



Marsden

MARITIME HOLDINGS LTD

HALF-YEAR REPORT

31 December 2018

Consolidated Statement of Comprehensive Income

For the Six Months Ended 31 December 2018

| Year Ended | | Six Months Ended | |
|---------------------------------|------|--|-----------------------------------|
| 30-Jun-18 (Audited) \$000 | Note | 31-Dec-18 (Unaudited) \$000 | 31-Dec-17 (Unaudited) \$000 |
| | | Revenue | |
| 2,207 | | 1,085 | 1,124 |
| 1,110 | | 718 | 512 |
| 9,232 | 4 | 4,404 | 5,058 |
| 1,253 | | 741 | 476 |
| 316 | | 188 | 174 |
| 216 | | 45 | 70 |
| 14,334 | | 7,181 | 7,414 |
| | | Expenditure | |
| 1,072 | | 599 | 496 |
| 1,129 | | 654 | 428 |
| 545 | | 281 | 252 |
| 1,672 | | 769 | 710 |
| 274 | | 134 | 136 |
| 299 | | 197 | 109 |
| 4,991 | | 2,634 | 2,131 |
| 9,343 | | 4,547 | 5,283 |
| (45) | | – | (23) |
| 44 | | – | – |
| 74 | 7 | (92) | 47 |
| 9,416 | | 4,455 | 5,307 |
| 19 | 8 | 11 | 10 |
| 9,397 | | 4,444 | 5,297 |
| | | Other Comprehensive Income | |
| | | <i>Items that will be recycled through profit and loss</i> | |
| (99) | | (110) | (64) |
| 28 | | | |
| | | 31 | 18 |
| | | <i>Items that will not be recycled through profit and loss</i> | |
| 634 | | – | – |
| 1,161 | | – | – |
| 1,724 | | (79) | (46) |
| 11,121 | | 4,365 | 5,251 |
| | | TOTAL COMPREHENSIVE INCOME | |
| | | (attributable to Owners of the Company) | |
| 22.75 | | 10.76 | 12.83 |
| | | Basic & Diluted Earnings Per Share (cents) | |

Consolidated Statement of Changes in Equity

For the Six Months Ended 31 December 2018

| Six Months Ended 31 December 2018 (Unaudited) | | | | | |
|---|----------------------------|------------------------------------|---|----------------|---------|
| Share Capital \$000 | Retained Earnings \$000 | Asset Revaluation Reserve \$000 | Hedging Reserve (Joint Venture) \$000 | TOTAL \$000 | |
| Opening Equity 1 July 2018 | 14,688 | 58,623 | 62,459 | (607) | 135,163 |
| Net Surplus | - | 4,444 | - | - | 4,444 |
| Other Comprehensive Income | - | - | - | (79) | (79) |
| Total Comprehensive Income | - | 4,444 | - | (79) | 4,365 |
| Transactions with owners in their capacity as owners: | | | | | |
| Dividends Paid | - | (3,717) | - | - | (3,717) |
| Closing Equity 31 December 2018 | 14,688 | 59,350 | 62,459 | (686) | 135,811 |

| Six Months Ended 31 December 2017 (Unaudited) | | | | | |
|---|----------------------------|------------------------------------|---|----------------|---------|
| Share Capital \$000 | Retained Earnings \$000 | Asset Revaluation Reserve \$000 | Hedging Reserve (Joint Venture) \$000 | TOTAL \$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 |

| Year Ended 30 June 2018 (Audited) | | | | | |
|---|----------------------------|------------------------------------|---|----------------|---------|
| Share Capital \$000 | Retained Earnings \$000 | Asset Revaluation Reserve \$000 | Hedging Reserve (Joint Venture) \$000 | TOTAL \$000 | |
| Opening Equity 1 July 2017 | 14,688 | 55,627 | 60,664 | (536) | 130,443 |
| Net Surplus | - | 9,397 | - | - | 9,397 |
| Other Comprehensive Income | - | - | 1,795 | (71) | 1,724 |
| Total Comprehensive Income | - | 9,397 | 1,795 | (71) | 11,121 |
| Transactions with owners in their capacity as owners: | | | | | |
| Dividends Paid | - | (6,402) | - | - | (6,402) |
| Closing Equity 30 June 2018 | 14,688 | 58,623 | 62,459 | (607) | 135,163 |

Consolidated Balance Sheet

As at 31 December 2018

| As at | | As at | |
|---------------------------------|------|-----------------------------------|-----------------------------------|
| 30-Jun-18 (Audited) \$000 | Note | 31-Dec-18 (Unaudited) \$000 | 31-Dec-17 (Unaudited) \$000 |
| ASSETS | | | |
| Non-Current Assets | | | |
| 26,802 | | 28,082 | 26,049 |
| 67,020 | | 68,326 | 66,816 |
| 47,050 | 5 | 46,436 | 45,990 |
| 652 | 7 | 560 | 766 |
| – | | – | 111 |
| 141,524 | | 143,404 | 139,732 |
| Current Assets | | | |
| 45 | | 109 | 80 |
| 819 | | 683 | 819 |
| 42 | | 88 | 83 |
| 155 | 6 | 155 | 128 |
| 1,061 | | 1,035 | 1,110 |
| 142,585 | | 144,439 | 140,842 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| 14,688 | | 14,688 | 14,688 |
| 58,623 | | 59,350 | 57,310 |
| 62,459 | | 62,459 | 60,664 |
| (607) | | (686) | (582) |
| 135,163 | | 135,811 | 132,080 |
| Non Current Liabilities | | | |
| 6,050 | | 7,050 | 7,650 |
| 809 | | 843 | 744 |
| 6,859 | | 7,893 | 8,394 |
| Current Liabilities | | | |
| 563 | | 735 | 368 |
| 563 | | 735 | 368 |
| 142,585 | | 144,439 | 140,842 |

Consolidated Operating Cashflow Reconciliation

For the Six Months Ended 31 December 2018

| Year Ended | | Note | Six Months Ended | |
|---------------------------------|---|------|-----------------------------------|-----------------------------------|
| | | | 31-Dec-18 (Unaudited) \$000 | 31-Dec-17 (Unaudited) \$000 |
| 30-Jun-18 (Audited) \$000 | | | | |
| 9,397 | NET SURPLUS AFTER TAXATION | | 4,444 | 5,297 |
| | Add (Subtract) Non-Cash items: | | | |
| 300 | Depreciation Expense | | 197 | 109 |
| 45 | (Gain) Loss of Sale of Property, Plant & Equipment | | - | 23 |
| (44) | Revaluation of Investment Property | | - | - |
| (74) | Other Fair Value Movements | | 92 | (47) |
| 101 | Share of Joint Ventures' Retained Surplus | | 536 | 24 |
| 328 | | | 825 | 109 |
| | Add (Subtract) Working Capital Items: | | | |
| (103) | Movement in Receivables & Prepayments | | 136 | (103) |
| (640) | Movement in Payables | | 172 | (835) |
| (5) | Movement in Inventory | | (46) | (46) |
| (748) | | | 262 | (984) |
| 192 | Movement in Revenue in Advance | | 34 | 127 |
| 663 | Non-Operating Items included in Working Capital Movements above | | (736) | 836 |
| 9,832 | NET CASH FLOW FROM OPERATING ACTIVITIES | | 4,829 | 5,385 |

Notes to the Consolidated Financial Statements

For the Six Months Ended 31 December 2018

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 2018 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 and NZ IAS 34 Interim Financial Reporting.

Note 3

ACCOUNTING POLICIES

The 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 2018, except for adoption of NZ IFRS 9 Financial Instruments and NZ IFRS 15 Revenue from Contracts with Customers. Accounting policies for financial instruments and revenue are disclosed below. It is recommended that these interim financial statements be read in conjunction with the 2018 Annual Report.

Revenue

Revenue is recognised when (or as) a performance obligation is satisfied by transferring promised goods or services to a customer.

The transfer occurs when the customer obtains control of the value created from goods or services.

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

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

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

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

Notes to the Consolidated Financial Statements

For the Six Months Ended 31 December 2018

Note 3

ACCOUNTING POLICIES (continued)

Financial Instruments

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

Financial Assets at fair value through profit or loss

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

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

Financial Liabilities

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

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current. The expected credit loss (ECL) model for assessing impairment has been adopted.

Note 4

SHARE OF JOINT VENTURE COMPANY'S NET SURPLUS

| Year Ended | | Six Months Ended | |
|---------------------------------|---|-----------------------------------|-----------------------------------|
| 30-Jun-18 (Audited) \$000 | | 31-Dec-18 (Unaudited) \$000 | 31-Dec-17 (Unaudited) \$000 |
| | Northport Ltd (50% interest) | | |
| 12,294 | Net Surplus before Taxation | 5,864 | 6,753 |
| (3,104) | Less Taxation | (1,467) | (1,716) |
| 9,190 | | 4,397 | 5,037 |
| | Current period write back in respect of | | |
| 42 | previous inter-entity asset sales | 7 | 21 |
| 9,232 | | 4,404 | 5,058 |

Notes to the Consolidated Financial Statements

For the Six Months Ended 31 December 2018

Note 5**INVESTMENT IN JOINT VENTURE COMPANY**

| Year Ended | | Six Months Ended | |
|---------------------------------|---|-----------------------------------|-----------------------------------|
| 30-Jun-18 (Audited) \$000 | | 31-Dec-18 (Unaudited) \$000 | 31-Dec-17 (Unaudited) \$000 |
| | Northport Ltd (50% interest) | | |
| 20,000 | Shares Subscribed for | 20,000 | 20,000 |
| 12,423 | Share of Accumulated Surplus | 11,882 | 12,520 |
| (607) | Share of Hedging Reserve | (686) | (582) |
| 16,591 | Land Revaluation | 16,591 | 15,431 |
| (1,358) | Elimination re inter-entity asset sales | (1,351) | (1,379) |
| 47,050 | | 46,436 | 45,990 |

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 the remaining receipt has been based on the assumption that revenue for the 2019 financial year 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 receipt based on the uncertainty of the level of revenue which will be earned.

| Year Ended | | Six Months Ended | |
|---------------------------------|---|-----------------------------------|-----------------------------------|
| 30-Jun-18 (Audited) \$000 | | 31-Dec-18 (Unaudited) \$000 | 31-Dec-17 (Unaudited) \$000 |
| 239 | Opening Balance | 155 | 239 |
| (225) | Earn Out Payment Received | – | – |
| 141 | Fair Value Adjustment | – | – |
| 155 | | 155 | 239 |
| 155 | Current Portion - due within the next 12 months | 155 | 128 |
| – | Non Current Portion - due past the next 12 months | – | 111 |
| 155 | | 155 | 239 |

Notes to the Consolidated Financial Statements

For the Six Months Ended 31 December 2018

Note 7**OTHER INVESTMENTS**

| Year Ended | | Six Months Ended | |
|---------------------------------|------------------------------|-----------------------------------|-----------------------------------|
| 30-Jun-18 (Audited) \$000 | | 31-Dec-18 (Unaudited) \$000 | 31-Dec-17 (Unaudited) \$000 |
| 652 | Fonterra Co-operative Shares | 560 | 766 |

As at 31 December 2018 the Company and Group held 119,935 shares in Fonterra Co-operative Group Ltd having a disclosed fair value of \$4.67 per share (2017 - 119,963 shares at \$6.39 per share).

| Fair Value Movement in Other Investments | Shares Held | Disclosed Fair Value Per Share | | Fair Value |
|---|-------------|--------------------------------|-----------|-------------------|
| | | 31-Dec-18 | 30-Jun-18 | Movement \$000 |
| Fonterra Co-operative Group Ltd - Shares | 119,935 | 4.67 | 5.44 | (92) |
| Fair Value Movements in Other Investments recognised in profit and loss | | | | (92) |

Note 8**TAXATION EXPENSE**

| Year Ended | | Six Months Ended | |
|---------------------------------|--|-----------------------------------|-----------------------------------|
| 30-Jun-18 (Audited) \$000 | | 31-Dec-18 (Unaudited) \$000 | 31-Dec-17 (Unaudited) \$000 |
| 9,416 | Net Surplus Before Taxation | 4,455 | 5,307 |
| 2,636 | Prima Facie Tax at 28% | 1,247 | 1,486 |
| | Adjusted for the Tax Effect of: | | |
| 40 | Tax Paid Joint Venture Earnings | 150 | 14 |
| (2,613) | Imputed Dividend Receipts | (1,384) | (1,431) |
| (44) | Other Non-Assessable Income | 26 | (13) |
| (13) | Capitalised Interest Deducted for Tax Purposes | - | (13) |
| 2 | Non-Deductible Expenses | 1 | 2 |
| 11 | Carried Forward Losses Not Recognised (Recognised) | (29) | (35) |
| 19 | | 11 | 10 |
| | Represented by: | | |
| 14 | Current Taxation | 11 | 10 |
| 4 | Deferred Taxation | - | - |
| 19 | | 11 | 10 |

Notes to the Consolidated Financial Statements

For the Six Months Ended 31 December 2018

Note 9**SEGMENT REPORTING**

| | Six Months Ended 31 December 2018 (Unaudited) | | | | |
|--|---|-------------------------------|---------------------------------|------------------------------|----------------|
| | Port Related Operations \$000 | Property Holdings \$000 | Marina & Commercial \$000 | Other Activities \$000 | TOTAL \$000 |
| Revenue | | | | | |
| Revenue from External Customers | – | 965 | 1,640 | 10 | 2,615 |
| Share of Joint Venture Company's Net Surplus | 4,404 | – | – | – | 4,404 |
| Other Revenue from Joint Venture | – | 162 | – | – | 162 |
| Total Segmental Revenue | 4,404 | 1,127 | 1,640 | 10 | 7,181 |
| Expenditure | | | | | |
| Finance Costs * | – | – | – | 134 | 134 |
| Depreciation Expense | – | 23 | 143 | 31 | 197 |
| Other Expenditure | – | 511 | 1,153 | 639 | 2,303 |
| Total Expenditure | – | 534 | 1,296 | 804 | 2,634 |
| Segmental Trading Surplus | 4,404 | 593 | 344 | (794) | 4,547 |
| Gain (Loss) on Sale of Property, Plant & Equipment | – | – | – | – | – |
| Fair Value Movements | – | (92) | – | – | (92) |
| Segmental Operating Surplus (Deficit) Before Taxation | 4,404 | 501 | 344 | (794) | 4,455 |
| Taxation Expense | – | – | – | 11 | 11 |
| NET SURPLUS (DEFICIT) AFTER TAXATION | 4,404 | 501 | 344 | (805) | 4,444 |
| Total Segmental Assets | 46,436 | 77,779 | 18,832 | 1,392 | 144,439 |
| Total Segmental Liabilities | – | 410 | 1,069 | 7,149 | 8,628 |
| Non-Current Asset Additions: | | | | | |
| Property, Plant & Equipment | – | 146 | 1,307 | 46 | 1,499 |
| Investment Property | – | 1,280 | 5 | – | 1,285 |

* 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 2018

Note 9**SEGMENT REPORTING (continued)**

| | 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 2018

Note 10

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 2019.

Dividend Declared

On 19 February 2019 a fully imputed ordinary dividend of 6.75 cents per share was declared by the Board with payment to be made 22 March 2019.