



Marsden

MARITIME HOLDINGS LTD

INTERIM REPORT

For the Six Months Ended 31 December 2017

Executive Review



SIR JOHN GOULTER



GRAHAM WALLACE

Marsden Maritime Holdings recorded a net surplus of \$5.297 million for the interim, six month reporting period to 31 December 2017, representing a 5.4% improvement on the corresponding prior period result of \$5.025 million.

Underlying earnings (depicted by the Company's trading surplus) increased by 6.4% to \$5.283 million from \$4.965 million recorded in the previous interim reporting period.

Overall cargo throughput at associate Northport Ltd was up 3.0% to 1.908 million tonnes (2016 - 1.853 million tonnes) with log volumes increasing by 2.0% to 1.480 million while other trades recorded growth of 6.2%.

These higher cargo volumes contributed to an improved result from our strategic stakeholding in Northport. Other commercial activities also recorded improved results for the period under review.

Marina and Commercial Complex

Since commencing operation in October 2017, the Company's new boat haul-out and servicing facility is operating well and has generated considerable interest from vessel owners and marine related service providers.

The facility's location affords the Company virtually unlimited capacity to expand to meet anticipated future growth. This is in stark contrast to the constraints typically faced by other boatyards, particularly those in the Auckland region, where pressure on marinas and maintenance facilities is creating a shortage of supply. Accordingly, the Company is focusing marketing activity at boat owners and marine services suppliers in that area.

Berth occupancy within our marina continues to increase and the adjacent commercial and retail complex remains fully tenanted.

Property Holdings

Considerable attention continues to be directed towards the promotion of the Company's various land holdings with focus being placed on identifying regional entities requiring space for business growth. In particular, attention is being devoted to the engineering, manufacturing and warehousing sectors within congested areas such as Penrose and Silverdale. The Company is experiencing a heightened level of enquiry which reflects a growing awareness of the Greater Marsden Point Area.

Dividend

A fully imputed dividend of 6.75 cents per share (2016/17 – 6.25 cents per share) has been declared with payment to be made on 23 March 2018.

Outlook

For the full year to 30 June 2018, we anticipate overall cargo volumes at Northport to be at a similar level to last year, when 3.646 million tonnes were handled. This, together with continued improvement in returns from our other business units, is expected to provide an improved full year trading result.

The Company awaits with interest the new Government's Port Study to examine the feasibility of shifting aspects of Ports of Auckland's operations. Previous port studies have lamentably failed to accurately portray the full scope of Northport's potential and the wealth of the Company's available land for related activities. This further study, which formed part of the new Government's Coalition Agreement, is expected to start later in the year and suggests Northport will be given greater consideration than prior studies have reflected.



Sir John Goulter KNZM, JP
CHAIRMAN



Graham Wallace
CHIEF EXECUTIVE

Consolidated Statement of Comprehensive Income

For the Six Months Ended 31 December 2017

Year Ended		Note	Six Months Ended	
			31-Dec-17 (Unaudited) \$000	31-Dec-16 (Unaudited) \$000
30-Jun-17 (Audited) \$000				
	Revenue			
2,848	Rents & Leases		1,636	1,304
9,152	Share of Joint Venture Company's Net Surplus	4	5,058	4,843
1,063	Revenue from Goods Sold		476	468
287	Farming Revenue		174	160
10	Interest Income		2	5
35	Dividends		24	11
53	Other		44	26
<u>13,449</u>	Total Revenue		<u>7,414</u>	<u>6,817</u>
	Expenditure			
764	Operational Expenses		496	346
960	Cost of Goods Sold		428	420
471	Land Rates & Lease Expenses		252	239
1,381	Administrative Expenses		710	678
195	Finance Costs		136	102
137	Depreciation Expense		109	67
<u>3,908</u>	Total Expenditure		<u>2,131</u>	<u>1,852</u>
<u>9,541</u>	Trading Surplus		<u>5,283</u>	<u>4,965</u>
-	Gain (Loss) on Sale of Property, Plant & Equipment	10	(23)	-
341	Revaluation of Investment Property		-	-
186	Fair Value Movements	7	47	61
<u>10,069</u>	Operating Surplus Before Taxation		<u>5,307</u>	<u>5,026</u>
19	Taxation Expense	8	10	1
<u>10,050</u>	NET SURPLUS AFTER TAXATION		<u>5,297</u>	<u>5,025</u>
	Other Comprehensive Income			
	<i>Items that will be recycled through profit and loss</i>			
253	Cash Flow Hedges - Gain (Loss) taken to Reserves (Northport Ltd)		(64)	337
(71)	Income Tax relating to items of Other Comprehensive Income (Northport Ltd)		18	(94)
	<i>Items that will not be recycled through profit and loss</i>			
344	Movement in Asset Revaluation Reserve		-	-
(125)	Share of Net Change in Revaluation Reserve (Northport Ltd)		-	-
<u>402</u>	Total Other Comprehensive Income for Year		<u>(46)</u>	<u>243</u>
<u>10,452</u>	TOTAL COMPREHENSIVE INCOME		<u>5,251</u>	<u>5,268</u>
	(attributable to Owners of the Company)			
24.33	Basic & Diluted Earnings Per Share (cents)		12.83	12.17

Consolidated Statement of Changes in Equity

For the Six Months Ended 31 December 2017

Six Months Ended 31 December 2017 (Unaudited)					
Share Capital	Retained Earnings	Asset Revaluation Reserve	Hedging Reserve (Joint Venture)	TOTAL	
\$000	\$000	\$000	\$000	\$000	\$000
Opening Equity 1 July 2017	14,688	55,627	60,664	(536)	130,443
Net Surplus	-	5,297	-	-	5,297
Other Comprehensive Income	-	-	-	(46)	(46)
Total Comprehensive Income	-	5,297	-	(46)	5,251
Transactions with owners in their capacity as owners:					
Dividends Paid	-	(3,614)	-	-	(3,614)
Closing Equity 31 December 2017	14,688	57,310	60,664	(582)	132,080

Six Months Ended 31 December 2016 (Unaudited)					
Share Capital	Retained Earnings	Asset Revaluation Reserve	Hedging Reserve (Joint Venture)	TOTAL	
\$000	\$000	\$000	\$000	\$000	\$000
Opening Equity 1 July 2016	14,688	51,359	60,444	(718)	125,773
Net Surplus	-	5,025	-	-	5,025
Other Comprehensive Income	-	-	-	243	243
Total Comprehensive Income	-	5,025	-	243	5,268
Transactions with owners in their capacity as owners:					
Dividends Paid	-	(3,202)	-	-	(3,202)
Closing Equity 31 December 2016	14,688	53,182	60,444	(475)	127,839

Year Ended 30 June 2017 (Audited)					
Share Capital	Retained Earnings	Asset Revaluation Reserve	Hedging Reserve (Joint Venture)	TOTAL	
\$000	\$000	\$000	\$000	\$000	\$000
Opening Equity 1 July 2016	14,688	51,359	60,444	(718)	125,773
Net Surplus	-	10,050	-	-	10,050
Other Comprehensive Income	-	-	220	182	402
Total Comprehensive Income	-	10,050	220	182	10,452
Transactions with owners in their capacity as owners:					
Dividends Paid	-	(5,782)	-	-	(5,782)
Closing Equity 30 June 2017	14,688	55,627	60,664	(536)	130,443

Consolidated Balance Sheet

As at 31 December 2017

As at		As at	
30-Jun-17 (Audited) \$000	Note	31-Dec-17 (Unaudited) \$000	31-Dec-16 (Unaudited) \$000
ASSETS			
Non-Current Assets			
23,596		26,049	20,043
66,360		66,816	65,843
46,061	5	45,990	45,937
720	7	766	680
111	6	111	146
–		–	3
136,848		139,732	132,652
Current Assets			
135		80	430
716		819	538
37		83	39
128	6	128	114
–		–	8
1,016		1,110	1,129
4,250	10	–	–
5,266		1,110	1,129
142,114		140,842	133,781
EQUITY AND LIABILITIES			
Equity			
14,688		14,688	14,688
55,627		57,310	53,182
60,664		60,664	60,444
(536)		(582)	(475)
130,443		132,080	127,839
Non-Current Liabilities			
9,850		7,650	4,900
618		744	479
10,468		8,394	5,379
Current Liabilities			
1,203		368	563
1,203		368	563
142,114		140,842	133,781

Consolidated Operating Cashflow Reconciliation

For the Six Months Ended 31 December 2017

Year Ended		Six Months Ended	
		31-Dec-17 (Unaudited) \$000	31-Dec-16 (Unaudited) \$000
30-Jun-17 (Audited) \$000			
	Note		
10,050	NET SURPLUS AFTER TAXATION	5,297	5,025
	Add (Subtract) Non-Cash Items:		
137	Depreciation Expense	109	67
4	Deferred Taxation	-	1
-	(Gain) Loss of Sale of Property, Plant & Equipment	23	-
(341)	Revaluation of Investment Property	-	-
(186)	Other Fair Value Movements	(47)	(61)
(323)	Share of Joint Ventures' Retained Surplus	24	(13)
(709)		109	(6)
	Add (Subtract) Working Capital Items:		
(326)	Movement in Receivables & Prepayments	(103)	(148)
-	Movement in Taxation Refundable	-	(8)
686	Movement in Payables	(835)	46
(2)	Movement in Inventory	(46)	(4)
358		(984)	(114)
347	Movement in Revenue in Advance	127	209
(505)	Non-Operating Items included in Working Capital Movements above	836	(167)
9,541	NET CASH FLOW FROM OPERATING ACTIVITIES	5,385	4,947

Notes to the Consolidated Financial Statements

For the Six Months Ended 31 December 2017

Note 1

REPORTING ENTITY

Marsden Maritime Holdings Limited (the "Company") is a company incorporated and domiciled in New Zealand, registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange ("NZX"). It is a reporting entity for the purposes of the Financial Markets Conduct Act 2013 and is designated as a profit-orientated entity for financial reporting purposes.

Note 2

BASIS OF PREPARATION

These unaudited interim financial statements for the six months ended 31 December 2017 have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards and other applicable New Zealand Reporting Standards as appropriate for profit-orientated entities.

Note 3

ACCOUNTING POLICIES

These interim financial statements have been prepared in accordance with NZ IAS 34 Interim Financial Reporting using the same accounting policies and methods of computation as those published in the annual financial report for the year ended 30 June 2017. It is recommended that these interim financial statements be read in conjunction with the 2017 Annual Report.

Note 4

SHARE OF JOINT VENTURE COMPANY'S NET SURPLUS

Year Ended		Six Months Ended	
30-Jun-17 (Audited) \$000		31-Dec-17 (Unaudited) \$000	31-Dec-16 (Unaudited) \$000
	Northport Ltd (50% interest)		
12,154	Net Surplus before Taxation	6,753	6,459
<u>(3,071)</u>	Less Taxation	<u>(1,716)</u>	<u>(1,646)</u>
9,083		5,037	4,813
	Current period write back in respect of previous inter-entity asset sales		
69		21	30
<u>9,152</u>		<u>5,058</u>	<u>4,843</u>

Notes to the Consolidated Financial Statements

For the Six Months Ended 31 December 2017

Note 5

INVESTMENT IN JOINT VENTURE COMPANY

Year Ended		Six Months Ended	
30-Jun-17 (Audited) \$000		31-Dec-17 (Unaudited) \$000	31-Dec-16 (Unaudited) \$000
	Northport Ltd (50% interest)		
20,000	Shares Subscribed for	20,000	20,000
12,565	Share of Accumulated Surplus	12,520	12,295
(536)	Share of Hedging Reserve	(582)	(475)
15,431	Land Revaluation	15,431	15,556
(1,399)	Elimination re inter-entity asset sales	(1,379)	(1,439)
46,061		45,990	45,937

Note 6

EARN OUT – NORTH PORT COOLSTORES (1989) LTD

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

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

Year Ended		Six Months Ended	
30-Jun-17 (Audited) \$000		31-Dec-17 (Unaudited) \$000	31-Dec-16 (Unaudited) \$000
260	Opening Balance	239	260
(147)	Earn Out Payment Received	-	-
126	Fair Value Adjustment	-	-
239		239	260
128	Current Portion - within the next 12 months	128	114
111	Non-Current Portion - beyond the next 12 months	111	146
239		239	260

Notes to the Consolidated Financial Statements

For the Six Months Ended 31 December 2017

Note 7**OTHER INVESTMENTS**

Year Ended		Six Months Ended	
30-Jun-17 (Audited) \$000		31-Dec-17 (Unaudited) \$000	31-Dec-16 (Unaudited) \$000
720	Fonterra Co-operative Shares	766	680

As at 31 December 2017 the Company and Group held 119,935 shares in Fonterra Co-operative Group Ltd having a disclosed fair value of \$6.39 per share (2016 - 113,343 shares at \$6.00 per share).

Fair Value Movement in Other Investments	Shares Held	Disclosed Fair Value Per Share		Fair Value Movement
		31-Dec-17	30-Jun-17	\$000
Fonterra Co-operative Group Ltd - Shares	119,935	6.39	6.00	47
Fair Value Movements in Other Investments recognised in Profit & Loss				47

Note 8**TAXATION EXPENSE**

Year Ended		Six Months Ended	
30-Jun-17 (Audited) \$000		31-Dec-17 (Unaudited) \$000	31-Dec-16 (Unaudited) \$000
10,069	Net Surplus Before Taxation	5,307	5,026
2,819	Prima Facie Tax at 28%	1,486	1,407
	Adjusted for the Tax Effect of:		
(71)	Tax Paid Joint Venture Earnings	14	(1)
(2,472)	Imputed Dividend Receipts	(1,431)	(1,355)
(163)	Other Non-Assessable Income	(13)	(17)
(10)	Capitalised Interest Deducted for Tax Purposes	(13)	-
16	Non-Deductible Expenses	2	-
(100)	Carried Forward Losses Not Recognised (Recognised)	(35)	(33)
19		10	1
	Represented by:		
14	Current Taxation	10	-
4	Deferred Taxation	-	1
19		10	1

Notes to the Consolidated Financial Statements

For the Six Months Ended 31 December 2017

Note 9**SEGMENT REPORTING**

	Six Months Ended 31 December 2017 (Unaudited)				
	Port Related Operations \$000	Property Holdings \$000	Marina & Commercial \$000	Other Activities \$000	TOTAL \$000
Revenue					
Revenue from External Customers	–	1,047	1,135	2	2,184
Share of Joint Venture Company's Net Surplus	5,058	–	–	–	5,058
Other Revenue from Joint Venture	–	162	–	10	172
Total Segmental Revenue	5,058	1,209	1,135	12	7,414
Expenditure					
Finance Costs*	–	–	–	136	136
Depreciation Expense	–	18	57	34	109
Other Expenditure	–	417	854	615	1,886
Total Expenditure	–	435	911	785	2,131
Segmental Trading Surplus	5,058	774	224	(773)	5,283
Gain (Loss) on Sale of Property, Plant & Equipment	–	(23)	–	–	(23)
Fair Value Movements	–	47	–	–	47
Segmental Operating Surplus (Deficit) before Taxation	5,058	798	224	(773)	5,307
Taxation Expense	–	–	–	10	10
NET SURPLUS (DEFICIT) AFTER TAXATION	5,058	798	224	(783)	5,297
Total Segmental Assets	45,990	76,557	16,757	1,538	140,842
Total Segmental Liabilities	–	34	974	7,754	8,762
Non-Current Asset Additions					
Property, Plant & Equipment	–	8	2,507	47	2,562
Investment Property	–	192	264	–	456

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

Notes to the Consolidated Financial Statements

For the Six Months Ended 31 December 2017

Note 9**SEGMENT REPORTING (continued)**

	Six Months Ended 31 December 2016 (Unaudited)				
	Port Related Operations \$000	Property Holdings \$000	Marina & Commercial \$000	Other Activities \$000	TOTAL \$000
Revenue					
Revenue from External Customers	–	869	926	7	1,802
Share of Joint Venture Company's Net Surplus	4,843	–	–	–	4,843
Other Revenue from Joint Venture	–	162	–	10	172
Total Segmental Revenue	4,843	1,031	926	17	6,817
Expenditure					
Finance Costs*	–	–	–	102	102
Depreciation Expense	–	17	18	32	67
Other Expenditure	–	393	714	576	1,683
Total Expenditure	–	410	732	710	1,852
Segmental Trading Surplus	4,843	621	194	(693)	4,965
Gain (Loss) on Sale of Property, Plant & Equipment	–	–	–	–	–
Fair Value Movements	–	61	–	–	61
Segmental Operating Surplus (Deficit) before Taxation	4,843	682	194	(693)	5,026
Taxation Expense	1	–	–	–	1
NET SURPLUS (DEFICIT) AFTER TAXATION	4,842	682	194	(693)	5,025
Total Segmental Assets	45,940	75,365	10,679	1,797	133,781
Total Segmental Liabilities	–	210	722	5,010	5,942
Non-Current Asset Additions					
Property, Plant & Equipment	–	15	810	10	835
Investment Property	–	994	801	–	1,795

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

Notes to the Consolidated Financial Statements

For the Six Months Ended 31 December 2017

Note 10**ASSETS HELD FOR SALE**

As at 30 June 2017 the Company was actively marketing a 43.87 hectare block of land for sale. Subsequently, on 9 November 2017 the sale of approximately 41.50 hectares of this land block was concluded with the Company retaining the residual area for the formation of an access roadway.

Land held as Assets Held for Sale as at 30 June 2017

Less:

Residual land retained for access roadway transferred to Property, Plant & Equipment

Add:

Associated selling costs with sale of land

Proceeds from sale of land

Loss on sale of asset

4,250

(300)

73

4,023

4,000

(23)

Note 11**SUBSEQUENT EVENTS****Dividend Received**

Joint Venture company Northport Ltd declared a fully imputed dividend amounting to \$4,250,000 with payment to be made 28 February 2018.

Dividend Declared

On 22 February 2018 a fully imputed ordinary dividend of 6.75 cents per share was declared by the Board with payment to be made 23 March 2018.

Directory

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Lloyd Bunyan on behalf
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Banker

Bank of New Zealand

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Heimsath Alexander
Webb Ross McNab Kilpatrick

Share Registrar

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Directors

Sir John Goulter KNZM, JP (Chairman)
Mark Bogle
Peter Griffiths
Susan Huria
Murray Jagger
Elena Trout

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Marina Complex Manager
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Joint Venture

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Managing your shareholding on-line:

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

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Please assist our registrar by quoting your CSN or shareholder number.



Marsden

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