



Consolidated Financial Statements

For the Year Ended 30 June 2023

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Consolidated Statement of Profit or Loss

For the Year Ended 30 June 2023

	Note	30 June 2023 \$	30 June 2022 \$
Income			
Lease revenue		4,831,450	3,653,165
Marina operations		2,836,769	2,509,276
Revenue from goods sold		3,252,964	2,324,575
Other income		331,454	230,372
Operating income		11,252,637	8,717,388
Expenses			
Operating expenses	3.1	(2,406,348)	(1,750,706)
Cost of goods sold		(2,943,074)	(2,115,157)
Land rates and lease expenses	3.2	(528,019)	(632,772)
Administrative expenses	3.3	(3,201,160)	(2,149,050)
Depreciation	6	(545,671)	(542,148)
Other expenses		-	(6,605)
Operating expenses		(9,624,272)	(7,196,438)
Revaluation of investment property	5	(273,541)	3,918,404
Fair value movements - other investments	14	44,376	(103,144)
Operating profit		1,399,200	5,336,210
Finance income		2,472	218
Finance expenses	3.4	(1,584,036)	(828,926)
Net finance expenses		(1,581,564)	(828,708)
Share of profit from joint venture	7	8,135,304	8,431,879
Profit before income tax		7,952,940	12,939,381
Income tax benefit/(expense)	13	(24,973)	168,026
Net profit after tax (attributable to owners of the company)		7,927,967	13,107,407
Basic and diluted earnings per share (cents)	12.2	19.20	31.74

Consolidated Statement of Comprehensive Income

For the Year Ended 30 June 2023

	Note	30 June 2023 \$	30 June 2022 \$
Net profit after tax		7,927,967	13,107,407
Other comprehensive income			
<i>Items that will be recycled through profit and loss</i>			
Cash flow hedges - gain (loss) taken to reserves		587,403	1,868,471
Income tax relating to items of other comprehensive income		(164,473)	(523,172)
	4.2	422,930	1,345,299
<i>Items that will not be recycled through profit and loss</i>			
Movement in asset revaluation reserve net of tax	6	(2,355,000)	(2,356,830)
Share of movement in revaluation reserve (Northport Ltd)	7	(4,188,035)	10,173,761
		(6,543,035)	7,816,931
Total other comprehensive income		(6,120,105)	9,162,230
Total comprehensive income for the period (attributable to owners of the company)		1,807,862	22,269,636

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2023

Note	Share Capital \$	Retained Earnings \$	Asset Revaluation Reserve \$	Hedging Reserve \$	TOTAL \$
Balance at 1 July 2022	14,688,144	75,516,241	74,386,781	740,597	165,331,763
Net profit after tax	-	7,927,967	-	-	7,927,967
Other comprehensive income	4.2; 6; 7	-	(6,543,035)	422,930	(6,120,105)
Total comprehensive income	-	7,927,967	(6,543,035)	422,930	1,807,862
Dividends to shareholders	12	(6,608,104)	-	-	(6,608,104)
Balance at 30 June 2023	14,688,144	76,836,104	67,843,746	1,163,527	160,531,521
Balance at 1 July 2021	14,688,144	69,533,198	66,569,850	(604,702)	150,186,490
Net profit after tax	-	13,107,406	-	-	13,107,406
Other comprehensive income	4.2; 6; 7	-	7,816,931	1,345,299	9,162,230
Total comprehensive income	-	13,107,406	7,816,931	1,345,299	22,269,636
Dividends to shareholders	12	(7,124,363)	-	-	(7,124,363)
Balance at 30 June 2022	14,688,144	75,516,241	74,386,781	740,597	165,331,764

Consolidated Balance Sheet

As at 30 June 2023

	Note	30 June 2023 \$	30 June 2022 \$
Assets			
Non-current assets			
Investment property	5	110,490,003	108,880,000
Property, plant and equipment	6	26,113,479	28,566,453
Investment in joint venture company (Northport Ltd)	7	57,184,980	61,448,056
Other investments	14	392,187	347,812
Deferred Tax Asset	13.2	-	7,272
Financial Assets	4.1	968,112	672,029
Total non-current assets		195,148,761	199,921,622
Current assets			
Cash and deposits		72,312	230,201
Receivables and prepayments	8	492,308	260,922
Inventory		110,772	158,742
Total current assets		675,392	649,865
Total assets		195,824,153	200,571,487
Equity			
Share capital	12.1	14,688,144	14,688,144
Retained earnings		76,836,104	75,516,241
Asset revaluation reserve		67,843,746	74,386,781
Hedging reserve	4.2	1,163,527	740,597
Total equity		160,531,521	165,331,764
Liabilities			
Non-current liabilities			
Bank loans - non current portion	10	31,950,000	24,000,000
Deferred Tax Liability	13.2	73,458	-
Revenue in advance	11	2,148,891	1,860,279
Total non-current liabilities		34,172,349	25,860,279
Current Liabilities			
Payables	9	1,120,283	1,829,444
Bank loans - current portion	10	-	7,550,000
Total current liabilities		1,120,283	9,379,444
Total liabilities		35,292,632	35,239,723
Total equity and liabilities		195,824,153	200,571,487

For and on behalf of the board of directors who authorised the issue of this financial report on 24 August 2023.



Chairman



Director

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2023

	Note	30 June 2023 \$	30 June 2022 \$
Cash flows from operating activities			
Receipts from customers		11,133,661	8,789,265
Dividends received		8,440,084	9,528,734
Interest received		2,472	218
Payments made to suppliers and employees		(8,995,632)	(6,469,642)
Interest paid	3.4	(1,625,377)	(987,070)
Income tax paid		(27,146)	(27,414)
Net cash flow from operating activities		8,928,062	10,834,091
Cash flows from investing activities			
Sale of property, plant and equipment		-	4,764
Purchase of property, plant and equipment		(284,141)	(428,930)
Purchase of and improvements to investment property		(2,593,706)	(10,808,871)
Net cash flow from investing activities		(2,877,847)	(11,233,037)
Cash flows from financing activities			
Proceeds from borrowings		400,000	7,600,000
Payment of dividends	12.3	(6,608,104)	(7,124,363)
Net cash flow from financing activities		(6,208,104)	475,637
Net increase/(decrease) in cash held		(157,889)	76,691
Opening cash balance		230,201	153,510
Closing cash balance		72,312	230,201

Consolidated Operating Cash Flow Reconciliation

For the Year Ended 30 June 2023

	Note	30 June 2023 \$	30 June 2022 \$
Net profit after tax		7,927,967	13,107,407
Non-cash items			
Depreciation expense		545,671	542,148
Gain/(Loss) on sale of property, plant and equipment		-	3,198
Revaluation of investment property	5	273,541	(3,918,404)
Other fair value movements	14	(44,376)	103,144
Share of profit from joint venture (net of dividends)	7	284,791	1,080,864
		<u>1,059,627</u>	<u>(2,189,050)</u>
Movements in working capital			
Change in receivables and prepayments		(231,386)	17,174
Change in payables		(709,161)	(25,703)
Change in revenue in advance		288,612	112,889
Change in tax payable		80,730	(7,272)
Change in inventory		47,970	(65,009)
		<u>(523,235)</u>	<u>32,079</u>
Non-operating items included in working capital movements above		463,703	(116,345)
Net cash flow from operating activities		<u>8,928,062</u>	<u>10,834,091</u>

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2023

1. GENERAL INFORMATION

1.1. Reporting entity

The financial statements are for Marsden Maritime Holdings Limited, a registered port company under the Port Companies Act 1988, (Marsden Maritime or the Company), its subsidiary Marsden Cove Marinas Limited and the joint venture company Northport Limited (the Group). The subsidiary entity is consolidated, although as the balances are nil, the Group reflects the balances of Marsden Maritime Holdings Limited. As such within this report Group and Company are used interchangeably.

The Company is incorporated and domiciled in New Zealand, is registered under the Companies Act 1993 and is a FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013. The Company is listed with NZX Limited with its ordinary shares quoted on the NZX Main Board.

The Company's operations comprise of its substantial land holdings at Marsden Point, the Marsden Cove Marina complex which consists of a 236 berth marina, adjoining commercial complex and boatyard facility. The Company also has a 50% shareholding in the deep water port facility in the adjacent area.

1.2. Basis of preparation

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

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

1.3. Basis of consolidation

The 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.

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

1.4. Critical judgements, estimates and assumptions

In applying the Company'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 Company. 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:

Asset revaluation	pages 12-14
Estimation of useful lives of assets	pages 15-16
Tax losses	pages 21-22

1.5. Accounting policies

No changes to accounting policies have been made during the year, and policies have been consistently applied to all years presented. Significant accounting policies have been included throughout the notes to the financial statements. Other relevant policies are provided as follows:

Revenue recognition

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

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

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

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

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.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2023

1.5. Accounting policies (continued)

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) Company as a lessee

As at balance date the Company has not entered into any leases as a lessee.

(ii) Company as a lessor

Leases in which the Company 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.

Fair Value

The Company uses various methods in estimating the fair value of assets. 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.

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 Company. The financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial Assets at fair value through profit or loss

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

Fair value gains or losses on financial assets held for trading are recognised in the profit or loss.

Financial Liabilities at Amortised Cost

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.

Financial Assets at Amortised Cost

Financial assets at amortised cost 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 less impairment 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.

Impairment of Assets

The carrying amounts of the Company's property, plant and equipment, intangibles and investments in joint ventures 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).

1.6. New standards, amendments and interpretations

There were no new standards, interpretations and amendments effective since 1 July 2022 or issued but not yet effective that would have a material impact on the Company. The following new standard has been published but is not yet effective and has not been early adopted by the Company.

Climate-Related Disclosures

In October 2021, the New Zealand Government passed the Financial Sector (Climate-Related Disclosures and Other Matters) Amendment Act, which requires listed and licensed entities to report on their climate-related financial risk. The XRB (External Reporting Board) are broadly aligned with the Taskforce for Climate Related Financial Disclosures (TCFD), however they go further in some areas, especially around potential and actual financial impacts. The Company will be required to release its first disclosure in accordance with the XRB requirements for the year ending 30 June 2024. This standard is not expected to have a material impact on the financial statements.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2023

2. 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 Company has three operating segments and an "Other Activities" category. During the period the Company operated within one geographic segment being the Northland region.

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

- Northport related operations (encompassing the Company's shareholding in Northport Ltd).
- Property Holdings (comprising the Company's industrial subdivision and farmland at Marsden Point).
- Marina & Commercial (comprising the Company's activities associated with Marsden Cove Marina which includes fuel sales).
- Other Activities (largely comprising of overheads associated with the Company's support functions).

All operations are undertaken in New Zealand. Accounting policies (including the accounting policies used to measure the segments revenue and expenses) have been consistently applied across all segments and are the same as those used in the preparation of the Company financial statements.

	30 June 2023				
	Northport Related Operations \$	Property Holdings \$	Marina and Commercial \$	Other Activities \$	TOTAL \$
Revenue					
Rental revenue from external customers	-	3,849,230	625,177	-	4,474,407
Rental revenue from joint venture	-	357,043	-	-	357,043
Other revenue from external customers	-	216,410	6,201,531	3,246	6,421,187
Total segment revenue	-	4,422,683	6,826,708	3,246	11,252,637
Other income and expenditure					
Share of profit from joint venture	8,135,304	-	-	-	8,135,304
Revaluation of investment property	-	(1,804,547)	1,531,006	-	(273,541)
Fair value movements	-	44,376	-	-	44,376
Finance income	-	-	-	2,472	2,472
Finance expense *	-	-	-	(1,584,036)	(1,584,036)
Depreciation expense	-	(52,515)	(436,547)	(56,609)	(545,671)
Other expenses/losses	-	(1,374,359)	(4,964,700)	(2,739,542)	(9,078,601)
Income tax expense	-	-	-	(24,973)	(24,973)
Total other income and expenditure	8,135,304	(3,187,045)	(3,870,241)	(4,402,688)	(3,324,670)
Net profit after tax	8,135,304	1,235,638	2,956,467	(4,399,442)	7,927,967
Total segmental assets	57,184,980	99,329,423	37,220,247	2,089,503	195,824,153
Total segmental liabilities	-	353,253	2,537,939	32,401,440	35,292,632
Non-current asset additions					
Property, plant and equipment	-	163,074	280,318	32,833	476,226
Investment property	-	1,341,370	403,993	-	1,745,364

* 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 2023

	30 June 2022				
	Northport Related Operations \$	Property Holdings \$	Marina and Commercial \$	Other Activities \$	TOTAL \$
2. SEGMENT REPORTING (continued)					
Revenue					
Rental revenue from external customers	-	2,769,949	526,173	-	3,296,122
Rental revenue from joint venture	-	357,043	-	-	357,043
Other revenue from external customers	-	140,529	4,923,494	200	5,064,223
Total segment revenue	-	3,267,521	5,449,667	200	8,717,388
Other income and expenditure					
Share of profit from joint venture	8,431,879	-	-	-	8,431,879
Revaluation of investment property	-	(2,740,453)	6,658,857	-	3,918,404
Fair value movements	-	(103,144)	-	-	(103,144)
Finance income	-	-	-	218	218
Finance expense *	-	-	-	(828,926)	(828,926)
Depreciation expense	-	(51,145)	(423,343)	(67,660)	(542,148)
Other expenses/losses	-	(1,149,436)	(3,657,326)	(1,847,529)	(6,654,291)
Income tax expense	-	-	-	168,026	168,026
Total other income and expenditure	8,431,879	(4,044,178)	2,578,188	(2,575,871)	4,390,018
Net profit after tax	8,431,879	(776,657)	8,027,855	(2,575,671)	13,107,406
Total segmental assets	61,448,056	101,808,399	35,309,975	2,005,057	200,571,487
Total segmental liabilities	-	1,142,562	2,057,987	32,039,174	35,239,723
Non-current asset additions					
Property, plant and equipment	-	90,286	337,534	20,243	448,063
Investment property	-	10,039,634	33,380	649,762	10,722,776

* 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 2023

	30 June 2023 \$	30 June 2022 \$
3. EXPENSES		
3.1 Operating Expenses		
Employee related benefits - Marina Operations	657,807	592,334
Repairs and maintenance	719,969	435,011
Insurance	351,680	304,019
Electricity	57,051	37,883
Marketing expenses	148,135	136,026
Other operational expenses	471,706	245,433
	<u>2,406,348</u>	<u>1,750,706</u>

The Company incurs operating expenses in the normal course of business in its role as the Property Manager, that are recoverable from the properties that it manages. These costs include insurance, electricity, repairs and maintenance and rates which totalled \$240,975 during the period (2022: \$119,825). Costs are recovered in accordance with applicable management agreement and deeds. Recovery of costs are recognised in the profit or loss in the period where the associated cost has been recognised and the ability to recover is certain.

3.2 Land rates and lease expenses		
Land rates	513,019	617,772
Lease expenses	15,000	15,000
	<u>528,019</u>	<u>632,772</u>
3.3 Administrative expenses		
Employee related benefits - admin	1,164,643	832,628
Directors' fees *	565,484	283,500
Auditor remuneration - audit fees	108,744	94,000
Donations	16,490	1,585
Share registry expenses	104,616	96,359
Professional fees	883,685	593,692
Other administrative expenses	357,498	247,286
	<u>3,201,160</u>	<u>2,149,050</u>

* This includes back payment fees relating to prior year which was approved by the shareholders.

3.4 Finance expenses		
Interest on debts and borrowings	1,625,377	987,070
Less capitalised borrowing costs	(41,341)	(158,144)
	<u>1,584,036</u>	<u>828,926</u>

The average weighted borrowing cost rate for capitalisation to property, plant and equipment is based on the monthly average loan balance weighted on the average interest rate of the loan. This was 4.61% for the current period (2022: 2.95%).

Policy

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.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2023

	30 June 2023	30 June 2022
	\$	\$

4. DERIVATIVE FINANCE INSTRUMENTS

As at 30 June 2023 the Company had interest rate swaps in place covering approximately 63% (2022: 63%) of the loan principal outstanding with the Bank of New Zealand (refer note 10), with interest rates of between 2.92% and 6.79%.

4.1 Fair Value of Interest Rate Swaps

Non-current	968,112	672,029
	968,112	672,029
Movement in Fair Value of Swaps	296,083	672,029

Accounting judgement, estimate and assumption

The fair value of derivative financial instruments are determined from valuations prepared by independent treasury advisers using Level 2 valuation techniques. These are based on the present value of estimated future cash flows accounting for the terms and maturity of each contract and the current market interest rates at reporting date. Fair values also reflect the current creditworthiness of the derivative counterparty.

4.2 Hedging Reserve

The hedge reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognised via profit or loss when the hedged transaction itself impacts profit or loss.

Movement in parent hedging reserve	296,083	672,029
Movement in share of joint venture hedging reserve	291,320	1,196,442
Total movement in hedging reserve before tax	587,403	1,868,471
Taxation on above items	(164,473)	(523,172)
Total movement in hedging reserve after tax	422,930	1,345,299
Balance at 1 July	740,597	(604,702)
Balance at 30 June	1,163,527	740,597
Hedging Reserve - Parent	697,041	483,361
Hedging Reserve - Northport Ltd	466,486	256,736

Policy

Derivative Financial Instruments and Hedging

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

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2023

4.2 Hedging Reserve (continued)

Policy

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 Profit or Loss 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 or 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.

	30 June 2023 \$	30 June 2022 \$
5. INVESTMENT PROPERTY		
Opening carrying value	108,880,000	93,445,450
Current year movements		
Land development and improvements	1,269,432	10,689,396
Other/subsequent improvements	-	33,380
Investment property in progress	449,626	-
Transferred from property, plant and equipment	26,305	796,280
Movement in lease incentives	138,180	(2,910)
Revaluation (recognised in profit and loss)	(273,541)	3,918,404
Closing carrying value	<u>110,490,002</u>	<u>108,880,000</u>

The Company's investment properties consist of freehold land and improvements, as well as the Marsden Cove Marina.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2023

5. INVESTMENT PROPERTY (continued)

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 2023, by Brad Sworn of Telfer Young (2022: Brad Sworn of Telfer Young), 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	Range	Sensitivity of the input to fair value	
Land and improvements held for lease	DCF method	Land available for lease value per m ² *	2023: \$40-\$280	+/-5% An adjustment to the gross realisation of Block A results in a block value range of \$37,500,000 and \$41,800,000.	
			2022: \$40-\$240		
			2023: 7.50-9.25%		+/- 0.25% (3.0% adjustment)
			2022: 6.75-7.75%		This a range of \$63,790,000 to \$65,400,000.
Income capitalisation and direct comparative		Capitalisation rate	2023: 6.25-7.50%	+/-0.5% This shows a range of \$59,200,000 to \$66,300,000 for Block A industrial	
			2022: 5.75-7.00%		
		Exit yield at 10 years	2023: 6.75-8.25%	+/-0.25% (3.0% adjustment)	
			2022: 6.75-7.75%	This shows a range of \$63,670,000 to \$65,490,000.	
Marsden Cove Marina	DCF method	Discount rate	2023: 11.00-12.50%	+/-1% The long term rental scenario has a sensitivity analysis range of \$13,250,000 and \$15,050,000. The sell down scenario has a sensitivity analysis range of \$15,950,000 and \$17,950,000.	
			2022: 10.50%		
		Long term licence reversion discount factor	N/A	N/A	
Marsden Cove commercial complex	DCF method	Annual rental cashflow	2023: \$620,000-\$1,019,000	+/-5% adjustment to the potential market rent results in a value of between \$10,795,000 and \$12,130,000. A 5% adjustment in the growth rate over the DCF results in a value range of \$10,765,000 and \$13,100,000.	
			2022: \$617,000-\$1,000,000		
			Exit yield at 10 years		2023: 7.25%
			2022: 7.00%		
		Discount rate	2023: 7.25%	+/-0.25% (3.0% adjustment)	
			2022: 7.50%	This shows a range of \$11,466,000 to \$11,949,000	

* Excludes undeveloped land and land designated for a transport corridor which is valued at \$5 per m² (2022: \$5 per m²).

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2023

5. INVESTMENT PROPERTY (continued)

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 Company has no restrictions on the realisability of its investment property.

Accounting judgement, estimate and assumption

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

Policies

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

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

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

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

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

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 Company as an owner-occupied property becomes an investment property, the Company accounts for such property in accordance with its property plant and equipment policy up to the date of change in use.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2023

	Freehold Land \$	Building and Amenities \$	Plant and Equipment \$	Capital Work Progress \$	TOTAL \$
6. PROPERTY, PLANT AND EQUIPMENT					
Cost or valuation					
Balance at 1 July 2021	20,881,830	9,786,114	2,849,979	887,044	34,404,967
Additions	-	118,928	168,641	160,494	448,063
Transferred from capital work in progress	-	6,644	4,029	(10,673)	-
Transferred to investment property	-	-	-	(796,280)	(796,280)
Transferred to operating expenses	-	-	-	(1,951)	(1,951)
Disposals	-	-	(69,553)	-	(69,553)
Revaluation	(2,356,830)	-	-	-	(2,356,830)
Balance at 30 June 2022	18,525,000	9,911,686	2,953,096	238,634	31,628,416
Additions	-	74,822	161,802	239,601	476,226
Transferred from capital work in progress	-	-	48,884	(48,884)	-
Transferred to investment property	-	-	-	(26,305)	(26,305)
Transferred to operating expenses	-	-	-	(789)	(789)
Disposals	-	-	(1,564)	-	(1,564)
Revaluation	(2,355,000)	-	-	-	(2,355,000)
Balance at 30 June 2023	16,170,000	9,986,508	3,162,218	402,258	29,720,984
Accumulated Depreciation					
Balance at 1 July 2021	-	(1,632,561)	(948,845)	-	(2,581,406)
Depreciation expense	-	(333,568)	(208,580)	-	(542,148)
Disposals	-	-	61,591	-	61,591
Balance at 30 June 2022	-	(1,966,129)	(1,095,834)	-	(3,061,963)
Depreciation expense	-	(338,318)	(207,353)	-	(545,671)
Disposals	-	-	130	-	130
Balance at 30 June 2023	-	(2,304,447)	(1,303,057)	-	(3,607,504)
Net book value					
At 30 June 2022	18,525,000	7,945,557	1,857,262	238,634	28,566,453
At 30 June 2023	16,170,000	7,682,061	1,859,161	402,258	26,113,480

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 2023 using the highest and best use approach while considering various market drivers for land in the Marsden Point area together with limited, recent sales evidence for the area.

The valuation was undertaken by independent valuer Brad Sworn of Telfer Young (2022: Brad Sworn of Telfer Young).

Significant unobservable valuation input	Range
Price per hectare	\$70,000 to \$170,000

A 5% increase (5% decrease) in estimated price per hectare in isolation would result in a \$800,000 higher (\$800,000 lower) fair value. With the exception of a portion of land designated for a transport corridor, the Company has no restrictions on the realisability of its freehold land.

	30 June 2023 \$	30 June 2022 \$
Carrying value of freehold land if measured using the cost model		
If freehold land were measured at cost less accumulated depreciation and impairment, the respective carrying amounts would be as follows:		
Using the cost model	7,487,063	7,359,929

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2023

6. PROPERTY, PLANT AND EQUIPMENT (continued)

Significant accounting judgements, estimates and assumptions

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.

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

Policies

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

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company 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 and Amenities	5-50 years
Plant and Equipment (including vehicles)	2-25 years

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

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

Land revaluations

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

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

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

Derecognition

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2023

	30 June 2023 \$	30 June 2022 \$
7. INVESTMENT IN JOINT VENTURE		
Northport Ltd		
Main activity: Seaport		
Balance date: 30 June		
Shareholding	50%	50%
Balance at 1 July	61,448,056	51,493,721
Share of net profit after tax	8,123,520	8,420,095
Share of current period elimination re. previous inter entity asset sales	11,784	11,783
Share of profit from joint venture	<u>8,135,304</u>	<u>8,431,878</u>
Share of hedging reserve	209,751	861,439
Share of revaluation reserve	(4,188,035)	10,173,761
Share of total comprehensive income	<u>4,157,020</u>	<u>19,467,078</u>
Dividends received	(8,420,095)	(9,512,743)
Balance at 30 June	<u>57,184,980</u>	<u>61,448,056</u>
Summary financial information		
Cash and equivalents	522,922	299,162
Current financial assets	749,618	131,557
Other current assets	4,466,242	5,534,814
Total current assets	<u>5,738,782</u>	<u>5,965,533</u>
Non-current financial assets	547,771	584,847
Other non-current assets	163,192,016	170,360,972
Total non-current assets	<u>163,739,787</u>	<u>170,945,819</u>
Total assets	<u>169,478,569</u>	<u>176,911,352</u>
Current financial liabilities (excluding trade and other payables)	217,015	144,114
Other current liabilities	4,016,204	6,018,855
Total current liabilities	<u>4,233,219</u>	<u>6,162,969</u>
Noncurrent financial liabilities	48,283,326	45,236,640
Total liabilities	<u>52,516,545</u>	<u>51,399,609</u>
Net assets	<u>116,962,024</u>	<u>125,511,743</u>
Company's share of net assets 50%	58,481,012	62,755,872
Other consolidated adjustments	(1,296,032)	(1,307,816)
Investment in Joint Venture	<u>57,184,980</u>	<u>61,448,056</u>
Revenue	40,544,942	42,576,502
Depreciation and amortisation	4,610,574	4,437,268
Interest income	26,070	2,284
Interest expense	2,646,927	1,928,092
Tax expense	4,859,118	5,692,469
Net surplus after tax	<u>16,247,039</u>	<u>16,840,189</u>
Other comprehensive income	(7,956,569)	22,070,398
Total comprehensive income	<u>8,290,470</u>	<u>38,910,587</u>

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2023

30 June 2023 30 June 2022
\$ \$

7. INVESTMENT IN JOINT VENTURE (continued)

Policies

The Company'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 Company's share of net assets of the joint ventures. After application of the equity method, the Company determines whether it is necessary to recognise any impairment loss in respect to the Company's net investment in joint ventures.

The Company'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 Company. 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 Company'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 Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

	30 June 2023 \$	30 June 2022 \$
8 RECEIVABLES AND PREPAYMENTS		
Trade receivables - net of provision for impairment	334,400	24,925
Related parties (Note 17.1)	603	213
GST refund due	-	42,482
Prepayments	145,776	171,609
Sundry debtors	11,529	21,693
	492,308	260,922

Policies

Receivables

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

Prepayments

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2023

	30 June 2023 \$	30 June 2022 \$
9. PAYABLES		
Trade payables	447,259	905,827
GST payment due	11,450	-
Retentions	149,050	280,372
Employee leave provisions	48,052	46,687
Other payables	464,472	596,558
	<u>1,120,283</u>	<u>1,829,444</u>

Policies

Payables

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

Employee benefits

Liabilities for wages and salaries, including annual leave entitlements and any non-monetary benefits are recognised as a current liability 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.

	30 June 2023 \$	30 June 2022 \$
10. BANK LOANS		
BNZ loan facility - current portion	-	7,550,000
BNZ loan facility - non-current portion	31,950,000	24,000,000
	<u>31,950,000</u>	<u>31,550,000</u>

As at 30 June 2023, the Company had access to funding facilities with the BNZ totalling \$40,500,000 (2022: \$40,500,000). A \$14,000,000 tranche of the Company's funding facility is due to expire on 31 August 2024. The Company will enter into negotiation with the BNZ closer to the expiry date and expects to renew this expiring tranche in the normal course of business.

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 (excluding establishment and line fees) paid during the year ranged from 3.88% to 6.93% (2022: 1.32% to 4.16%) The loan facility is secured by a first ranking mortgage over all of Marsden Maritime Holdings Ltd's property interests.

Policy

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 Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2023

	30 June 2023 \$	30 June 2022 \$
11. REVENUE IN ADVANCE		
Balance at 1 July	1,860,279	1,747,390
Marina berth licence sales proceeds	493,340	323,205
Marina berth licence buy back	-	(6,400)
Recognition - current period	(204,728)	(203,916)
Balance at 30 June	<u>2,148,891</u>	<u>1,860,279</u>

Marina berth licences are sold giving the licensee a right to occupy a marina berth for a period that ranges from 5 to 30 years. The proceeds from a sale of a berth are recognised over the particular term of each licence sold.

	30 June 2023 \$	30 June 2022 \$
12. CONTRIBUTED EQUITY		
12.1 Share capital		
Balance at 30 June	<u>14,688,144</u>	<u>14,688,144</u>

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

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

	No. Shares	No. Shares
Total at 30 June	<u>41,300,651</u>	<u>41,300,651</u>

12.2 Earnings per share

Earnings per share of 19.20 cents per share (2022: 31.74 cents per share) has been calculated as the reported net profit after tax divided by the average number of fully paid shares (calculated on a daily basis) on issue during the period, comprising 41,300,651 shares (2022: 41,300,651 shares). Diluted earnings per share has been calculated on the same basis.

	30 June 2023 \$	30 June 2022 \$
12.3 Dividends paid		
During the financial year the following dividend payments were made:		
Final, 30/09/22 - 10.00 cents/share (24/09/21 - 11.25 cents)	4,130,065	4,646,324
Interim, 31/03/23 - 6.00 cents/share (25/03/22 - 6.00 cents)	2,478,039	2,478,039
	<u>6,608,104</u>	<u>7,124,363</u>

Subsequent to balance date, the Board of Marsden Maritime Holdings Ltd declared a fully imputed ordinary dividend of 7.50 cents per share with payment to be made on 29 September 2023.

Policy

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.

12.4 Capital management

When managing capital, the 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 Company and its joint venture entities fully complied with any externally imposed capital requirements.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2023

	30 June 2023 \$	30 June 2022 \$
13. TAXATION		
13.1 Taxation expense		
Net surplus before taxation	7,952,940	12,939,380
Prima facie tax at 28%	2,226,823	3,623,027
<i>Adjusted for the tax effect of:</i>		
Tax paid joint venture earnings	83,042	305,942
Imputed dividend receipts	(2,357,627)	(2,663,568)
Revaluation non-assessable/non-deductible (income)/expense	60,866	(1,071,573)
Capitalised borrowing costs deducted for tax purposes	(11,575)	(44,280)
Non-deductible expenses	30,717	16,232
Carried forward losses not recognised (recognised)	(7,272)	(333,805)
Income tax expense	24,974	(168,025)
<i>Represented by:</i>		
Current taxation	24,975	(168,025)
Deferred taxation	-	-
Income tax expense	24,975	(168,025)
13.2 Deferred tax		
Balance at 1 July	7,272	-
Items charged to profit and loss	(80,730)	7,272
Balance at 30 June	(73,458)	7,272
<i>Represented by:</i>		
Investment property	(2,207,318)	(1,823,047)
Property, plant and equipment	(188,073)	(149,477)
Financial instruments	(271,071)	(188,168)
Provisions	32,541	13,072
Deferred tax liability	(2,633,921)	(2,147,620)
Deferred tax asset (tax effect of losses carried forward)	2,560,463	2,154,892
Net deferred tax asset/(liability)	(73,458)	7,272

Significant accounting judgement, estimate and assumption

At the end of the reporting period the Company has accumulated tax losses amounting to \$9,144,510 with a tax effect of \$2,560,463 (2022: losses \$7,696,043 tax effect \$2,154,892) 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 Company has determined that it is appropriate to only recognise losses in the financial statements to a level that directly offsets the deferred tax liability.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2023

13. TAXATION (continued)

Policies

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.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2023

	30 June 2023 \$	30 June 2022 \$	
14. OTHER INVESTMENTS			
Fonterra Co-operative Group Ltd - Shares			
Balance at 1 July	347,812	450,956	
Acquisition/(disposals)	-	-	
Fair value movements	44,375	(103,144)	
Balance at 30 June	392,187	347,812	
Fair value movement in other investments	Shares held	Disclosed fair value per share 30 June 2023	Fair value movement
Fonterra Co-operative Group Ltd - Shares	119,935	3.27	2.90
		44,375	

Policy

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.

Financial Assets

The Company determines the fair value of its shares in Fonterra Co-operative Group Ltd using market price level 1 inputs.

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

15.1 Liquidity risk

The Company 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 2023, the Company had access to funding facilities with the BNZ totalling \$40,500,000 (2022: \$40,500,000) of which \$31,950,000 was drawn down at this date (2022: \$31,550,000). The present and expected level of cash flow is sufficient to meet repayment requirements.

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

	On demand \$	Less than 3 months \$	3 to 12 months \$	Over 12 months \$
Interest-bearing loans and borrowings (includes interest expense)	-	319,220	957,660	33,157,020
Trade and other payables	-	458,709	149,050	-
Balance at 30 June 2023	-	777,929	1,106,710	33,157,020
Interest-bearing loans and borrowings (includes interest expense)	-	314,990	8,420,260	25,304,100
Trade and other payables	-	905,827	280,372	-
Balance at 30 June 2022	-	1,220,817	8,700,632	25,304,100

As at 30 June 2023, joint venture company Northport Ltd had access to funding facilities totalling \$55,000,000 (2022: \$55,000,000) of which a total sum of \$11,100,000 remained undrawn at balance date.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2023

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

15.2 Credit risk

Credit Risk arises from the financial assets of the Company, which comprises cash and cash equivalents, trade and other receivables, loans and receivables and derivative instruments. The Company'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 Company trades only with recognised, creditworthy parties and inquiries are made on the potential tenants background and history in market before lease finalisation. As such collateral is not typically required.

Derivative counterparties and cash transactions are limited to high credit quality financial institutions. The Company 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.

15.3 Price risk

Price risk arises from investments in equity securities as detailed in Note 14. 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.

15.4 Interest rate risk

The Company's exposure to the risk in changes in interest rates primarily stems from its portion of long-term debt obligations that are uncovered by hedging arrangements and therefore have a floating interest rate.

At balance date, the Company had the following direct exposure to variable interest rate risk on the unhedged portion of its long-term debt obligations:

	30 June 2023 \$	30 June 2022 \$
Financial liabilities		
Bank Loan - unhedged portion	(11,950,000)	(11,550,000)

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 post tax impact on profit and equity.

The Company also has an indirect exposure to variable interest rate risk via its holding in joint venture entity Northport Ltd.

	30 June 2023 \$	30 June 2022 \$
+1.0% (100 Basis Points)		
Post Tax Profit and Equity - Higher (Lower)	(119,500)	(115,500)
-0.5% (50 Basis Points)		
Post Tax Profit and Equity - Higher (Lower)	59,750	57,750

15.5 Financial instruments

The Company has the following categories of financial instruments:

Financial assets at fair value through profit or loss designated on initial recognition		
Fonterra Co-operative Group Ltd - shares	392,187	347,812
Financial assets - derivatives designated as hedging instruments		
Interest rate swaps	296,083	672,029
Financial assets at amortised cost		
Cash and deposits	72,312	230,201
Receivables	680,932	46,831
Financial liabilities at amortised cost		
Payables	1,072,231	1,782,757
Bank loans	31,950,000	31,550,000

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2023

	30 June 2023 \$	30 June 2022 \$
16. OPERATING LEASE COMMITMENTS		
<i>The following future minimum rentals receivable as a lessor existed at year end:</i>		
Less than 1 year	4,115,603	3,508,733
Between 1 - 5 years	9,591,434	8,962,864
Over 5 years	7,625,177	4,426,904
	<u>21,332,214</u>	<u>16,898,501</u>

The Company 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 24 years. All leases include a clause to enable upward revision of the rental charge on contractual rent review dates according to prevailing market conditions.

17. RELATED PARTY DISCLOSURE

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

Northport Ltd

This company is jointly owned by the Marsden Maritime Holdings Ltd and Port of Tauranga Ltd. As a shareholder in this entity, the Company, during the year ended 30 June 2023, received dividends amounting to \$8,420,095 (2022: \$9,512,743) together with full imputation credits.

North Tugz Ltd

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

Marsden Cove Canals Management Ltd

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

Northland Regional Council

The Northland Regional Council is the major shareholder of Marsden Maritime Holdings Ltd. During the year it received dividend payments totalling \$3,542,605 (2022: \$3,819,651).

Directors

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

Key Management Personnel

The directors and certain senior management of the Company have been identified as key management personnel by virtue of their authority and responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly. Total compensation for key management personnel amounted to \$1,604,895 (2022: \$1,144,872) comprising directors' fees \$565,484 (2022: \$283,500), salaries \$823,021 (2022: \$642,721), termination settlements \$50,859 (2022: \$90,053), management bonuses \$87,602 (2022: \$53,965) and associated benefits \$77,929 (2022: \$74,633).

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2023

	30 June 2023 \$	30 June 2022 \$
17. RELATED PARTY DISCLOSURE (continued)		
17.1 Related party receivables		
Marsden Cove Canal Management Ltd	603	213
	<u>603</u>	<u>213</u>
17.2 Northport Ltd		
Services provided by Marsden Maritime Holdings Ltd	24,887	32,294
Leases provided by Marsden Maritime Holdings Ltd	357,043	357,043
Services provided to Marsden Maritime Holdings Ltd	77,384	52,179
Services provided to North Tugz Ltd	997,233	258,251
Services provided to Northland Regional Council	60,000	64,000
17.3 North Tugz		
Services provided to Northland Regional Council	15,245	2,000
Services provided to Northport Ltd	5,140,046	6,038,358
17.4 Northland Regional Council		
Services provided to Marsden Maritime Holdings Ltd	68,717	69,090
Services provided to Northport Ltd	299,887	267,627
17.5 Marsden Cove Canals Management Ltd		
Levies charged to Marsden Maritime Holdings Ltd	108,509	129,917
Services provided by Marsden Maritime Holdings Ltd	1,987	15,742
17.6 Directors of Marsden Maritime Holdings Ltd		
Services provided to Marsden Maritime Holdings Ltd	565,484	283,500
Services provided to Northport Ltd	126,665	87,500

18. CONTINGENT LIABILITIES

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

To the Bank of New Zealand for a \$75,000 (June 2022: \$75,000) Bond in favour of the New Zealand Stock Exchange.

19. CAPITAL COMMITMENTS

Commitments for capital expenditure at 30 June 2023 amounted to \$10,000,000 relating to the purchase of land under the proposed Oruku Landing conference and multi-events centre, subject to confirmation of Government funding for the project to proceed (2022: \$263,261 which relates to the construction of a bulk storage warehouse). Capital expenditure commitments in respect of the Company's Joint Venture interests as at 30 June 2023 totalled \$750,000. (2022: \$438,800).

20. SUBSEQUENT EVENTS

Joint Venture company Northport Ltd declared a fully imputed ordinary dividend of \$4,623,519 to be paid in two instalments, \$3,000,000 on 31 August 2023 and \$1,623,519 on 29 September 2023.

Refer to Note 12.3 for details of the Company Board of Directors dividend declaration subsequent to balance date.



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, Brent Penrose, 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 1 to 26, that comprise the consolidated balance sheet as at 30 June 2023, the consolidated statement of profit or loss, 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 balance sheet of the Group as at 30 June 2023, 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 our opinion

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

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

Partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. We have no other relationship with, or interest in, the Group.

Key audit matters

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

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of the audit report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated 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.



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Valuation of Investment Property and Land

Why significant

The valuations of land and investment properties, carried at \$16.2m and \$110.4m respectively, are important to our audit as they represent significant judgment areas and a significant percentage of the total assets of the Group.

The Group engaged third party registered valuers to determine the fair value of these assets at 30 June 2023. The land and investment property valuations require the use of judgments specific to the assets, as well as consideration of the prevailing market conditions.

Significant assumptions used in the valuation are inherently subjective. A small difference in any one of the key assumptions, when aggregated, could result in a significant change to the valuation of the properties. Amongst other matters, the valuations are based on assumptions such as future lease revenues, discount and capitalisation rates and land values per square metre.

Disclosures in relation to land and investment properties are included in notes 6 and 5 to the consolidated financial statements, respectively.

How our audit addressed the key audit matter

In obtaining sufficient audit evidence we:

- ▶ understood, through discussion with management, changes in the properties, work performed in relation to them and changes to the related lease agreements
- ▶ understood the valuation process which involved identifying management controls over the process;
- ▶ evaluated the competence, capabilities and objectivity of the external valuer;
- ▶ considered the instructions provided to the valuer;
- ▶ compared the key valuation assumptions used and the assessed values of land and investment property to the previous year's equivalent assumptions and amounts to determine the principal reasons for changes in assessed values;
- ▶ agreed a sample of new leases from the tenancy schedule to supporting lease agreements;
- ▶ involved our real estate valuation specialists to assess the valuations, valuation methodology and appropriateness of assumptions against market evidence;
- ▶ considered the nature of amounts capitalised in the year in relation to land improvements and investment properties, their treatment in the consolidated financial statements and their impact on the valuation; and
- ▶ assessed the adequacy of the consolidated financial statement disclosures made in respect of the valuation of land and investment properties.

As a result of the above procedures, we considered the valuation techniques and key assumptions reasonable in forming our opinion on the consolidated financial statements as a whole.

Information other than the consolidated financial statements and auditor's report

The Board of Directors is responsible on behalf of the Group for the annual report, which includes information other than the consolidated financial statements and our 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 assurance conclusion thereon.



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In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, we consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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 users for whom our auditor's report was prepared.

Directors' responsibilities for the consolidated financial statements

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

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

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

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

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

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

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

- ▶ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- ▶ Conclude on the appropriateness of the use of the going concern basis of accounting by the directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Our responsibilities arise from the Public Audit Act 2001.

A handwritten signature in black ink that reads 'Brent Penrose'.

Brent Penrose
Ernst & Young
On behalf of the Auditor-General
Auckland, New Zealand
24 August 2023