,188	3,575,277
Total Expenditure	**–**	**891,793**	**1,610,766**	**1,405,083**	**3,907,642**
Segmental Trading Surplus	**9,152,126**	**1,244,986**	**518,284**	**(1,374,478)**	**9,540,918**
Gain (Loss) on Sale of Property, Plant & Equipment	–	–	–	392	392
Revaluation of Investment Property	–	(116,886)	458,109	–	341,223
Fair Value Movements	–	60,430	–	126,000	186,430
Segmental Operating Surplus (Deficit) Before Taxation	**9,152,126**	**1,188,530**	**976,393**	**(1,248,086)**	**10,068,963**
Taxation Expense	4,387	–	–	14,181	18,568
NET SURPLUS (DEFICIT) AFTER TAXATION	**9,147,739**	**1,188,530**	**976,393**	**(1,262,267)**	**10,050,395**
Total Segmental Assets	**46,065,441**	**79,850,882**	**14,610,257**	**1,586,577**	**142,113,157**
Total Segmental Liablilities	**–**	**93,464**	**1,530,019**	**10,046,833**	**11,670,316**
Non-Current Asset Additions:					
Property, Plant & Equipment	–	4,297,260	3,852,401	32,912	8,182,573
Investment Property	–	1,116,887	856,890	–	1,973,777

* 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 2017

Note 25 SEGMENT REPORTING (continued)	30 JUNE 2016 Port Related Operations $	Property Holdings $	Marina & Commercial $	Other Activities $	TOTAL $
Revenue					
Revenue from External Customers	–	1,323,690	1,760,916	16,082	3,100,688
Share of Joint Venture Company's Net Surplus	8,494,982	–	–	–	8,494,982
Other Revenue from Joint Venture	–	324,204	–	20,000	344,204
Total Segmental Revenue	8,494,982	1,647,894	1,760,916	36,082	11,939,874
Expenditure					
Finance Costs*	–	–	–	178,182	178,182
Depreciation Expense	–	36,859	32,057	61,354	130,270
Other Expenditure	–	779,142	1,345,220	1,048,343	3,172,705
Total Expenditure	–	816,001	1,377,277	1,287,879	3,481,157
Segmental Trading Surplus	8,494,982	831,893	383,639	(1,251,797)	8,458,717
Gain (Loss) on Sale of Property, Plant & Equipment	–	–	–	(2,213)	(2,213)
Revaluation of Investment Property	–	2,572,343	662,632	–	3,234,975
Fair Value Movements	–	74,806	–	301,000	375,806
Segmental Operating Surplus (Deficit) Before Taxation	8,494,982	3,479,042	1,046,271	(953,010)	12,067,285
Taxation Expense	2,117	–	–	3,646	5,763
NET SURPLUS (DEFICIT) AFTER TAXATION	8,492,865	3,479,042	1,046,271	(956,656)	12,061,522
Total Segmental Assets	45,685,199	74,246,669	9,184,968	1,638,357	130,755,193
Total Segmental Liabilities	–	189,802	434,784	4,357,649	4,982,235
Non-Current Asset Additions:					
Property, Plant & Equipment	–	33,538	263,731	81,660	378,929
Investment Property	–	3,533,657	24,368	–	3,558,025

* 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 2017

Note 26

IMPUTATION CREDITS

	30 June 2017 $	30 June 2016 $
Amount of Imputation Credits available for use in subsequent reporting periods at Balance Date:		
– available for use by the Company	8,458,270	7,259,001
– through indirect interest in joint venture (Northport Ltd)	4,450,133	4,545,699
	12,908,403	11,804,700

Note 27

OPERATING LEASES

The following future minimum rentals receivable as a lessor existed at year end:		
Less than 1 year	1,897,504	1,797,893
Between 1 - 5 years	5,427,005	5,565,759
Over 5 years	9,186,001	9,249,157
	16,510,510	16,612,809

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 28

RELATED PARTY DISCLOSURE

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

Northport Ltd

This company is jointly owned by 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 2017, received dividends amounting to $8,829,463 (2016: $8,013,728) 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 not-for-profit company 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 declared dividend payments totalling $3,100,007 (2016: $2,712,506).

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.

Chairman, Sir John Goulter is also Chairman of joint venture company Northport Ltd from which he received directors fees of $41,000 in respect of this role.

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 $669,545 (2016: $602,397) comprising directors' fees $199,000 (2016: $197,667), salaries $387,000 (2016: $309,000), management incentives $40,550 (2016: $58,000) and associated benefits $42,995 (2016: $37,730).

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

Note 28 RELATED PARTY DISCLOSURE (continued)	30 June 2017 $	30 June 2016 $
(a) Related Party Receivables		
Northport Ltd	8,290	1,917
Marsden Cove Canals Management Ltd	–	36,698
	8,290	38,615
(b) Related Party Payables		
Northport Ltd	3,838	4,092
Northland Regional Council	486	803
Huria Anders Ltd (S Huria)	–	2,976
Marsden Cove Canals Management Ltd	108,926	57,330
Packard House Ltd (J Goulter)	10,720	–
Marsden Maritime Holdings Ltd Employees	743	–
	124,713	65,201
(c) Related Party Transactions		
Northport Ltd		
Services provided by Marsden Maritime Holdings Ltd	91,805	86,160
Leases provided by Marsden Maritime Holdings Ltd	324,204	324,204
Services provided to Marsden Maritime Holdings Ltd	74,576	113,462
Services provided to North Tugz Ltd	224,272	208,257
Services provided to Northland Regional Council	20,045	17,936
North Tugz Ltd		
Services provided by Marsden Maritime Holdings Ltd	2,875	–
Asset sales to Marsden Maritime Holdings Ltd	19,000	–
Services provided to Northland Regional Council	26,000	30,000
Services provided to Northport Ltd	5,184,466	5,144,776
Northland Regional Council		
Services provided to Marsden Maritime Holdings Ltd	38,380	38,380
Services provided to Northport Ltd	134,041	125,245
Marsden Cove Canals Management Ltd		
Levies charged to Marsden Maritime Holdings Ltd	94,718	49,852
Services provided by Marsden Maritime Holdings Ltd	32,993	59,000
Directors of Marsden Maritime Holdings Ltd		
Services provided to Marsden Maritime Holdings Ltd	199,000	197,667
Services provided to Northport Ltd	41,000	40,000

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

Note 29

NEW AND AMENDED ACCOUNTING STANDARDS ADOPTED

The following new standards have been applied in preparing these financial statements.

	* Application Date of Standard	* Application Date for Group
NZ IFRS 5, NZ IFRS 7, NZ IAS 19, NZ IAS 34 Annual Improvements to NZ IFRSs 2012-14 Cycle	01-Jan-16	30-Jun-16
NZ IFRS 10, NZ IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	01-Jan-16	30-Jun-16
NZ IFRS 10, NZ IFRS 12, NZ IAS 28 Investment Entities: Applying the Consolidation Exception	01-Jan-16	30-Jun-16
NZ IFRS 11 Accounting for Acquisitions in Joint Operations	01-Jan-16	30-Jun-16
NZ IAS 1 Disclosure Initiative	01-Jan-16	30-Jun-16
NZ IAS 16 and NZ IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation	01-Jan-16	30-Jun-16
NEW AND AMENDED ACCOUNTING STANDARDS NOT YET ADOPTED		
NZ IAS 7 Disclosure Initiatives Amendmant	01-Jan-17	30-Jun-18
NZ IFRS 15 Revenue from Contracts with Customers	01-Jan-18	30-Jun-19
NZ IFRS 9 Financial Instruments	01-Jan-18	30-Jun-19
NZ IAS 40 Transfers of Investment Property	01-Jan-18	30-Jun-19
NZ IFRS 16 Leases	01-Jan-19	30-Jun-20

* designates the end of the applicable annual reporting period.

NZ IFRS 15 Revenue from Contracts with Customers - adopting this standard is not expected to have a material impact on the financial statements of Marsden Maritime Holdings Ltd as the Company's significant revenue streams at not within the scope of the new standard.

NZ IFRS 16 Leases - adopting this standard is not expected to have a material impact on the financial statements of Marsden Maritime Holdings Ltd as the Company has not, and is unlikely to, enter into any significant operating lease agreements as a lessee.

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

Note 30

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 2016 - $75,000) Bond given by them to the New Zealand Stock Exchange.
- To the Whangarei District Council in respect of postponed land rates on Company owned farmland in accordance with the Council's previous postponed rates policy - $70,322 (June 2016 - $137,400). This amount becomes payable immediately if the said land ceases to be farmland, is subdivided or is sold.

Note 31

CAPITAL COMMITMENTS

Commitments for capital expenditure at 30 June 2017 amounted to $1,299,337 in respect of the construction of the Company's new boat ramp and haul-out facility at Marsden Cove (June 2016: $580,360 in respect to the construction of additional units at the Marsden Cove Marina complex). The Group's share of committed capital expenditure in respect of its Joint Venture interests amounted to $1,027,060 as at 30 June 2017 (June 2016: $1,394,295).

Note 32

SUBSEQUENT EVENTS

Dividends

Joint Venture company Northport Ltd declared a fully imputed ordinary dividend of $25,414 per share with payment to be made 29 August 2017.

Subsequent to balance date, the Board of Marsden Maritime Holdings Ltd declared a fully imputed ordinary dividend of 8.75 cents per share with payment to be made 15 September 2017.

Analysis of Shareholdings

Top 20 Shareholders as at 21 July 2017	No. of Shares	Percentage
1. Northland Regional Council	22,142,907	53.61%
2. Ports of Auckland Ltd	8,218,829	19.89%
3. MFL Mutual Fund Ltd – a/c NZCSD	1,337,442	3.23%
4. Accident Compensation Corporation – a/c NZCSD	835,361	2.02%
5. Michael Walter Daniel & Nigel Geoffrey Ledgard Burton & Michael Murray Benjamin	700,000	1.69%
6. M A Janssen Ltd	430,833	1.04%
7. National Nominees New Zealand Ltd – a/c NZCSD	338,433	0.81%
8. HSBC Nominees (New Zealand) Ltd – a/c NZCSD	286,615	0.69%
9. Guardian Nominees No. 2 A/C Westpac W/S Enhanced Cash Trust – a/c NZCSD	280,655	0.67%
10. Citibank Nominees (New Zealand) Ltd – a/c NZCSD	229,630	0.55%
11. Fraser Bloomfield Hardie & James William Bloomfield Hardie & Pamela Joan Hardie	205,000	0.49%
12. Kenneth James Titford	160,000	0.38%
13. Kennedy Westland Garland	150,241	0.36%
14. Neil Stuart Campbell	150,000	0.36%
15. Jonathan Brian Michell	130,000	0.31%
16. Custodial Services Ltd	118,942	0.28%
17. Howard Cedric Zingel	107,928	0.26%
18. Christopher Robert Malcolm & Helen Ann Malcolm	100,000	0.24%
19. JBWere (NZ) Nominees Ltd	95,260	0.23%
20. BNP Paribas Nominees (NZ) Ltd – a/c NZCSD	93,200	0.22%

Substantial Security Holders

The Company has 41,300,651 issued voting securities. Northland Regional Council and Ports of Auckland Ltd 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	314	24.94%	134,108	0.32%
1,000 - 4,999	621	49.33%	1,344,472	3.26%
5,000 - 9,999	152	12.07%	949,403	2.30%
10,000 - 99,999	154	12.23%	2,949,852	7.14%
100,000 and over	18	1.43%	35,922,816	86.98%
	1,259	100.00%	41,300,651	100.00%

Domicile	Number of Shareholders		Shares Held	
Northland	390	30.98%	24,540,893	59.42%
Auckland	431	34.23%	13,070,444	31.65%
Balance of New Zealand	406	32.25%	3,040,103	7.36%
Overseas	32	2.54%	649,211	1.57%
	1,259	100.00%	41,300,651	100.00%

The Company's 1 hectare hardstand facility under construction adjacent to Marden Cove Marina will offer a comprehensive range of vessel services.

MARSDEN MARITIME HOLDINGS LTD

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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*

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