Marsden
MARITIME HOLDINGS LTD

Consolidated Financial Statements

For the Year Ended 30 June 2022

Consolidated Statement of Profit or Loss

For the Year Ended 30 June 2022

	Note	30 June 2022 $	30 June 2021 $
Income			
Lease revenue		3,653,165	3,152,607
Marina operations		2,509,276	2,237,239
Revenue from goods sold		2,324,575	1,499,707
Other income		230,372	333,466
Operating income		**8,717,388**	7,223,019
Expenses			
Operating expenses	3.1	(1,750,706)	(1,627,027)
Cost of goods sold		(2,115,157)	(1,308,712)
Land rates and lease expenses	3.2	(632,772)	(415,496)
Administrative expenses	3.3	(2,149,050)	(1,817,120)
Depreciation	6	(542,148)	(530,218)
Other expenses		(6,605)	–
Operating expenses		**(7,196,438)**	(5,698,573)
Revaluation of investment property	5	3,918,404	3,654,874
Fair value movements	14	(103,144)	2,399
Operating profit/(loss)		**5,336,210**	5,181,719
Finance income		218	783
Finance expenses	3.4	(828,926)	(423,846)
Net finance expenses		**(828,708)**	(423,063)
Share of profit from joint venture	7	8,431,879	9,524,855
Profit before income tax		**12,939,381**	14,283,511
Income tax benefit/(expense)	13	168,026	(23,581)
Net profit after tax		**13,107,407**	14,259,930
(attributable to owners of the company)			
Basic and diluted earnings per share (cents)	12.2	31.74	34.53

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

Consolidated Statement of Comprehensive Income

For the Year Ended 30 June 2022

	Note	30 June 2022 $	30 June 2021 $
Net profit after tax		13,107,407	14,259,930
Other comprehensive income			
Items that will be recycled through profit and loss			
Cash flow hedges - gain (loss) taken to reserves		1,868,471	689,104
Income tax relating to items of other comprehensive income		(523,172)	(192,949)
	4.2	**1,345,299**	496,155
Items that will not be recycled through profit and loss			
Movement in asset revaluation reserve net of tax	6	(2,356,830)	1,224,521
Share of movement in revaluation reserve (Northport Ltd)	7	10,173,761	3,498,508
		7,816,931	4,723,029
Total other comprehensive income		**9,162,230**	5,219,184
Total comprehensive income for the period		22,269,637	19,479,114
(attributable to owners of the company)			

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2022

	Share Capital $	Retained Earnings $	Asset Revaluation Reserve $	Hedging Reserve $	TOTAL $
Balance at 1 July 2021	14,688,144	69,533,198	66,569,850	(604,702)	150,186,490
Net profit after tax	–	13,107,407	–	–	13,107,407
Other comprehensive income	–	–	7,816,931	1,345,299	9,162,230
Total comprehensive income	–	13,107,407	7,816,931	1,345,299	22,269,637
Dividends to shareholders	–	(7,124,363)	–	–	(7,124,363)
Balance at 30 June 2022	14,688,144	75,516,242	74,386,781	740,597	165,331,764
Balance at 1 July 2020	14,688,144	61,881,374	61,846,821	(1,100,857)	137,315,482
Net profit after tax	–	14,259,930	–	–	14,259,930
Other comprehensive income	–	–	4,723,029	496,155	5,219,184
Total comprehensive income	–	14,259,930	4,723,029	496,155	19,479,114
Dividends to shareholders	–	(6,608,106)	–	–	(6,608,106)
Balance at 30 June 2021	14,688,144	69,533,198	66,569,850	(604,702)	150,186,490

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

Consolidated Balance Sheet

As at 30 June 2022

	Note	30 June 2022 $	30 June 2021 $
Assets			
Non-current assets			
Investment property	5	108,880,000	93,445,450
Property, plant and equipment	6	28,566,453	31,823,561
Investment in joint venture company (Northport Ltd)	7	61,448,056	51,493,721
Other investments	14	347,812	450,956
Deferred Tax Asset	13.2	7,272	–
Financial Assets	4.1	672,029	–
Total non-current assets		**199,921,622**	177,213,688
Current assets			
Cash and deposits		230,201	153,510
Receivables and prepayments	8	260,922	278,096
Inventory		158,742	93,733
Total current assets		**649,865**	525,339
Total assets		**200,571,487**	177,739,027
Equity			
Share capital	12.1	14,688,144	14,688,144
Retained earnings		75,516,242	69,533,198
Asset revaluation reserve		74,386,781	66,569,850
Hedging reserve	4.2	740,597	(604,702)
Total equity		**165,331,764**	150,186,490
Liabilities			
Non-current liabilities			
Bank loans - non-current portion	10	24,000,000	13,950,000
Revenue in advance	11	1,860,279	1,747,390
Total non-current liabilities		**25,860,279**	15,697,390
Current Liabilities			
Payables	9	1,829,444	1,855,147
Bank loans - current portion	10	7,550,000	10,000,000
Total current liabilities		**9,379,444**	11,855,147
Total liabilities		**35,239,723**	27,552,537
Total equity and liabilities		**200,571,487**	177,739,027

For and on behalf of the board of directors who authorised the issue of this financial report on 25 August 2022.

Chairman

Director

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

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2022

	Note	30 June 2022 $	30 June 2021 $
Cash flows from operating activities			
Receipts from customers		8,789,265	8,188,207
Dividends received		9,528,734	8,307,101
Interest received		218	783
Payments made to suppliers and employees		(6,469,642)	(5,205,845)
Interest paid	3.4	(987,070)	(534,894
Income tax paid		(27,414)	(23,581)
Net cash flow from operating activities		**10,834,091**	10,731,771
Cash flows from investing activities			
Sale of property, plant and equipment		4,764	–
Purchase of property, plant and equipment		(428,930)	(1,119,109)
Purchase of and improvements to investment property		(10,808,871)	(10,395,549)
Net cash flow from investing activities		**(11,233,037)**	(11,514,658)
Cash flows from financing activities			
Proceeds from borrowings		7,600,000	7,400,000
Payment of dividends	12.3	(7,124,363)	(6,608,106)
Net cash flow from financing activities		**475,637**	791,894
Net increase/(decrease) in cash held		**76,691**	9,007
Opening cash balance		**153,510**	144,503
Closing cash balance		**230,201**	153,510

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

Consolidated Operating Cash Flow Reconciliation

For the Year Ended 30 June 2022

	Note	30 June 2022 $	30 June 2021 $
Net profit after tax		13,107,407	14,259,930
Non-cash item			
Depreciation expense		542,148	530,218
Gain/(Loss) on sale of property,plant and equipment		3,198	-
Revaluation of investment property	5	(3,918,404)	(3,654,874)
Other fair value movements	14	103,144	(2,399)
Share of profit from joint venture (net of dividends)	7	1,080,864	(1,229,748)
		(2,189,050)	(4,356,803)
Movements in working capital			
Change in receivables and prepayments		17,174	31,118
Change in payables		(25,703)	777,592
Change in tax payable		(7,272)	–
Change in inventory		(65,009)	(21,431)
		(80,810)	787,279
Movement in revenue in advance		112,889	879,899
Non-operating items included in working capital movements above		(116,345)	(838,534)
Net cash flow from operating activities		10,834,091	10,731,771

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2022

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

The Group's operations principally comprise of its 50% stakeholding in the deep water port facility at Marsden Point together with its substantial land holdings in the adjacent area. The Group also owns and operates the Marsden Cove Marina complex which consists of a 236 berth marina, adjoining commercial complex and boatyard facility.

1.2. Basis of preparation

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

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

1.3. Basis of consolidation

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

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

1.4. Critical judgements, estimates and 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:

Asset revaluation	pages 11-14
Estimation of useful lives of assets	page 14
Tax losses	page 20

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. There were no new standards, interpretations and amendments effective from 1 July 2021 that would have a material impact on the Group and no new material standards that require adoption in future years. 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.

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

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

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

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.

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) *Group as a lessee*

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

(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.

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.

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.

Fair value 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.

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 Group'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).

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

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

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

All Operations are undertaken in New Zealand. Accounting policies have been consistently applied across all segments.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2022

	30 June 2022				
	Port 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)	(3,657,325)	(1,847,529)	(6,654,290)
Income tax expense	–	–	–	168,026	168,026
Total other income and expenditure:	**8,431,879**	**(4,044,178)**	**2,578,189**	**(2,575,871)**	**4,390,019**
Net profit after tax	**8,431,879**	**(776,657)**	**8,027,856**	**(2,575,671)**	**13,107,407**
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 2022

	30 June 2021				
	Port Related Operations $	Property Holdings $	Marina and Commercial $	Other Activities $	TOTAL $
2. SEGMENT REPORTING (continued)					
Revenue					
Rental revenue from external customers	–	2,486,516	341,887	–	2,828,403
Rental revenue from joint venture	–	324,204	–	–	324,204
Other revenue from external customers	–	109,268	3,961,144	–	4,070,412
Total segment revenue	**–**	**2,919,988**	**4,303,031**	**–**	**7,223,019**
Other income and expenditure					
Share of profit from joint venture	9,524,855	–	–	–	9,524,855
Revaluation of investment property	–	3,582,421	72,453	–	3,654,874
Fair value movements	–	2,399	–	–	2,399
Finance income	–	–	–	783	783
Finance expense *	–	–	–	(423,846)	(423,846)
Depreciation expense	–	(52,561)	(409,852)	(67,805)	(530,218)
Other expenses/losses	–	(801,524)	(2,675,514)	(1,691,317)	(5,168,355)
Income tax expense	–	–	–	(23,581)	(23,581)
Total other income and expenditure	**9,524,855**	**2,730,735**	**(3,012,913)**	**(2,205,766)**	**7,036,911**
Net profit after tax	**9,524,855**	**5,650,723**	**1,290,118**	**(2,205,766)**	**14,259,930**
Total segmental assets	**51,493,721**	**96,928,976**	**28,046,733**	**1,269,598**	**177,739,027**
Total segmental liabilities	**–**	**1,202,641**	**2,083,796**	**24,266,100**	**27,552,537**
Non-current asset additions					
Property, plant and equipment	–	878,618	477,682	23,335	1,379,635
Investment property	–	5,685,488	5,697,397	–	11,382,885

* 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 2022

	30 June 2022 $	30 June 2021 $
3. EXPENSES		
3.1 Operating Expenses		
Employee related benefits	592,334	535,161
Repairs and maintenance	435,011	387,453
Insurance	304,019	250,545
Electricity	37,883	111,737
Marketing expenses	136,026	58,606
Other operational expenses	245,433	283,525
	1,750,706	1,627,027
3.2 Land rates and lease expenses		
Land rates	617,772	400,496
Lease expenses	15,000	15,000
	632,772	415,496
3.3 Administrative expenses		
Employee related benefits	832,628	707,484
Directors' fees	283,500	282,595
Auditor remuneration - audit fees	94,000	90,384
- other fees	–	5,250
Donations	1,585	2,144
Share registry expenses	96,359	93,842
Professional fees	593,692	311,553
Other administrative expenses	247,286	323,868
	2,149,050	1,817,120
3.4 Finance expenses		
Interest on debts and borrowings	987,070	534,894
Less capitalised borrowing costs	(158,144)	(111,048)
	828,926	423,846

The average weighted borrowing cost rate for capitalisation to property, plant and equipment, was 2.95% for the current period (2021: 2.16%).

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.

4. DERIVATIVE FINANCE INSTRUMENTS

As at 30 June 2022 the Company had interest rate swaps in place covering approximately 63% (2021: Nil) of the loan principal outstanding with the Bank of New Zealand (refer note 10), with interest rates of between 2.56% and 2.62%.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2022

	30 June 2022 $	30 June 2021 $
4. DERIVATIVE FINANCE INSTRUMENTS (continued)		
4.1 Fair Value of Interest Rate Swaps		
Non-current	672,029	–
	672,029	–
Movement in fair value of swaps	**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.

	30 June 2022 $	30 June 2021 $
Movement in parent hedging reserve	672,029	–
Movement in share of joint venture hedging reserve	1,196,442	689,104
Total movement in hedging reserve before tax	**1,868,471**	689,104
Taxation on above items	(523,172)	(192,949)
Total movement in hedging reserve after tax	**1,345,299**	496,155
Balance at 1 July	(604,702)	(1,100,857)
Balance at 30 June	**740,597**	(604,702)
Hedging Reserve - Parent	483,861	–
Hedging Reserve - Northport Ltd	256,736	(604,702)

Policy

Derivative Financial Instruments and Hedging

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

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

Designated Cash Flow Hedges

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

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

Amounts accumulated in Equity are recycled in the Statement of 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.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2022

	30 June 2022 $	30 June 2021 $
5. INVESTMENT PROPERTY		
Opening carrying value	**93,445,450**	78,229,012
Current year movements		
Land development and improvements	10,689,396	8,041,666
Other/subsequent improvements	33,380	768,904
Investment property in progress	–	2,572,315
Transferred from property, plant and equipment	796,280	143,500
Movement in lease incentives	(2,910)	35,179
Revaluation (recognised in profit and loss)	3,918,404	3,654,874
Closing carrying value	108,880,000	93,445,450

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 2022, by Brad Sworn of Telfer Young (2021: Chris Seagar of Seagers), 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 2022 Range	30 June 2021 Range
Land and improvements held for lease	DCF method, income capitalisation and direct comparative approach	Land available for lease value per m^2 *	\$40 - \$240 per m^2	\$75 - \$110 per m^2
		Discount rate	6.75 - 7.75%	7.50 - 8.50%
		Capitalisation rate	5.75 - 7.00%	6.875%
		Exit yield at 10 years	6.75 - 7.75%	7.50%
Marsden Cove Marina	DCF method	Discount rate	10.50%	9.75%
		Long term licence reversion discount factor	NA	90.00%
Marsden Cove commercial complex	DCF method	Annual rental cash flow	\$617,000 - \$1,000,000	\$569,000 - \$837,000
		Exit yield at 10 years	7.00%	7.25%
		Discount rate	7.50%	8.50%

* Excludes undeveloped land and land designated for a transport corridor which is valued at \$5 per m2 (2021: \$30 to \$100 per m^2).

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.

As reported in the financial statements for the year ended 30 June 2021, the Group commissioned an independent inspection of all the marina piles to understand the extent of any issues with the structural integrity of the piles. The findings of this inspection were reported to the Directors in June 2022 and they agreed with the conclusions reached, that there was no evidence of issues with the structural integrity of the marina piles.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2022

5. INVESTMENT PROPERTY (continued)

Significant 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 Profit or Loss in the year in which they arise.

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

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

Gains or losses on the disposal of investment properties are recognised in the Statement of Profit or Loss 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 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.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2022

	Freehold Land $	Building and Amenities $	Plant and Equipment $	Capital Work Progress $	TOTAL $
6. PROPERTY, PLANT AND EQUIPMENT					
Cost or valuation					
Balance at 1 July 2020	19,722,933	9,579,418	2,487,613	601,316	32,391,280
Additions	26,804	196,612	363,158	793,061	1,379,635
Transferred from capital work in progress	51,072	10,084	1,670	(62,826)	–
Transferred to investment property	(143,500)	–	–	(109,769)	(253,269)
Disposals	–	–	(2,462)	(334,738)	(337,200)
Revaluation	1,224,521	–	–	–	1,224,521
Balance at 30 June 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**
Accumulated Depreciation					
Balance at 1 July 2020	–	(1,302,980)	(750,670)	–	(2,053,650)
Depreciation expense	–	(329,581)	(200,637)	–	(530,218)
Disposals	–	–	2,462	–	2,462
Balance at 30 June 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)**
Net book value					
At 31 June 2021	20,881,830	8,153,553	1,901,134	887,044	31,823,561
At 31 June 2022	**18,525,000**	**7,945,557**	**1,857,262**	**238,634**	**28,566,453**

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 2022 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 (2021: Chris Seagar of Seagers).

Significant unobservable valuation input	Range
Price per hectare	$100,000 to $190,000

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

	30 June 2022 $	30 June 2021 $
Carrying value of freehold land if measured at cost		
If freehold land were measured at cost less accumulated depreciation and impairment, the respective carrying amounts would be as follows:		
At Cost	7,359,929	7,425,533

	30 June 2022 $	30 June 2021 $

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.

Freehold Land 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

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

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

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

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

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

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

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

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

Land revaluations

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

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

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

Derecognition

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2022

	30 June 2022 $	30 June 2021 $
7. INVESTMENT IN JOINT VENTURE		
Northport Ltd		
Main activity: Seaport		
Balance date: 30 June		
Shareholding	50%	50%
Balance at 1 July	51,493,721	46,269,310
Share of net profit after tax	8,420,095	9,512,744
Share of current period elimination re. previous inter entity asset sales	11,783	12,111
Share of profit from joint venture	**8,431,878**	9,524,855
Share of hedging reserve	861,439	496,155
Share of revaluation reserve	10,173,761	3,498,508
Share of total comprehensive income	**19,467,078**	13,519,518
Dividends received	(9,512,743)	(8,295,107)
Balance at 30 June	**61,448,056**	51,493,721
Summary Financial Information		
Cash and equivalents	299,162	358,884
Current financial assets	131,557	–
Other current assets	5,534,814	5,574,666
Total current Assets	**5,965,533**	5,933,550
Non-current financial assets	584,847	–
Other non-current assets	170,360,972	145,683,544
Total non current assets	**170,945,819**	145,683,544
Total assets	**176,911,352**	151,617,094
Current financial liabilities (excluding trade and other payables)	144,114	882,137
Other current liabilities	6,018,855	5,092,340
Total current liabilities	**6,162,969**	5,974,477
Non current financial liabilities (excluding trade and other payables)	45,236,640	40,015,975
Total liabilities	**51,399,609**	45,990,452
Net assets	**125,511,743**	105,626,642
Group's share of net assets 50%	62,755,872	52,813,321
Other consolidated adjustments	(1,307,816)	(1,319,600)
Investment in Joint Venture	**61,448,056**	51,493,721
Revenue	42,576,502	44,604,849
Depreciation and amortisation	4,437,268	4,343,446
Interest income	2,284	3,312
Interest expense	1,928,092	1,909,490
Tax expense	5,692,469	6,575,504
Net surplus after tax	**16,840,189**	19,025,486
Other comprehensive income	22,070,398	7,989,325
Total comprehensive income	**38,910,587**	27,014,811

7. INVESTMENT IN JOINT VENTURE (continued)

Policies

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.

	30 June 2022 $	30 June 2021 $
8 RECEIVABLES AND PREPAYMENTS		
Trade receivables	24,925	32,398
Related parties (Note 17.1)	213	175
GST refund due	42,482	65,079
Prepayments	171,609	159,033
Sundry debtors	21,693	21,411
	260,922	278,096

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 2022

	30 June 2022 $	30 June 2021 $
9. PAYABLES		
Trade payables	905,827	1,062,413
Retentions	280,372	211,342
Employee leave provisions	46,687	56,066
Other payables	596,558	525,326
	1,829,444	1,855,147

Policies

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.

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 2022 $	30 June 2021 $
10. BANK LOANS		
BNZ loan facility - current portion	7,550,000	10,000,000
BNZ loan facility - non-current portion	24,000,000	13,950,000
	31,550,000	23,950,000

As at 30 June 2022, the Company had access to funding facilities with the BNZ totalling $40,000,000. A $11,000,000 tranche of the Company's funding facility is due to expire on 6 April 2023. 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 1.32% to 4.16% (2021: 1.26% to 1.51%).

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 Group 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 2022

	30 June 2022 $	30 June 2021 $
11. REVENUE IN ADVANCE		
Balance at 1 July	1,747,390	867,491
Marina berth licence sales proceeds	323,205	1,080,913
Marina berth licence buy back	(6,400)	(21,909)
Recognition - current period	(203,916)	(179,105)
Balance at 30 June	1,860,279	1,747,390

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 2022 $	30 June 2021 $
12. CONTRIBUTED EQUITY		
12.1 Share capital		
Balance at 30 June	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).

	No. Shares	No. Shares
Total at 30 June	41,300,651	41,300,651

12.2 Earnings per share

Earnings per share of 31.74 cents per share (2021: 34.53 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 (2021: 41,300,651 shares). Diluted earnings per share has been calculated on the same basis.

	30 June 2022 $	30 June 2021 $
12.3 Dividends paid		
During the financial year the following dividend payments were made:		
Final, 24/09/21 - 11.25 cents/share (25/09/20 - 9.25 cents)	4,646,324	3,820,312
Interim, 25/03/22 - 6.00 cents/share (26/03/21 - 6.75 cents)	2,478,039	2,787,794
	7,124,363	6,608,106

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2022

	30 June 2022 $	30 June 2021 $
13. TAXATION		
13.1 Taxation expense		
Net surplus before taxation	**12,939,381**	14,283,511
Prima facie tax at 28%	3,623,027	3,999,383
Adjusted for the tax effect of:		
Tax paid joint venture earnings	305,942	(340,938)
Imputed dividend receipts	(2,663,568)	(2,322,630)
Revaluation non-assessable/non-deductible (income)/expense	(1,071,573)	(1,027,428)
Capitalised borrowing costs deducted for tax purposes	(44,280)	(31,093)
Non-deductible expenses	16,232	18,931
Carried forward losses not recognised (recognised)	(333,805)	(272,644)
Income tax expense	**(168,025)**	23,581
Represented by:		
Current taxation	(168,025)	23,581
Deferred taxation	–	–
Income tax expense	**(168,025)**	23,581
13.2 Deferred tax		
Balance at 1 July	–	–
Items charged to profit and loss	–	–
Balance at 30 June	–	–
Represented by:		
Investment property	(2,482,959)	(1,465,270)
Property, plant and equipment	510,435	(130,717)
Financial Instruments	(188,168)	–
Provisions	13,072	20,598
Deferred tax liability	**(2,147,620)**	(1,575,389)
Deferred tax asset (tax effect of losses carried forward)	2,154,892	1,575,389
Net deferred tax asset	**7,272**	–

Significant accounting judgement, estimate and assumption

At the end of the reporting period the Group has accumulated tax losses amounting to $7,696,043 with a tax effect of $2,154,892 (2021: losses $6,654,868 tax effect $1,863,363) 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 prior period losses in the financial statements to a level that directly offsets the deferred tax liability.

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 2022

		30 June 2022 $	30 June 2021 $
14. OTHER INVESTMENTS			
Fonterra Co-operative Group Ltd - Shares			
Balance at 1 July		450,956	448,557
Acquisition/(disposals)	–	–	
Fair value movements		(103,144)	2,399
Balance at 30 June		**347,812**	450,956

Fair value movement in other investments	Shares held	Disclosed fair value per share 30 June 2022	Disclosed fair value per share 30 June 2021	Fair value movement
Fonterra Co-operative Group Ltd - Shares	119,935	2.90	3.76	(103,144)

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 Group determines the fair value of it's shares in Fonterra Co-operative Group Ltd using market price level 1 inputs.

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

15.1 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 2022, the Company had access to funding facilities with the BNZ totalling $40,500,000 (2020: $31,500,000) of which $31,550,000 was drawn down at this date (2021: $23,950,000). 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.

	On demand $	Less than 3 months $	3 to 12 months $	Over 12 months $
Interest-bearing loans and borrowings (includes interest expense)	-	314,990	8,420,260	25,304,100
Trade and other payables	-	766,527	280,372	-
Balance at 30 June 2022	-	1,081,517	8,700,632	25,304,100
Interest-bearing loans and borrowings (includes interest expense)	-	125,270	10,325,050	14,470,180
Trade and other payables	-	1,062,413	211,342	-
Balance at 30 June 2021	-	1,187,683	10,536,392	14,470,180

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

15.2 Credit risk

Credit Risk arises from the financial assets of the Group, which comprises cash and cash equivalents, trade and other 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.

15.3 Price risk

Price risk arises from investments in equity securities as detailed in Note 14. The price risk for listed 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 Group'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 2022 $	30 June 2021 $
Financial liabilities		
Bank Loan - unhedged portion	(11,550,000)	(23,950,000)

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

	30 June 2022 $	30 June 2021 $
+1.0% (100 Basis Points)		
Post Tax Profit and Equity - Higher (Lower)	(115,500)	(239,500)
-0.5% (50 Basis Points)		
Post Tax Profit and Equity - Higher (Lower)	57,750	119,750

15.5 Financial instruments

The Group has the following categories of financial instruments

	30 June 2022 $	30 June 2021 $
Financial assets at fair value through profit or loss designated on initial recognition		
Fonterra Co-operative Group Ltd - shares	347,812	450,956
Financial assets - derivates designated as hedging instruments		
Interest rate swaps	672,029	–
Financial assets at amortised cost		
Cash and deposits	230,201	153,510
Receivables	46,831	119,113
Financial liabilities at amortised cost		
Payables	(1,782,257)	(1,855,147)
Bank loans	(31,550,000)	(23,950,000)

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2022

	30 June 2022 $	30 June 2021 $
16. OPERATING LEASE COMMITMENTS		
The following future minimum rentals receivable as a lessor existed at year end:		
Less than 1 year	3,508,733	2,860,062
Between 1 - 5 years	8,962,864	7,494,835
Over 5 years	4,426,904	3,679,960
	16,898,501	14,034,857

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 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. 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 2022, received dividends amounting to $9,512,743 (2021: $8,295,107) together with full imputation credits.

North Tugz Ltd

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

Marsden Cove Canals Management Ltd

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

Northland Regional Council

The Northland Regional Council is the major shareholder of Marsden Maritime Holdings Ltd. During the year it received dividend payments totalling $3,819,651 (2021: $3,542,865).

Directors

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

Key Management Personnel

The directors and certain senior management of the Group have been identified as key management personnel by virtue of their authority and responsibility for planning, directing and controlling the activities of the Group, either directly or indirectly. Total compensation for key management personnel amounted to $1,144,872 (2021: $995,040) comprising directors' fees $283,500 (2021: $282,595), salaries $642,721 (2021: $579,563), termination settlements $90,053 (2021: $Nil), management bonuses $53,965 (2021: $57,000) and associated benefits $74,633 (2021: $75,882).

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2022

	30 June 2022 $	30 June 2021 $
17. RELATED PARTY DISCLOSURE (continued)		
17.1 Related party receivables		
Marsden Cove Canal Management Ltd	213	175
	213	175
17.2 Northport Ltd		
Services provided by Marsden Maritime Holdings Ltd	32,294	31,596
Leases provided by Marsden Maritime Holdings Ltd	357,043	324,204
Services provided to Marsden Maritime Holdings Ltd	52,179	44,734
Services provided to North Tugz Ltd	258,251	245,484
17.3 North Tugz		
Services provided to Northland Regional Council	2,000	1,000
Services provided to Northport Ltd	6,038,358	6,286,725
17.4 Northland Regional Council		
Services provided to Marsden Maritime Holdings Ltd	44,269	43,304
Services provided to Northport Ltd	267,627	150,622
17.5 Marsden Cove Canals Management Ltd		
Levies charged to Marsden Maritime Holdings Ltd	-	88,779
Services provided by Marsden Maritime Holdings Ltd	15,742	7,006
17.6 Directors of Marsden Maritime Holdings Ltd		
Services provided to Marsden Maritime Holdings Ltd	283,500	282,595
Services provided to Northport Ltd	87,500	87,500

18. 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 2021: $75,000) Bond given to the New Zealand Stock Exchange.

19. CAPITAL COMMITMENTS

Commitments for capital expenditure at 30 June 2022 amounted to $263,261 which relates to the construction of a bulk storage warehouse. (2021: $6,614,638 three leasehold properties under construction). Capital expenditure commitments in respect of the Group's Joint Venture interests as at 30 June 2022 totalled $438,800 (2021: $524,723).

20. SUBSEQUENT EVENTS

Joint Venture company Northport Ltd declared a fully imputed ordinary dividend of $4,920,095 to be paid in two instalments, $3,000,000 on 31 August 2022 and $1,920,095 on 30 September 2022.

Subsequent to balance date, the Board of Marsden Maritime Holdings Ltd declared a fully imputed ordinary dividend of 10.00 cents per share with payment to be made on 30 September 2022.

Auditor's Report

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

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

Opinion

We have audited the consolidated financial statements of the Group on pages 1 to 25, that comprise the consolidated balance sheet as at 30 June 2022, 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 financial position of the Group as at 30 June 2022, 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 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.

Auditor's Report continued

Building a better working world

Valuation of land and investment properties

Why significant	How our audit addressed the key audit matter
The valuations of land and investment properties, carried at $18.5m and $108.8m 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 independent registered valuers to determine the fair value of these assets at 30 June 2022. 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.	In obtaining sufficient audit evidence we: ► documented our understanding of the valuation process which involved identifying management controls over the process; ► evaluated the competence, capabilities and objectivity of the external valuer; ► reviewed the instructions provided to the valuer; ► compared the key valuation assumptions used and the assessed values by property to the previous year's equivalent assumptions and amounts to determine the principal reasons for changes in assessed values; ► involved our real estate valuation specialists to assess the valuations, valuation methodology and validity of assumptions against market evidence; ► considered the nature of amounts capitalised in the year in relation to land improvements, their treatment in the financial statements and their impact on the valuation of land; and ► assessed the adequacy of the financial statement disclosures made in respect of the valuation of land and investment properties. As a result of the above procedures, we considered the valuation techniques and key assumptions reasonable in forming our opinion on the financial statements as a whole.

Other information

The Board of Directors is responsible on behalf of the Group for the other information. The other information comprises all information in the annual report other than the consolidated financial statements and our auditor's report thereon. The other information 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 will 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. 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 other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors and, if uncorrected, to take appropriate action to bring the matter to the attention of users for whom our auditor's report was prepared.

Auditor's Report continued

Building a better working world

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 statements

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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Auditor's Report continued

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.

Lloyd Bunyan
Ernst & Young
On behalf of the Auditor-General
Auckland, New Zealand
25 August 2022