2024

MDC Holdings Limited

Annual Report

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Chair Report

The 2024 financial year was marked by strong performance across the Group, with both Marlborough Airport Limited (MAL) and Port Marlborough Ltd delivering solid results and record dividends to the Marlborough District Council.

MAL maintained passenger numbers at pre-COVID-19 levels, with strong non-aeronautical contributing to total revenue. A landmark partnership with Air New Zealand and Wellington Airport will see MAL play a key role in trialling New Zealand's first all-electric aircraft. Sustainability remains a priority with investments in a solar farm feasibility study, native planting, and emissions reduction initiatives. Our focus on safety remains paramount with MAL exceeding all targets and demonstrating industry leadership through its involvement in aviation safety forums. Looking ahead, major infrastructure investments, including a runway reseal, will ensure the airport remains fit for the future.

Port Marlborough navigated a challenging global landscape, including the wind-down of the iReX project, disruptions in international shipping, and softer forestry demand. Despite these headwinds, prudent risk management and strategic partnerships delivered higher-than-anticipated returns. Infrastructure investments and customer collaboration have reinforced the Port's critical role in the regional economy.

Both entities delivered record revenue levels while also managing rising costs, including increased interest rates that impacted the Group's average cost of funds. However, because of the hedging strategy the Group successfully cushioned the impact of the higher rate environment.

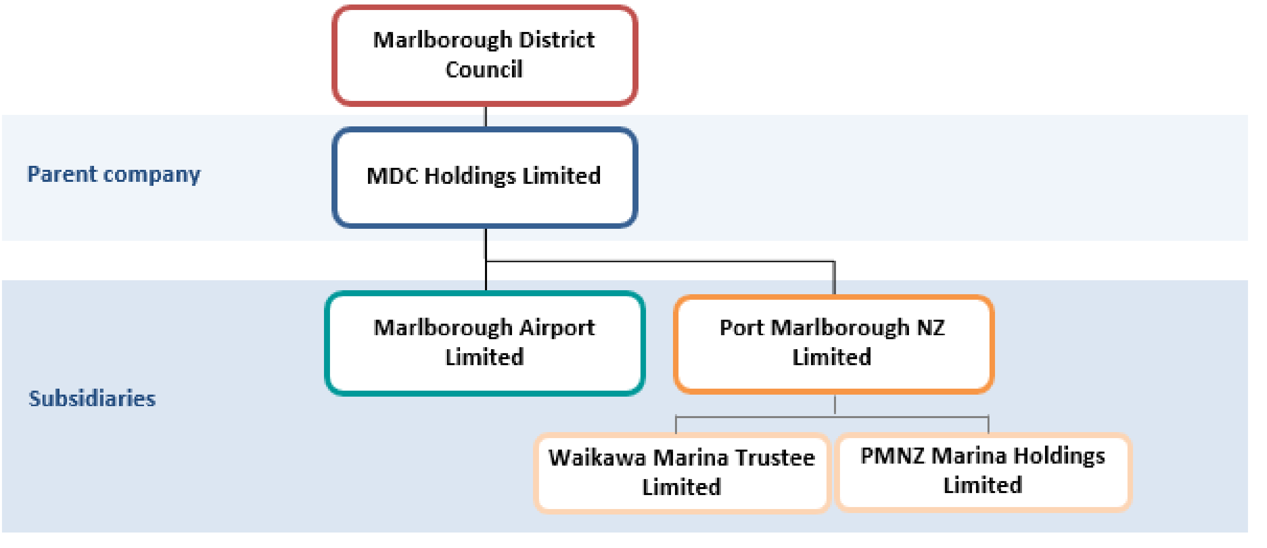
With a focus on innovation, sustainability, and financial resilience, our group remains well-positioned for long-term success.

I would like to express my appreciation to the governance and management teams of both entities for their dedication and efforts throughout the year. As we look ahead, our subsidiaries are well-positioned to continue delivering value, supporting the communities they serve, and maintaining their role as providers of essential infrastructure.

M B J Kerr - Chairperson

Group Operations

MDC Holdings Limited (the Company) is a 100% owned Marlborough District Council (Council) Controlled Trading Organisation. The Company was established to act as a Holding Company for Council's main trading enterprises: Port Marlborough New Zealand Limited (PMNZL) and Marlborough Airport Limited (MAL). PMNZL and MAL are wholly owned subsidiaries of the Company. The Group structure is summarised below:



Statement of Intent

The Statement of Intent (SOI) specifies for the Company and its subsidiaries the objectives, the nature and scope of the activities to be undertaken and the performance targets and other measures by which the performance of the Group may be judged in relation to its objectives, amongst other requirements.

Report on activities

	Group Actuals		
	2024	**2023 Restated**	*Variance*
	$'000	**$'000**	**$'000**
Income	63,235	47,037	16,198
Operating costs	(46,420)	(57,005)	10,585
Gain/(Loss) on derivatives revaluation	(446)	721	(1,167)
Profit for the year	**16,369**	**(9,247)**	25,616
Remove fair value revaluations	(446)	721	(1,167)
Operating profit/(loss) for the year	**16,815**	**(9,968)**	26,783

1) The 2023-24 SOI did not include the Group Budget.

2) The below targets were selected as they're consistent factors across the Group and focus on the Group's concern for people, planet, and prosperity.

Objective	Activity/KPI	Target	Result	Achieved
People	LTI[1] per 100,000 work hrs	≤.0.8	1.2	✗
Planet	An overall improvement in the sustainability performance of the group	Improvement	Some improvement has been made across the Group. Port implemented a Carbon Data Management system and achieved Toitū verification of 2023 emissions inventory. While Airport did not adopt a sustainability plan during the year, improvements were made.	✓

Objective	Activity/KPI	Target	Result	Achieved
	Greenhouse Gas Net Emissions (Tonnes of CO_2 equivalent) PML	< 840	806	✓
	To engage key partners in MAL's sustainability journey with the goal of understanding key areas of partnering to achieve mutual objectives.	Completion of a one- to five-year sustainability plan, including long-term sustainability aspirations and aligned metrics.	In progress. The sustainability plan was not adopted until August 2024.	✗
Prosperity	EBITDAF[2]	>$24m	$35.636	✓
	Dividend to Council	$2.97m	$3.022m	✓

1 LTI = Lost Time Injury
2 Earnings before interest, taxation, depreciation, amortisation, and fair value movements

Approach to Measurement and Reporting of Greenhouse Gases (GHG)

The greenhouse gas emissions measure includes emissions from PMNZL, Waikawa Marina Trustees Limited, and PMNZ Marina Holdings. Our organizational boundary covers operations owned and controlled by Port Marlborough and its subsidiaries, using an operational control consolidation approach for emissions accounting.

For reporting, we focus on Scope 1 and 2 emissions. Our measurements follow the Ministry for the Environment's guideline, "Te ine tukunga: He tohutohu pakihi – Measuring Emissions: a guide for organisations 2024," including the GHG emission conversion factors, aligning with ISO 14064-1:2018 and the GHG Protocol Corporate Accounting and Reporting Standard.

Scope 1 – Direct Emissions: These include petrol, diesel, and LPG used by our vehicle fleet, marine vessels, and for heating water in amenities. Scope 1 fugitive emissions are recorded when top ups occur. No tops occurred during the reporting period so no scope 1 fugitive emissions have been included this year.

Scope 2 – Indirect Emissions from Energy (location based): This includes electricity usage, with the PMNZ marinas being the largest consumers.

In 2024, we implemented a Carbon Data Management system and achieved Toitū verification of our 2023 emissions inventory. This verified inventory has been restated as our baseline for setting emissions reduction targets. The target (<840 tCO2e), stated in the MDC Holdings Statement of Intent (SOI), was achieved in 2024, with an 8% reduction compared to 2023.

We have started measuring some Scope 3 emissions, such as waste, freight, business travel, and purchased goods and services. These are included in our 2023 inventory report, verified by Toitū to reasonable and limited assurance. We have not attempted to measure Scope 3 emissions such as; the emission**s** from ferries, cruise and log ships (owned and operated by business outside of Port Marlborough's control), and significant capital projects including the Waitohi Picton Ferry Terminal redevelopment. We are collaborating with NZ Ports and Tonkin + Taylor to compile Scope 3 guidance for all NZ Ports, aiming to improve data accuracy and the consolidation approach for Scope 3 emissions.

While confident in our reporting, we acknowledge inherent uncertainties in quantifying GHG emissions due to evolving scientific knowledge, methodologies, and reporting standards. We use the most up-to-date emissions factors available, primarily those issued by the Ministry for the Environment.

Parent company

1.1. 2023-24 Performance targets

The parent company performance targets specified in the SOI are compared here with the actual performance of the Company and its subsidiaries and material variances are explained:

2023-24 Performance targets	Results
Funding	
Adequate and cost-effective debt facilities provided for: • PML and its subsidiaries; and • MAL through continued review of their financing needs and awareness of market offerings.	**Achieved** Discussions are held on an ongoing basis regarding the Group funding needs as per budgets and agreed SOI & SCI. In 2024 all financing requirements for the Group were met and adequate facilities were in place.
Governance	
A good ongoing working relationship with subsidiaries is facilitated and their performance is monitored, including: • reports and presentations from the Chair and Chief Executive of PML on current issues, the six-monthly results, Draft SCI and Annual Report; and • a report on the steps taken to ensure shareholder value is being maximized, on a regular basis.	**Achieved** Regular reports and meetings took place between PMNZL and the Company during the financial year to enable the Board of the parent Company to be comfortable with the performance targets proposed and actual achievement against those targets. The Annual General Meeting of the respective organisations are held following each other to allow discussions to be held on an informal basis between the Company and PMNZL Board.
A letter of shareholder expectations is developed by 31 December, should it have any specific expectations it wants the subsidiary to incorporate into its forth coming SOI/SCI.	**Not applicable** The Board decided not to do this for the current year.

2023-24 Performance targets	Results
Financial	
The ratio of shareholders' funds to total assets is projected to be greater than 12% for 2023/24 year. The long-term ratio of shareholders' funds to total assets is to be greater than 7%.	**Achieved** Ratio of shareholder's funds to total assets = 14% (2023: 14%) Three-year average = 15% (2022: 14%)
Return after tax (excluding fair value movements) on opening shareholders' funds to be greater than 12%. The long-term return after tax (excluding fair value movements) on opening shareholders' funds is to be greater than 7%.	**Achieved** Return after tax (excluding IFRS revaluations) on opening shareholders' funds = 34% (2023: 25%) Three-year average = 30% (2023: 29%)

Subsidiaries

PMNZL's & MAL's targets for financial and operational performance specific to their respective SCI (Statement of Corporate Intent) and SOI for 2023-24, are compared below to actual results. This is preceded by a Report on Activities for each entity for the year.

Port Marlborough New Zealand Limited report on activities

Overview

Port Marlborough New Zealand Limited (PMNZL) is a values-led organization dedicated to fostering Marlborough's success across people, planet, and prosperity dimensions through partnerships.

People

Health, safety, and well-being remain key priorities for PMNZL. The company launched its "PortSafe" programme to elevate health, safety, and well-being (HSW) engagement, aiming to foster a proactive safety culture. The Wellbeing Calendar, aligned with the "5 Ways to Wellbeing" model, included initiatives such as fitness challenges, anti-bullying awareness, and workshops on nutrition and financial literacy. Additionally, PMNZL enhanced its focus on youth career development, providing cadetships, apprenticeships, and engagement through local career events and sponsorship of regional activities like the Marlborough Colleges Sailing Club.

Planet

PMNZL continued its commitment to reducing its environmental footprint. Emissions monitoring was improved through the implementation of the Bravegen Carbon Data Management system, which enhances the accuracy of carbon inventory reporting. The company saw an increase in renewable energy usage and a reduction in overall energy consumption by 7%. PMNZL also introduced initiatives to divert 92% of waste from landfills, improve biodiversity through native replanting, and achieve International Clean Marina accreditation for its facilities.

Prosperity

PMNZL achieved record financial results, with revenue surpassing $57m and a record EBITDA of $34m. Cruise activity contributed significantly to the local economy, with 55 ship visits supporting Marlborough's tourism industry. Major infrastructure investments, including $26m in projects like ferry terminal upgrades, reinforced PMNZL's commitment to sustainable growth. A record dividend of $4.5m was distributed to the Marlborough District Council, emphasizing the company's role in regional prosperity.

Partnerships

PMNZL strengthened its community and iwi relationships. It formalized its partnership with Te Ātiawa o te Waka-a-Māui through the Kawenata agreement, emphasizing shared values such as kaitiakitanga (guardianship). The company contributed $196k in sponsorships to 45 regional groups, including the Sounds Discovery Fund and events like the Havelock Mussel Festival. Community sponsorships supported educational programs, environmental initiatives, and cultural activities, reflecting PMNZL's commitment to Marlborough's well-being.

Statement of Corporate Intent (financial and operational performance)				
Objectives	**Key Performance Indicator 2023-24**	**Targets**	**Results**	**Achieved**
People	Preventative Action to Incident Ratio	10:1	5:1	✓
	Corrective Action Close Out On Time	90%	Not measured in 23/24	Not measured in 23/24
	LTI[1] per 100,000 work hrs	≤.0.8	1.2	✓
	Annual Health checks and healthcare insurance available for permanent staff	90%	100%	✓
	Living Wage Accreditation	Achieved	Achieved	✓
Planet	Fresh Water withdrawal (Megalitres)	Nil Increase	114	✓
	Waste to landfill excluding bark & composting (Tonnes)	-5%	563.71	✓
	Recycling excluding bark & composting (Tonnes)	58	198.75	✓
	Recycling excluding bark & composting as a % of general waste to landfill	10%	35%	✓
	Greenhouse Gas Net Emissions[2] (Tonnes of CO_2 equivalent)	840	806.78	✓
Prosperity	Projected NOPAT[3] (excluding asset and derivative revaluations)	$9.60m	$19.25m	✓
	NOPAT[3] / Return on average Shareholder's Funds	5.1%	10.98%	✓
	EBITDA[4] (excluding asset and derivative revaluations)	$23.46m	33.71m	✓
	Equity Ratio	54.3%	69.9%	✓
Partnerships	Invest 1% of EBIT[5] (three year rolling average) in community sponsorships and programmes)	$0.19m	$0.196m	✓

1 LTI = Lost time injury
2 Greenhouse Gas Net Emissions = Scopes 1+2 emissions
3 NOPAT = Net Operating Profit after Tax
4 EBITDA = Earnings before interest, Tax, Depreciation and Amortisation
5 EBIT = Earnings before interest and tax

Marlborough Airport Limited report on activities

The financial year 2024 saw passenger numbers reach 312,200, reflecting a slight decline compared to the previous year. Aeronautical revenue remained consistent year-on-year but fell short of budgeted expectations due to lower-than-anticipated passenger volumes. In contrast, non-aeronautical revenue streams showed strong growth, with parking income benefiting from the completion of the new car park during the year. Total revenue for the year was $5.178m, exceeding the budget by 3%.

Operational and maintenance costs for aeronautical activities were under budget as the runway reseal project costs from the tender were under the amount expected. However, finance costs were significantly higher than both the budget and the previous year, driven by rising interest rates and a loss from the fair value adjustment of interest rate swaps. Despite these challenges, the airport delivered a pre-tax profit of $646k, significantly surpassing the budgeted pre-tax profit of $191k.

The new car park at Marlborough Airport opened in September 2023. The expansion provides an additional 290 parking spaces, increasing the capacity for travellers and rental car operators. The airport also extended the duration of free parking from 15 to 30 minutes to allow more time for passenger pick-up and drop-off.

Important Safety Goals, Objectives and Targets are usually met. MAL has a culture of continuous improvement in all aspects of safety and customer experience, and this is reflected in our monthly reporting of improvements throughout the airport. Internal audits are up to date with no findings and the NZCAA 3rd party Certification Audit is due on 31 October 2024 with preparations already underway.

The year also marked a turning point in MAL's journey towards a sustainable future for people and our planet. The airport entered a landmark agreement with Air New Zealand and Wellington Airport to trial the airline's first all-electric aircraft.

Objectives	2023 - 2024 Targets	2023 - 2024 Results
People Be a welcoming gateway for travellers and ensure a safe and healthy environment for staff and airport tenants.	> 318,000 passengers	✗ 312,220
	Lost time injuries (Nil)	✓ Nil
	Safety Management System Risk Rating <6.5 (maximum of 25)	✓ 3.96 (Low) Achieved
Planet To engage key partners in MAL's sustainability journey with the goal of understanding key areas of partnering to achieve mutual objectives.	Completion of a one- to five-year sustainability plan, including long-term sustainability aspirations and aligned metrics.	✗ In progress. The sustainability plan was not adopted until August 2024.
Prosperity Manage financial performance to ensure MAL achieves its strategic goals and maintains a financially sustainable business.	NPAT[1] > $90,000 profit	✗ Net profit after tax of $0.058 million
	Cash flow from operations >1.5m	✗ $0.389 million
	EBITDAF[2] > $1.05m	✓ $2.368 million
	SH funds/Total assets[3] > 22%	✗ 3.62 %
	Dividend paid > $450,000	✓ $455,000
Partnerships Work with key Stakeholders to ensure a sustainable future.	New licence agreement successfully negotiated and executed with NZDF	✗ A new licence agreement has not yet been negotiated.

1 NPAT = Net Profit after Tax. The deficit result is not a target but rather the budgeted result.

2 Earnings before interest, Tax, Depreciation, Amortisation and Fair Value Movements

3 Shareholder Funds to Total Assets; average equity/average total assets.

Corporate Governance Statement

Directors' commitment

The Board of Directors (the Board) is responsible for the corporate governance of the Company. Corporate governance encompasses the direction and control of the business by the Directors and the accountability of the Directors to the shareholder, Council, for the performance of the Company and compliance by the Company with laws and standards. This summary provides an overview of the Company's main corporate governance policies, practices and processes adopted or followed by the Board.

Role of the Board of Directors

The Board is appointed by the shareholder to supervise the management of the Company and its subsidiary companies (the Group). The Board establishes the Group's objectives, strategies for achieving objectives and the overall policy framework within which the Group's business is conducted and monitors management's performance.

The Board also ensures that appropriate procedures are in place to provide for effective internal control.

Board operations and membership

The Board comprises a Chairman and five Directors. Board members have an appropriate range of proficiencies, experience and skills to ensure that all governance responsibilities are completed to ensure the best possible management of resources. Directors' details are set out on page 69 of this report.

The Company's constitution sets out policies and procedures on the operation of the Board, including the appointment and removal of Directors.

Statement of Intent

In accordance with Schedule 8 of the Local Government Act 2002 the Board submits an annual Statement of Intent (SOI). The SOI sets out the Company's overall objectives, intentions and financial and performance targets. The SOI is approved by the shareholder, Council. The Company's 2023-24 SOI results are outlined on pages 10 and 12 of this report.

Risk management

The Board has overall responsibility for the Group's internal control systems. The Board has established policies and procedures that are designed to provide effective internal control. Annual budgets and longer-term strategic plans are prepared and agreed by the Board. Financial Statements and operational reports are prepared on a six monthly basis and reviewed by the Board.

Directors Responsibility Statement

The Directors are responsible for ensuring that the Financial Statements present fairly, in all material aspects, the financial position of the Company and the Group as at 30 June 2024 and their financial performance and cash flows for the year ended 30 June 2024.

The Directors consider that the Financial Statements of the Company and the Group have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgments and estimates and that all relevant financial reporting and accounting standards have been followed.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and facilitate compliance of the statements with the Financial Reporting Act 2013.

The Directors consider they have taken adequate steps to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

The Directors have approved and are pleased to present the Company Financial Statements for the year ended 30 June 2024 on pages 20 to 68.

The Board authorised the issue of these Consolidated Financial Statements on 24 March 2025.

M B J Kerr – Chairperson

J Boswell - Director

On behalf of the Directors of MDC Holdings Limited.

Audit Report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of MDC Holdings Limited's Group financial statements and performance information for the year ended 30 June 2024

The Auditor-General is the auditor of MDC Holdings and its controlled entities (collectively referred to as 'the Group'). The Auditor-General has appointed me, Julian Tan, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information of the Group, on his behalf.

Opinion

We have audited:

- the financial statements of the Group on pages 20 to 68, that comprise the statement of financial position as at 30 June 2024, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Group on pages 3 to 12.

In our opinion:

- the financial statements of the Group:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2024; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand equivalents to International Financial Reporting Standards; and
- the performance information of the Group presents fairly, in all material respects, the Group's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Group's objectives for the year ended 30 June 2024.

Our audit was completed on 24 March 2025. This is the date at which our opinion is expressed.

The basis for our opinion is explained below and we draw attention to inherent uncertainties in the measurement of greenhouse gas emissions. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Emphasis of matter – Inherent uncertainties in the measurement of greenhouse gas emissions

The Group has chosen to include a measure of Port Marlborough New Zealand Limited's greenhouse gas (GHG) emissions in its performance information. Without modifying our opinion and considering the public interest in climate change related information, we draw attention to page 4 of the performance information, *Approach to Measurement and Reporting of Greenhouse Gases*, which outlines the inherent uncertainty in the reported GHG emissions. Quantifying GHG emissions is subject to inherent uncertainty because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of GHG sources is still evolving, as are GHG reporting and assurance standards.

Basis for our opinion

We carried out 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 Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

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

Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the Group for preparing the financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for the Group.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the Group for assessing the Group's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the Group or to cease operations or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, 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 carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the performance targets and other measures reported in the performance information, our procedures were limited to checking that the information agreed to the Group's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

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. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, 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.
- We 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.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the Group's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of 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 financial statements and the performance information 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.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements and the performance information of the entities or business activities within the Group to express an opinion on the consolidated financial statements and the consolidated performance information. We are responsible solely for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of 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 in our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Directors is responsible for the other information. The other information comprises all information in the annual report other than the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

Independence

We are independent of the Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1)* issued by New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Group.

Julian Tan
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

Consolidated Financial Statements

Income Statement
for the financial year ended 30 June 2024

	Notes	Group 2024 $ '000	Group 2023 Restated $ '000
Revenue	3.1	62,435	46,480
Finance income	3.1	802	458
Other income		(2)	100
Total Revenue		**63,235**	**47,038**
Investment property revaluation	10	(4,267)	(25,883)
Operations and maintenance		(14,625)	(11,861)
Employee benefits expense		(12,172)	(11,573)
Depreciation, impairment and amortisation expense	3.2	(5,129)	(5,065)
Finance costs	3.2	(5,371)	(3,695)
Subvention payment		-	-
Total Expense		**(41,564)**	**(58,077)**
Profit before income tax expense		**21,671**	**(11,040)**
Income tax credit/(expense)	4.1	(5,302)	1,793
Profit/(Loss) for the year		**16,369**	**(9,247)**

Statement of Comprehensive Income
for the financial year ended 30 June 2024

	Notes	Group 2024 $ '000	Group 2023 Restated $ '000
Profit for the year		**16,369**	**(9,247)**
Items that will not be reclassified subsequently to profit or loss:			
Gain on revaluation of property, plant, and equipment	20.2	4,438	-
(Loss) gain on investment in Joint venture	11	-	813
Income tax relating to valuation of property, Plant and equipment	20.2	(254)	-
		4,184	813
Total comprehensive income for the year, net of tax		**20,553**	**(8,434)**

Notes to the Consolidated Financial Statements are included on pages 26 to 68 and are an integral part of and should be read in conjunction with, these Consolidated Financial Statements. Refer to Note 28 for details on errors that resulted in restating figures.

Statement of Changes in Equity
for the financial year ended 30 June 2024

	Notes	Group	
		2024 $ '000	2023 Restated $ '000
Balance at beginning of the year		**150,688**	**162,426**
Proft/(Loss) for the year, net of tax		16,369	(9,247)
Other comprehensive income		4,184	813
Dividends	22	(3,022)	(3,308)
Balance at end of the year		**168,227**	**150,690**

Notes to the Consolidated Financial Statements are included on pages 26 to 68 and are an integral part of and should be read in conjunction with, these Consolidated Financial Statement. Refer to Note 28 for details on errors that resulted in restating figures.

Statement of Financial Position
as at 30 June 2024

	Note	Group 2024 $ '000	Group 2023 Restated $ '000	Group 2022 Restated $ '000
Current assets				
Cash and cash equivalents	26	10,193	2,627	6,501
Trade and other receivables	5	5,503	6,503	3,512
Inventories	6	343	320	394
Current tax assets		-	-	-
Derivative financial instruments	17	101	197	-
Loans to Marlborough District Council	27.2	4,314	3,278	3,676
Total current assets		**20,455**	**12,925**	**14,083**
Non-current assets				
Derivative financial instruments	17	1,029	1,379	855
Property, plant and equipment	8	150,420	125,536	123,954
Right-of-use asset	13	10,087	10,000	9,667
Investment property	10	101,233	102,508	117,752
Rent concession provision	5.1	0	36	76
Investment	11	8,074	8,091	6,750
Intangible assets	12	260	424	363
Total non-current assets		**271,103**	**247,973**	**259,417**
Total assets		**291,558**	**260,899**	**273,500**
Current liabilities				
Trade and other payables	14	6,834	5,516	6,719
Lease liability	16	147	137	120
Derivative financial instruments	17	-	-	-
Current tax liabilities		1,773	1,500	578
Borrowings	15	23,310	29,785	32,008
Provisions	18	9,278	-	
Total current liabilities		**41,342**	**36,938**	**39,425**
Non-current liabilities				
Borrowings	15	58,305	41,730	35,307
Lease liability	16	10,914	10,707	10,237
Derivative financial instruments	17	-	-	-
Deferred tax liabilities	4.3	12,770	11,459	17,455
Provisions	18	-	9,374	8,649
Total non-current liabilities		**81,989**	**73,270**	**71,648**
Total liabilities		**123,331**	**110,209**	**111,074**
Net assets		**168,227**	**150,690**	**162,427**
Equity				
Capital and other equity instruments	19	6,000	6,000	6,000
Capital reserve	20.1	-	-	-
Asset revaluation reserve	20.2	75,143	72,342	72,340
Retained earnings	21	87,084	72,348	84,087
Total equity		**168,227**	**150,690**	**162,427**

Notes to the Consolidated Financial Statements are included on pages 26 to 68 and are an integral part of and should be read in conjunction with, these Consolidated Financial Statements. Refer to Note 28 for details on errors that resulted in restating figures.

Statement of Cash Flows
for the financial year ended 30 June 2024

	Notes	Group 2024 $ '000	Group 2023 Restated $ '000
Cash flows from operating activities			
Receipts from customers		63,605	43,207
Interest received		1,225	435
Dividends received		-	-
Subvention receipts		-	-
Subvention payments		-	-
Payments to suppliers and employees (Restated)		(28,078)	(23,488)
Interest and other costs of finance paid		(4,842)	(2,957)
Lease interest paid (Restated)		(419)	(417)
Income tax paid (net of refunds)		(3,970)	(3,267)
Net cash provided by operating activities		**27,521**	**13,513**
Cash flows from investing activities			
Payment for property, plant and equipment		(22,229)	(4,203)
Proceeds from sale of property, plant and equipment		115	107
Advances received		4,306	4,370
Advances made		(5,343)	(3,972)
Payment for intangible assets		(6)	(724)
Payment for investment property		(3,727)	(13,730)
Net (cash used in)/provided by investing activities		**(26,884)**	**(18,152)**
Cash flows from financing activities			
Proceeds from borrowings		10,275	6,630
Repayment of borrowings		(175)	(2,430)
Repayment of lease liability (Restated)		(134)	(127)
Dividends paid	21	(3,022)	(3,308)
Net cash used in financing activities		**6,944**	**765**
Net increase/(decrease) in cash and cash equivalents		**7,581**	**(3,874)**
Cash and cash equivalents at the beginning of the financial year		**2,627**	**6,501**
Effects of exchange rate changes on cash and cash equivalents		**(15)**	**-**
Cash and cash equivalents at the end of the financial year	26	**10,193**	**2,627**

Notes to the Consolidated Financial Statements are included on pages 26 to 68 and are an integral part of and should be read in conjunction with, these Consolidated Financial Statements. Refer to Note 28 for details on errors that resulted in restating figures.

Reconciliation of Profit for the Year to Net Cash Flows from Operating Activities

	Notes	Group 2024 $ '000	Group 2023 Restated $ '000
Profit for the year		**16,369**	**(9,242)**
(Gain)/loss on sale or disposal of fixed assets		(93)	(63)
Loss/(gain) on profit from investment		17	(28)
Increase/(decrease) in non-current rent concessions		(68)	(14)
Lease interest on lease liabilities		36	44
(Gain)/loss on revaluation of investment property	10	4,272	25,883
(Gain)/Loss on revaluation of FVTPL financial assets	3.1,3.2	423	(721)
Depreciation, impairment, and amortisation of non-current assets	8, 12	5,129	5,065
Increase/(decrease) in deferred tax balances		1,058	(5,996)
Net exchange differences		15	-
Changes in net assets and liabilities:			
(Increase)/decrease in assets:			
Current receivables		710	(3,347)
Current inventories		(23)	73
Less investment activities included in receivables		-	(332)
Increase/(decrease) in liabilities:			
Current payables		1,636	(846)
Current tax		276	923
Less investment activities included in payables		(2,141)	1,390
Non-current provisions		(96)	725
Deduct items reclassified as investing activities:			
Payments for property plant and equipment		-	-
Interest received		-	-
Net cash from operating activities		**27,521**	**13,513**

Notes to the Consolidated Financial Statements are included on pages 26 to 68 and are an integral part of and should be read in conjunction with, these Consolidated Financial Statements. Refer to Note 28 for details on errors that resulted in restating figures.

Reconciliation of changes in liabilities arising from financing activities

	30 June 2024 $ '000	Cashflows $ '000	Non-Cash movement $ '000	30 June 2023 Restated* $ '000
Borrowings	81,615	10,100	-	71,515
Lease liabilities	11,061	(134)	351	10,844
Total	**92,676**	**9,966**	**351**	**82,359**

	30 June 2023 Restated* $ '000	Cashflows $ '000	Non-Cash movement $ '000	30 June 2022 Restated* $ '000
Borrowings	71,515	4,200	-	67,315
Lease liabilities	10,844	(127)	487	10,357
Total	**82,359**	**4,073**	**487**	**77,672**

*Refer to Note 28.2 and 28.3 on prior period errors that resulted in restatement of lease liabilities and right of use assets. The lease liabilities in the reconciliation table above have been restated to reflect the restatement of lease liabilities and right of use assets with the changes being non-cash in nature.

Notes to the Consolidated Financial Statements for the financial year ended 30 June 2024

1. Company information

The Consolidated Financial Statements comprise the activities of the Company and the other entities in which the Company has a controlling interest. The Group consists of:

- Port Marlborough New Zealand Limited (PMNZL); and
- Marlborough Airport Limited (MAL); and
- MDC Holdings Limited (the Company).

The Company and Group is a profit-oriented company incorporated in New Zealand & registered under the Companies Act 1993. The registered office is located at 15 Seymour Street Blenheim. Its principal activity is financial investment. One of the Group's subsidiaries, PMNZL, provides port and marina facilities at the northern tip of the South Island of New Zealand. The other subsidiary, MAL, operates Marlborough's principal airport at Woodbourne, west of Blenheim.

Marlborough District Council is the ultimate parent entity of the Group. Council is a Public Benefit Entity, and its Consolidated Financial Statements comply with International Public Sector Accounting Standards (IPSAS).

2. Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the Consolidated Financial Statements for the year ended 30 June 2024 and the comparative information presented for the year ended 30 June 2023:

2.1. Statement of compliance

The Consolidated Financial Statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) - Tier 1 and other applicable financial reporting standards as appropriate for profit-oriented entities.

The consolidated Financial Statements were authorised by the Board for issue on 24 March 2025.

2.2. Basis of preparation

The presentation currency is New Zealand Dollars ($) and amounts are rounded to the nearest $000.

As a financial services entity, the Company is not registered for GST. However, as trading entities

MAL and PMNZL are registered for GST. Therefore revenue, expenses and assets are recognised net of the amount of GST, except those from the Company which are recognised inclusive of GST. The consolidated Financial Statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the year.

The Consolidated Financial Statements have been prepared on the basis of historical cost, except for:

- Property, plant and equipment and Investment property which are revalued in accordance with the accounting policies set out in notes 8 and 10.
- Certain non-current assets and derivative financial instruments (interest rate swaps) that are measured at revalued amounts or fair values at the end of each reporting period as disclosed in the notes to the Financial Statements. Historical cost is generally based on the fair values of the consideration given in exchange for assets.
- The categories of financial instruments and corresponding valuation techniques are listed under note 17.2.

2.3. Basis of consolidation

The Consolidated Financial Statements incorporate the Financial Statements of the Company and enterprises controlled by the Company (its subsidiaries) up to 30 June each year. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. All business combinations are accounted for by applying the purchase method.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated Statement of Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant inter-group transactions and balances between Group enterprises are eliminated on consolidation. Where necessary, adjustments are made to the Financial Statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

2.4. Statement of cash flows policies

Operating activities include cash received from all income sources of the Company and Group and record the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise activities that change the equity and debt capital structure of the Company and Group.

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Cash balances not available for use Nil (2023: Nil).

2.5. Accounting estimates and judgements

The preparation of Financial Statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant judgements, estimates and assumptions made by management in the preparation of these Consolidated Financial Statements are outlined below:

- Right-of-use Assets and Lease liabilities (notes 13 and 16)
- Asset revaluation (notes 8 and 10)
- Financial instruments valuation (note 17)
- Loss allowance – expected credit losses (note 5)
- Provisions (note18)
- Contingent liabilities (note 25.2)

2.6. New standards adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2024 reporting period of the Group. These standards are not expected to have a material impact on the current or future reporting periods, nor on foreseeable future transactions.

NZIFRS 18 was issued by the IASB in May 2024 and its impact has not yet been assessed. It is not mandatory until Periods beginning on or after 1 Jan 2027 (the 2028 annual accounts). The Group has yet to assess the potential impact of this new standard.

The amendment to NZ IAS 1 Presentation of Financial Statements was issued in May 2023 and is effective for accounting periods beginning on or after 1 January 2024. The Group has assessed this will have no impact on the current or future reporting periods.

The amendments to FRS-44 (Disclosure of Fees for Audit Firms' Services) were issued in May 2023 by the External Reporting Board (XRB). The amendments were introduced to enhance transparency and provide detailed categorization of fees paid to audit or review firms. The Group has assessed this will have no impact on the current or future reporting periods.

2.7. Changes in accounting policies

There have been no changes in accounting policies during the period. All accounting policies have been consistently applied throughout the period covered by these Financial Statements.

2.8. Specific accounting policies

Specific accounting policies that are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

3. Profit from operations

3.1. Revenue

Revenue from operations consisted of the following items:

	Group	
	2024 $ '000	**2023 $ '000**
Revenue		
Revenue from the rendering of services	23,174	22,327
Ferry terminal redevelopment	13,536	-
Lease rental investment property	12,753	11,342
Lease rental other property	12,972	12,082
Dividend revenue	-	-
Subvention receivable	-	-
Finance income	-	-
Bank deposits / IRD use of money	695	376
Related party loans	106	82
Other finance income		
Gains on derivative financial instruments	-	729
Total	**63,237**	**46,938**
Revenue from the rendering of services		
Pilotage & Towage	4,409	4,372
Log Ships & Storage	6,925	9,312
Marina Services	1,865	1,653

	Group 2024 $ '000	2023 $ '000
Port & Marine Farm Services	5,651	2,979
Landing charges	3,465	3,461
Parking	859	550
Total	**23,174**	**22,327**
Timing of revenue recognition		
At a point in time	18,154	18,032
Over time	5,020	4,295
Total	**23,174**	**22,327**

Other Income

	Group 2024 $ '000	2023 $ '000
Gain on disposal of property, plant and equipment	10	97
Other income	(12)	3
Total other income	**(2)**	**100**

Revenue recognition policies

Revenue is measured at the fair value of the consideration received or receivable.

Rendering of services - Revenue from rendering of services consists of revenue arising from landing fee charges, cruise vessels, log storage, log wharfage, pilot/towage and berthage. Revenue is measured based on the transaction price specified in the contract with a customer. The Group recognises revenue when the performance obligations are satisfied following the transfer of the promised services to customers.

Berthage – Revenue is recognised over the time period of the vessel's stay in the berth.

One off revenue – In the current year a one off amount of revenue was recognised for the ferry terminal redevelopment which has been included in note 3.1

Cruise vessels – Revenue on such services is recognised upon the departure of the vessel as this is deemed to be the point at which the performance obligation is satisfied.

Dividend revenue - Dividend income from investments is recognised as revenue, net of imputation credits, when the shareholders' rights to receive payment have been established.

Interest revenue - Interest income is accrued on a time basis, by reference to the principal outstanding using the effective interest rate method, which applies the interest rate that exactly discounts estimated future cash receipts over the expected life of the financial asset

Landing charges – The performance obligation is satisfied at either the time an aircraft lands or at the time passengers enter or exit the terminal to board flights. Revenue is measured based on the published transaction prices for the period.

Log storage – Revenue on such services is recognised over the time period of storage.

Log wharfage – Revenue on log wharfage is recognised upon the date the vessel sails as this is deemed to be the point at which the performance obligation is satisfied.

Parking – is charged on an hourly and daily basis and therefore satisfaction of the performance obligation is over time. Revenue is measured based on published transaction prices.

Pilotage/towage – Revenue is recognised upon the transfer of the promised service to customers as this is deemed to be the point at which the performance obligation is satisfied.

Rental income from investment properties & other rental property - The Group's policy for recognition of revenue from operating leases is described in note 24.2.

3.2. Expenses

Profit before income tax has been arrived at after charging the following expenses to operations:

		Group	
		2024 $ '000	**2023 Restated $ '000**
Interest costs			
Interest on borrowings and swaps		4,506	3,270
Other interest expense (lease liabilities)		419	417
Other finance costs		446	8
Total finance costs		**5,371**	**3,695**
Other expenditure disclosures			
Donations and sponsorship		196	102
Employer contribution to superannuation		477	427
Operating lease rental properties		31	41
Expenses from investment properties generating income		5,624	4,522
Depreciation, impairment and amortisation			
Depreciation of non-current assets	8	4,689	4,636
Amortisation of Intangibles	12	170	163
Amortisation right-of-use assets	13	270	266

	Note	Group 2024 $ '000	Group 2023 Restated $ '000
Impairments recovered	8	-	-
Total depreciation, impairment and amortisation		**5,129**	**5,065**
Remuneration of auditors			
MDCH – Audit NZ		34	30
MAL – Deloitte		69	46
PML – Deloitte		138	97
Total remuneration of auditors		**241**	**173**

Expense recognition policies

Interest expense – Interest expense is accrued on a time basis using the effective interest method. Interest paid is classified as an expense consistently with the Statement of Financial Position classification of the related debt. During the year the Group and the Company interest rates ranged between 2.82% and 6.39% (2023: 2.27% and 6.10%).

4. Taxation

Income tax policies

Income tax expense includes components relating to both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year and any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at balance date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

Current and deferred tax is recognised against the profit or loss for the period, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

4.1. Reconciliation of income tax

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the Consolidated Financial Statements as follows:

	Group	
	2024 **$ '000**	**2023 Restated $ '000**
Profit before income tax expense	**21,671**	**(11,040)**
Tax at current rate 28%	**6,067**	**(3,091)**
Plus/(less) tax adjustments:		
Removal of building depreciation	1,013	-
Non-deductible expenses	1,271	1,552
Non-taxable expense/(income)	(2,926)	(326)
Prior year adjustment	(123)	72
Income tax expense recognised on the Income Statement	**5,302**	**(1,793)**
Comprising:		
Current tax expense	4,244	4,203
Prior year adjustment to current tax	-	-
Deferred tax expense/(credit)	1,058	(5,996)
Total tax expense/(credit)	**5,302**	**(1,793)**

4.2. Deferred tax liability

The deferred tax liability balance reported in the Statement of Financial Position arises from the following temporary differences:

	Group (Restated)					
Deferred tax liability/(asset)	**Derivative financial instruments $' 000**	**Property, plant and equipment $' 000**	**Investment property $' 000**	**Leases & Intangible assets $' 000**	**Provisions $' 000**	**Totals $' 000**
Balance at 1 July 2022	**85**	**16,220**	**3,876**	**(46)**	**(2,679)**	**17,455**
Recognised in:						
Profit or loss	357	(655)	(5,295)	(53)	(350)	(5,996)
Other comprehensive income	-	-	-	-	-	-
Balance at 30 June 2023	**441**	**15,565**	**(1,419)**	**(99)**	**(3,029)**	**11,459**

Deferred tax liability/(asset)	Group (Restated)					
	Derivative financial instruments	Property, plant and equipment	Investment property	Leases & Intangible assets	Provisions	Totals
	$' 000	$' 000	$' 000	$' 000	$' 000	$' 000
Recognised in:						
Profit or loss	(124)	674	(982)	1,529	(39)	1,058
Other comprehensive income	-	254	-	-	-	254
Balance at 30 June 2024	**316**	**16,493**	**(2,401)**	**1,430**	**(3,068)**	**12,770**

4.3. Imputation credit account balances

	Group	
	2024 $ '000	2023 $ '000
Imputation credits available for subsequent use	38,741	33,550

5. Trade and other receivables

	Group	
	2024 $ '000	2023 $ '000
Trade and other receivables	4,489	5,831
Loss Allowance	(385)	(365)
Other - related party	48	40
Goods and services tax (net)	(50)	56
Prepayments	1,401	941
Total trade and other receivables	**5,503**	**6,503**

5.1 Rent Concession Provision

	Group	
	2024 $ '000	2023 $ '000
Classified as:		
Current (Trade and other receivables)	-	40
Non-current	-	35
Total concessions	**-**	**75**

Trade and other receivables policies

Trade and other receivables are initially recognised at fair value. The Group has measured the loss allowance for trade receivables at an amount equal to lifetime ECL (Expected Credit Losses). The

ECL on trade receivables are estimated using a provision matrix and are adjusted by reference to past default experience of the debtor and are adjusted for factors looking forward that are specific to the debtor and general economic conditions. The Group recognises a loss allowance of 100% against all receivables over 12 months.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Movements in Allowances are recognised in the Consolidated Income Statement.

6. Inventories

	Group	
	2024	**2023**
	$ '000	**$ '000**
Goods held for maintenance - at cost	343	320

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method.

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Provision has been made for obsolescence where applicable. Inventories are held for maintenance purposes only.

7. Impairment policies

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the greater of market value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. For non-revalued assets, impairment losses are recognised as an expense immediately. For revalued assets, other than investment property, the impairment loss is treated as a revaluation decrease to the extent it reverses previous accumulated revaluation increments for that asset.

When an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, subject to the restriction that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase to the extent that any impairment losses on the same asset had been previously charged to equity.

8. Property, plant and equipment

GROUP 2023	Cost/ valuation	Accumulated depreciation	Carrying amount	Disposals - depreciation adjustment	Asset depreciation adjustment	Additions	Disposals	Transfers from capital WIP	Revaluation movement to Reserve	Reclassification	Transfers from investment properties	Depreciation expense	Revaluation Accum Depn Write back	Revaluation Accum Depn Writeback	Impairment (loss) /recovery	Cost/ revaluation	Accumulated depreciation	Carrying amount
	1 July 2022			30 June 2023														
	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '001	$ '000	$ '000	$ '000	$ '000
Port Marlborough New Zealand Limited assets																		
Freehold land and improvements (i)	52,107	-	52,107	-	-	-	-	4,189	-	-	-	(691)	-	-	-	56,296	(691)	55,605
Buildings and wharf infrastructure (i)	55,923	(230)	55,693	-	-	-	(92)	236	-	-	-	(2,451)	-	-	92	56,067	(2,590)	53,477
Plant, equipment, furniture and vehicles (ii)	11,359	(7,247)	4,112	195	-	-	(235)	760	-	-	-	(834)	-	-	-	11,884	(7,886)	3,998
Work in progress (ii)	3,409	-	3,409	-	-	3,884	-	(5,185)	-	-	-	-	-	-	-	2,108	-	2,108
	122,798	**(7,477)**	**115,321**	**195**	**-**	**3,884**	**(327)**	**-**	**-**	**-**	**-**	**(3,976)**	**-**	**-**	**92**	**126,355**	**(11,167)**	**115,188**
Marlborough Airport Limited assets																		
Freehold land and improvements (i)	2,120	-	2,120	-	-	12	(1)	-	-	-	-	(177)	-	-	-	2,132	(177)	1,955
Buildings (i)	5,437	-	5,437	-	-	47	(16)	-	-	-	-	(383)	-	-	-	5,468	(383)	5,085
Plant, equipment, office furniture and fittings (ii)	981	(627)	354	183	-	412	(300)	-	-	-	-	(101)	-	-	-	1,093	(545)	548
Work in progress (ii)	722	-	722	-	-	2,038	-	-	-	-	-	-	-	-	-	2,760	-	2,760
	9,260	**(627)**	**8,633**	**183**	**-**	**2,509**	**(317)**	**-**	**-**	**-**	**-**	**(661)**	**-**	**-**	**-**	**11,453**	**(1,105)**	**10,348**
Total Group Assets	**132,058**	**(8,104)**	**123,954**	**378**	**-**	**6,393**	**(644)**	**-**	**-**	**-**	**-**	**(4,637)**	**-**	**-**	**92**	**137,808**	**(12,272)**	**125,536**

GROUP 2024	Cost/ valuation	Accumulated depreciation	Carrying amount	Disposals - depreciation adjustment	Asset depreciation adjustment	Additions	Disposals	Transfers from capital WIP	Revaluation movement to Reserve	Reclassification	Transfers from investment properties	Depreciation expense	Revaluation Accum Depn Write back	Revaluation Accum Depn Writeback	Impairment (loss) /recovery	Cost/ revaluation	Accumulated depreciation	Carrying amount
	1 July 2023			30 June 2024														
	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '001	$ '000	$ '000	$ '000	$ '000
Port Marlborough New Zealand Limited assets																		
Freehold land and improvements (i)	56,296	(691)	55,605	-	-	-	-	1,132	3,532	-	-	(814)	-	-	-	60,960	(1,505)	59,455
Buildings and wharf infrastructure (i)	56,067	(2,589)	53,478	274	-	-	(293)	437	-	-	-	(2,146)	-	-	-	56,211	(4,461)	51,750
Plant, equipment, furniture and vehicles (ii)	11,884	(7,886)	3,998	161	-	-	(230)	1,383	-	-	-	(881)	-	-	-	13,037	(8,606)	4,431
Work in progress (ii)	2,108	-	2,108	-	-	23,504	-	(2,952)	-	-	-	-	-	-	-	22,660	-	22,660
	126,355	**(11,166)**	**115,189**	**435**	**-**	**23,504**	**(523)**	**-**	**3,532**	**-**	**-**	**(3,841)**	**-**	**-**	**-**	**152,868**	**(14,572)**	**138,296**
Marlborough Airport Limited assets																		
Freehold land and improvements (i)	2,132	(178)	1,954	-	(281)	4,069	-	-	514	-	-	(336)	-	-	-	5,920	-	5,920
Buildings (i)	5,468	(383)	5,085	-	(96)	23	-	-	769	-	-	(386)	-	-	-	5,395	-	5,395
Plant, equipment, office furniture and fittings (ii)	1,093	(546)	547	5	-	391	(5)	-	-	-	-	(127)	-	-	-	1,479	(668)	811
Work in progress (ii)	2,760	-	2,760	-	-	(2,761)	-	-	-	-	-	-	-	-	-	(1)	-	(1)
	11,453	**(1,107)**	**10,346**	**5**	**(377)**	**1,722**	**(5)**	**-**	**1,283**	**-**	**-**	**(849)**	**-**	**-**	**-**	**12,793**	**(668)**	**12,125**
Total Group Assets	**137,808**	**(12,273)**	**125,535**	**440**	**(377)**	**25,226**	**(528)**	**-**	**4,815**	**-**	**-**	**(4,690)**	**-**	**-**	**-**	**165,661**	**(15,240)**	**150,421**

Property, plant and equipment policies

- Freehold land
- Buildings
- Improvements
- Wharf infrastructure
- Plant, equipment, furniture and vehicles
- Work in progress

Freehold land and **buildings** are initially stated at cost and subsequently revalued to fair value by an independent valuer and by reference to the assets highest and best use, less any subsequent accumulated depreciation and impairment losses.

Additions between valuations are recorded at cost. Cost represents the value of the consideration given to acquire the assets and the value of other directly attributable costs that have been incurred in bringing the assets to the location and condition necessary for their intended service, including professional fees and for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy (see note 15).

Improvements to properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at fair value.

Wharves infrastructure are recorded at valuation established using depreciated replacement cost, plus additions at cost less accumulated depreciation and impairment losses (if any).

All **other items** of Property, plant and equipment are stated at cost or deemed cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses (if any).

Revaluation increments are credited to the asset revaluation reserve, except to the extent that they reverse a revaluation decrease for the same asset previously recognised as an expense in profit or loss, in which case the increase is credited to the Income Statement to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation is charged as an expense in profit or loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset. On disposal, the attributable revaluation surplus remaining in the revaluation reserve, net of any related deferred taxes, is transferred directly to Retained Earnings.

Revaluations are performed with sufficient regularity such that the carrying amount will not differ materially from that which would be determined using fair values at balance date.

Depreciation commences when the asset is ready for use and is charged to the Income Statement on all Property, plant and equipment other than freehold land and work in progress, over their estimated useful lives using the straight-line method. The useful lives and estimated residual values are reviewed at each balance date and amended if necessary. Depreciation on revalued assets is charged to the Income Statement. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Income Statement.

The following estimated useful lives of major types of assets are used in the calculation of depreciation rates:

-	Buildings	30 – 100 years
-	Improvements	20 – 50 years
-	Wharf infrastructure	10 – 50 years
-	Plant, equipment, furniture and vehicles	02 – 33 years

8.1. Valuation basis

An independent valuation of PMNZL land was undertaken at 30 June 2024. Buildings, improvements and wharf infrastructure is performed on a three yearly basis. The latest review was at 30 June 2022. The valuation was performed by Crighton Anderson & Infrastructure Limited t/a Colliers international, independent registered valuers and associates of the NZ Institute of Valuers, with engineering input from WSP. The valuers have recent experience in the location and category of the items being valued. The fair values of the assets represent the estimated price for which an asset could be sold on the date of valuation in an orderly transaction between market participants.

Valuations have been updated for subsequent additions at cost, less any subsequent depreciation or impairment losses.

It is standard practice for MAL's Freehold car park and land improvements and Buildings to be valued every three years**.** Due to higher than usual inflation, since the previous valuation as at 30 June 2022, these were valued on 30 June 2024 by WSP, independent registered valuers and associates of the NZ Institute of Valuers who have recent experience in the location and category of the items being valued. The fair values of assets represent the estimated price for which an asset could be sold on the date of valuation in an orderly transaction between market participants. As this is an off-cycle valuation, a method of indexing has been applied to the 30 June 2022 values to arrive at the 30 June 2024 fair value of the assets.

Valuations are updated for subsequent additions at cost, less any subsequent depreciation or impairment losses in the years where the assets are revalued. Any revaluation surplus net of deferred income taxes is credited to the Statement of Comprehensive Income and is shown in Reserves. (see note 20).

8.2. Fair value model

Assets have been categorised as specialised or non-specialised:

Specialised

In general terms these assets are:

- Only useful to particular uses or users,
- Rarely, if ever, sold on the open market, except as part of a total business and
- Generally specialised structures located in particular geographical locations for business reasons.

MAL's Buildings, Freehold land and improvements and PMNZL's Wharf infrastructure and Improvements generally fall into this category. For these assets fair value has been based on depreciated replacement cost (DRC) due to the limited market based evidence as the item is rarely sold, except as part of a continuing business.

Non-specialised

Assets in this category comprise land and buildings, one or more of the following valuation methodologies has been adopted for each asset:

- Comparable sales approach
- DRC
- Investment Value – Rental Capitalisation
- Investment Value – Discounted Cash Flow

8.3. Impact of Fair value Measurement on Asset values

Fair value is 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realisable value and value in use.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are derived from inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 inputs are derived from valuation techniques that include inputs for the assets or liabilities that are not based on observable market data.

Carrying amounts of plant, property and equipment that are measured at fair value, as shown below if they have been recognised under the cost model.

The categories of the fair value measurements into the different levels of the fair value hierarchy depends on the degree to which the inputs to fair value measurements are observable and the significance of the inputs to the fair values measurement. Level 3 inputs are unobservable inputs for the asset or liability.

The carrying value of the assets recognised in the financial statements approximate their fair values. The fair values included in Level 3 categories above have been determined in accordance with generally accepted pricing models and there has been no change in the valuation technique used.

8.4. Cost Model

The carrying amount of the Group's land, buildings, improvements and wharf infrastructure had they been recognised under the cost model is as follows:

	Group	
	2024 $ '000	**2023 $ '000**
Freehold land	5,730	5,706
Buildings	8,356	8,963
Improvements	15,537	11,343
Wharf Infrastructure	15,209	15,684

9. Capital expenditure commitments

The following are the estimated capital expenditure for the Group land and property, plant and equipment contracted for at balance date but not yet provided for:

	Group	
	2024 $ '000	2023 $ '000
Property, plant and equipment	3,750	2,592
Investment property	616	5,427

10. Investment property

	Group	
	2024 $ '000	2023 $ '000
Balance at beginning of the year	**102,507**	**117,751**
Additions from subsequent expenditure	2,993	10,640
Transfer from property, plant and equipment	-	-
Net gain/(loss) from fair value adjustments	(4,267)	(25,883)
Balance at end of the year	**101,233**	**102,508**

Investment property policies

Investment property is property held primarily to earn rentals and/or for capital appreciation and includes MAL's Aircraft hangar and PMNZL's marinas, reclamation land and their supporting facilities located in Marlborough.

Where investment property is leased, at commencement date of the lease the right of use asset is measured at cost and is comprised of:

- the initial measure of the corresponding lease liability
- any lease payments made at or before the commencement date, less any lease incentives received
- any direct costs.

They are subsequently measured at fair value when the asset meets the definition of investment property.

Investment property is stated at its fair value at balance date. Gains or losses arising from changes in the fair value of investment property are included in the Income Statement for the period in which they arise.

10.1. Valuation basis

MAL's investment properties were valued on 30 June 2024 by Alexander Hayward Limited, independent registered valuers and associates of the NZ Institute of Valuers. The valuers have experience in the location and category of the items being valued. The fair values are based on market values, being the estimated price for which an asset could be sold on the date of valuation in an orderly transaction between market participants.

PMNZL's investment properties were valued on 30 June 2024 by Crighton Anderson Property and Infrastructure Limited t/a Colliers International, independent registered valuers and associates of the NZ Institute of Valuers.

The valuers have recent experience in the location and category of the items being valued. The fair values are based on market values, being the estimated price for which an asset could be sold on the date of valuation in an orderly transaction between market participants.

The Valuers included the following commentary in their valuation report:

"Market Risk: In response to escalating inflation levels in late 2021, the Reserve Bank of New Zealand (RBNZ) embarked on a steep monetary tightening cycle, with wholesale interest rates increasing from 0.25% to 5.50%. The Reserve Bank has recently applied their first cut to OCR, with forecasted decreases at each OCR announcement into mid-2025. Whilst global debt levels are at historic highs, the majority of defaults and liquidations appear to have peaked, with some relief in interest rates supporting an improvement in economic conditions predicted. There does however remain fundamental risks to global economic recovery, with global geopolitical challenges a key aspect and recession risks still present.

The result of the above is a marked reduction in investor sentiment compared with 2021 and value write downs are occurring across most property segments and at most price points. These changes have occurred incrementally over the course of 2022 and 2023 and early 2024. The rapid reversal in rhetoric from the RBNZ should however help support more positive conditions moving forward, notwithstanding rising unemployment and a potential 'hard landing' in the economy with significant recessionary pressures still present.

At the date of valuation, there remains a shortage of recent sales transactions from which to accurately determine current market values, which increases the uncertainty around our valuation conclusions. We also consider that there is the possibility of further value changes over the remainder of 2024.

In light of these prevailing marketing conditions, we strongly recommend that you keep the valuation of all property under frequent review as valuation advice could become outdated significantly more quickly than is normally the case. We reiterate, in accordance with the accepted definition, that the market value is concluded "as at the valuation date" and is based on our interpretation of events, evidence (such as it is) and sentiment up to that date. It is the value on that day.

At each reporting date, the valuation reports are provided to the CFO for review. The review focuses on checking material movements and ensuring all additions and disposals are captured.

The valuation reports are also reviewed by the Audit and Risk sub-committee of the Board. A summary report on valuation movements is provided to the Board and full copies of the valuer's reports are available to Directors.

10.2. Fair value model

MAL's Aircraft hangar is located in Woodbourne, west of Blenheim. The valuation was undertaken using an investment approach based on an assessment of market rental potential capitalised at current market investment rates analysed from market transactions. The rental capitalisation rate adopted was 7.00% (2023: 7.00%).

PMNZL's Investment property assets are located in Picton, Waikawa Bay and Havelock. The assets comprise a mix of rural, residential, port-related commercial and industrial and the marinas in each of the three locations. Total land area per certificates of title is 85.0325 hectares. This includes 0.8505 hectares of land in Waikawa Marina Northwest Extension for which title issue is in progress.

In completing valuations of investment property assets, one or more of the following valuation methodologies has been considered or adopted for each asset:

- Optimised Depreciated Replacement Cost value (ODRC)
- Investment value – Rental capitalisation
- Investment value – Discounted cashflow

The Marinas comprise the bulk of investment properties. Discounted cashflow valuations were completed for the three marinas using the following rates:

Discounted Cashflow Summary (rates) Property	2024	2023
Picton Marina	7.59%	7.35%
Waikawa Marina	7.30%-8.20%	7.25%-7.50%
Havelock Marina	8.45% - 8.60%	8.25%

The variations in the discount rate adopted reflect the investment strength of each of the respective marinas. In the case of rental capitalisation for commercial property, rates adopted ranged between 5.50% and 10.80% (2023: 7.00% and 8.75%). The rates are post tax.

11. Investment (Joint venture)

	Group	
	2024	2023
Incorporated in New Zealand	$ '000	$ '000
Marlborough Inland Hub	8,074	8,091

Marlborough Inland Hub Limited, represents a 50/50 joint partnership between Port Marlborough and Centreport. The Company owns a 32-hectare site at Riverlands, Blenheim. The initiative will provide an inland cargo hub, enabling freight movement via road rail to coastal and international shipping.

Port Marlborough has in prior years provided a secured and interest bearing long-term shareholder loan to Marlborough Inland Hub Limited of $500k. Interest is payable on the 30th of June each year or as otherwise provided by agreement at an interest rate of the OCR from time to time plus a margin of 1.5%. Income from the loan for the year ended 30 June 2024 was $53K (2022-23: $18k). The loan is repayable on demand.

Recognition and Measurement policies

A joint venture is an arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. 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.

The results, assets and liabilities of joint venturers are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in a joint venture is initially recognised in the consolidated Balance Sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture.

An investment is accounted for using the equity method from the date on which the investee becomes a joint venture.

When necessary, the entire carrying amount of the investment is tested for impairment in accordance with NZ IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (the higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised in accordance with NZ IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a Group entity transacts with a joint venture of the Group, profit and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interest in the joint venture that are not related to the Group.

11.1. Marlborough Inland Hub Limited

Marlborough Inland Hub Limited	Group	
	2024 $ '000	2023 $ '000
6,750,000 shares		
Carrying amount at beginning of the year	7,591	6,750
Equity acquisitions	-	-
Share of profit/(loss) of joint venture		28
Gain/(loss) on revaluation of property, plant and equipment	(17)	813
Balance at end of the year	7,574	7,591
Loan	-	-
Advance (non-current)	500	500
Balance at end of the year	8,074	8,091

Summarised Financial Statements

	Group	
	2024 $ '000	2023 $ '000
Income	1,026	1,293
Expenses	955	1,236
Net Profit After Tax	(35)	57
Current assets (Cash and cash equivalents)	876	971
Non-current assets	15,368	15,373
Current liabilities	36	117
Non-current liabilities	1,059	1,045
Equity	15,147	15,182

12. Intangible assets

	Group	
	2024 $ '000	2023 $ '000
Software gross carrying amount		
Balance at beginning of the year	1,603	1,396
Additions	6	224
Disposals	(1,118)	(15)
Balance at end of the year	**491**	**1,605**
Software accumulated amortisation and impairment		
Balance at beginning of the year	1,179	1,033
Disposals	(1,118)	(15)
Amortisation (i)	170	163
Balance at end of the year	**231**	**1,181**
Software net book value at end of the year	**260**	**424**

(i) Amortisation expense is included in the line item 'depreciation and amortisation expense' in the Income Statement.

Intangible assets policies

Software is a finite life intangible and is recorded at cost less accumulated amortisation and impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives up to 10 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

13. Right–of-use assets

	Group	
Gross carrying amount	**2024 $ '000**	**2023 Restated $ '000**
Balance at beginning of the year	11,002	10,404
Additions/(disposals)	215	598
Balance at end of the year	**11,217**	**11,002**
Accumulated amortisation and impairment:		
Balance at beginning of the year	1,002	736
Amortisation	270	266
Adjustment on increase	(142)	-
Balance at end of the year	**1,130**	**1,002**
Net Book value at end of year	**10,087**	**10,000**

Right-of-use assets policies

Right-of-use assets are measured initially at the present value of the remaining lease liability at inception plus indirect costs and less estimates of any make good provisions in the lease. Amortisation is charged on a straight line basis over the lease term.

MAL assesses whether a contract is or contains a lease, at inception of the contract. MAL recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value asset. The Right of use asset is amortised over the life of the lease.

The lease liability includes car park lease and defence land lease.

The 2023 figures have been restated for the below reasons:

The car park lease term has been extended to include a 21-year renewal option. MAL was reasonably certain to exercise given the presence of long-term assets owned and developed by MAL on the property during 2023.

The defence force land licence agreement, which contains a lease under NZ IFRS 16, has been recognised for the first time. The lease term for the defence land lease has been matched to the lease term of the car park lease including the 21 year right of renewal. This is because the license is a perpetual lease with no term specified in the contract. The carpark is considered an integral part of the airport operation and will have no practical use if there is no airport operation and therefore it is assumed that the lease term of the Defence land aligns with that of the carpark land lease

For further details on the restatement of prior year values please see Note 28 – Prior period errors.

14. Trade and other payables

	Group	
	2024 $ '000	**2023 $ '000**
Trade creditors	708	1,755
Property, plant and equipment	3,808	1,041
Investment Property	183	918
Employee expenses	1,461	1,221
Bank interest	-	-
Other	32	30
Related party - interest	643	552
Total trade and other payables	**6,834**	**5,517**

The consolidated entity has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

Employee expenses

Provision is made for benefits owing to employees in respect of wages and salaries, annual leave and long service leave. Provisions are recognised where it is probable they will be settled and they can be measured reliably. Provisions are based on current remuneration rates.

Trade and other payables policies

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost, using the effective interest rate method.

15. Borrowings

	Group	
	2024 $ '000	**2023 $ '000**
Borrowings at amortised cost	**81,615**	**71,515**
Classified as:		
Current	23,310	29,785
Non-current	58,305	41,730
Total facility	**81,615**	**71,515**
Amount used	81,615	71,515
Amount unused	-	

Marlborough District Council (the Shareholder) has no intention to call upon any debt in the 2024/25 financial year as signalled in the Statement of Intent. The loan agreement with the Shareholder will be updated to reflect this.

Borrowings policies

Borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing and subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated taking into account any issue costs and any discount or premium on drawdown.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use/sale, are added to the cost of those assets, until such a time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

15.1. Loan maturities

Funds have been raised under a loan arrangement with the Local Government Funding Agency (LGFA) held by Council. A matched Funding Agreement between the Company and Council ensures that the terms of the loans between LGFA and Council are matched. Council has adopted the Company's SOI which included the Company and subsidiaries expected long term funding requirements.

15.2. Borrowings security

The Company borrowings have been secured by way of first mortgage over Certificates of Title 4C/1465, 3B/322, 3B/323, 3B/324 and 5D/878 of the Marlborough Land Registry. In addition a Negative Pledge Deed has been entered into with PMNZL and MAL.

16. Lease Liabilities

	Group	
	2024 $ '000	2023 Restated $ '000
Lease liabilities	**11,061**	**10,844**
Classified as:		
Current	147	137
Non-current	10,914	10,707

Lease liability policies

Lease liabilities are measured at the present value of the remaining lease payments. Lease payments are discounted using either the interest rate implicit in the lease or the relevant group entities incremental borrowing rate.

MAL has utilised the recognition practical expedients specified in NZIFRS 16 in respect of short-term and low value leases where appropriate. MAL has also elected to apply the practical expedient which states that an entity is not required to reassess whether a contract is, or contains, a lease at the date of initial application. The lease liability includes car park lease and defence land lease.

The lease liability of MAL includes car park lease and defence land lease.

The lease liability was measured at the present value of the minimum lease payments, discounted at the incremental borrowing rate applicable to that lease 1 July 2020. The weighted average incremental borrowing cost applied to lease liabilities at 1 July 2020 was 3.69%. The lease term is determined at 42 years which includes one right of renewal option for 21 years. The same lease term has been used for defence land lease as this is a perpetual lease with no lease term specified in the contract.

Port Marlborough assesses whether a contract is or contains a lease, at inception of the contract. Port Marlborough recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, Port Marlborough recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

17. Derivative financial instruments (interest rate swaps)

Interest rate swap policies

The Company and Group enter into interest rate swaps to manage interest rate risk. These swaps:

- Are initially recognised at fair value on the date contract is entered into and are subsequently re-measured to their fair value.
- Do not qualify for hedge accounting.
- Have fair value changes recognised in the Income Statement.
- Are not used for speculative purposes.

17.1. Interest rate swap contracts

Under interest rate swap contracts, the consolidated entity agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on debt held.

The interest rate swaps will either incur an interest expense or interest revenue from the banks, depending on whether the fixed rate is favourable or unfavourable to the variable interest rate at the time.

During the year the interest rates for the Group active swaps ranged between 0.10% and 4.27% (2023: 0.05% and 5.21%).

The Group has the following interest rate swap contracts:

	2024 $ '000	2023 $ '000
Bank:		
BNZ	12,000	23,400
Westpac	27,750	30,750
Total swap contracts	**39,750**	**54,150**
Classified as:		
Active swaps	22,250	32,650
Forward dated swaps	17,500	21,500

The financial assets and liabilities of the Group that are measured at fair value subsequent to initial recognition are included in Level 2 as the fair value of these instruments is not quoted on an active market and is determined by using valuation techniques. These valuation techniques rely on observable market data and are provided by Hedgebook. There have not been any transfers into or out of the fair value hierarchy. Any gain or loss resulting from fair value measurement is recognised in the Income Statement.

	Fair Value Category	Group 2024 $ '000	Group 2023 $ '000
Interest rate swap asset at FVTPL - between the Company and subsidiaries		**1,130**	**1,576**
Classified as:			
Current asset	Level 2	101	197
Non-current asset	Level 2	1,029	1,379
Interest rate swap (liability) at FVTPL - between the Company and the bank		**-**	**-**
Classified as:			
Current liability	Level 2	-	-
Non-current liability	Level 2	-	-
Net interest rate swap		**1,130**	**1,576**

The Company recognises the fair value of swaps on a gross basis. The fair value of interest rate swaps is supplied by an independent third party. Valuations are reflective of market rates at reporting date and are calculated as the present value of the estimated future cash flows based on observable yield curves taking into account the effect of credit risk (CVA/DVA).

The Board consider that the carrying amount of financial assets and financial liabilities recorded in the Financial Statements approximates their fair values.

The fair values of financial assets and liabilities are determined as follows:

– the fair value of financial assets and liabilities with standard terms and conditions and traded on active markets is determined with reference to the quoted market prices; and

– the fair value of derivative instruments is calculated based on discounted cash flows using market inputs.

17.2. Categories of financial instruments

		Group financial assets/(liabilities)			
	Notes	Financial assets at Amortised cost $ '000	Financial liabilities at Amortised cost $ '000	Financial assets/ (liabilities) at FVTPL(*) $ '000	Totals $ '000
Cash and cash equivalents	26	2,627	-	-	2,627
Trade and other receivables	5	5,506	-	-	5,506
Loans to Marlborough District Council	27.2	3,277	-	-	3,277
Trade and other payables	14	-	(4,296)	-	(4,296)
Borrowings	15	-	(71,515)	-	(71,515)
Lease liabilities	16	-	(10,844)		(10,844)
Derivative financial instruments	17.1	-	-	1,576	1,576
Balance at 30 June 2023		**11,410**	**(86,655)**	**1,576**	**(73,699)**
Cash and cash equivalents	26	10,193	-	-	10,193
Trade and other receivables	5	4,152	-	-	4,152
Loans to Marlborough District Council	27.2	4,314	-	-	4,314
Trade and other payables	14	-	(5,373)	-	(5,373)
Borrowings	15	-	(81,615)	-	(81,615)
Lease liabilities	16	-	(11,061)	-	(11,061)
Derivative financial instruments	17.1	-	-	1,130	1,130
Balance at 30 June 2024		**18,660**	**(98,049)**	**1,130**	**(78,259)**

Fair value measurement policies

Fair value is defined as 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, regardless of whether that price is directly observable or estimated using another valuation technique.

Valuation techniques

The fair values and net fair values of financial assets and financial liabilities are determined as follows:

- Financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and

- Other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis; and
- Derivative financial instruments (interest rate swaps) are calculated based on the present value of future cash flows based on observable yield curves taking into account the effect of credit risk (CVA/DVA). CVA/DVA is calculated using the "current exposure" methodology.

The carrying amount of cash and cash equivalents, trade receivables, trade payables and non-current borrowings and other financial assets and liabilities reflect their fair values.

17.3. Interest rate sensitivity analysis

	2024 + 50bps $ '000	2024 - 50bps $ '000	2023 + 50bps $ '000	2023 - 50bps $ '000
Group				
Financial assets				
Derivative financial instruments	619	(489)	-	-
Loans to Marlborough District Council	22	(22)	16	(16)
	641	**(511)**	**16**	**(16)**
Financial Liabilities				
Borrowings	340	(340)	304	(304)
Derivative financial instruments	-	-	579	(556)
	340	**(340)**	**883**	**(803)**

The Group's exposure to market risk from changes in interest rates relates primarily to loans issued at variable rates and expose the Group to interest rate changes. A change of 50 basis points in NZ interest rates for the year to the reporting date would have increased/(decreased) profit or loss or equity by the amounts shown above.

17.4. Liquidity Risk

The following table analyses the exposure of the group's financial assets and liabilities to liquidity risk as at 30 June 2024:

	Notes	Group 2024 Carrying Amount $ '000	Contractual cash flows $ '000	Less than 1 year $ '000	1-2 Years $ '000	2-5 Years $ '000	5+ Years $ '000	Total $ '000
Cash & cash equivalents	26	10,193	10,193	10,193	-	-	-	10,193
Trade and other receivables	5	4,152	4,152	4,152	-	-	-	4,152
Loans to Marlborough District Council	27.2	4,314	4,336	4,336	-	-	-	4,336
		18,660	**18,682**	**18,682**	**-**	**-**	**-**	**18,682**
Trade and other payables	14	5,373	5,373	5,373	-	-	-	5,373
Borrowings	15	81,615	86,313	24,667	7,757	46,732	7,157	86,313
Lease Liabilities	24.1	11,061	20,305	570	570	1,709	17,456	20,305
Derivative financial instruments	17.1	(1,130)	(1,130)	(156)	-	(592)	(382)	(1,130)
		96,919	**110,861**	**30,501**	**8,327**	**47,513**	**24,520**	**110,861**

	Notes	Group 2023 Carrying Amount $ '000	Contractual cash flows $ '000	Less than 1 year $ '000	1-2 Years $ '000	2-5 Years $ '000	5+ Years $ '000	Total $ '000
Cash and cash equivalents	26	2,627	2,627	2,627	-	-	-	2,627
Trade and other receivables	5	5,506	5,506	5,506	-	-	-	5,506
Loans to Marlborough District Council	27.2	3,277	3,361	3,361	-	-	-	3,361
		11,410	**11,494**	**11,494**	**-**	**-**	**-**	**11,494**
Trade and other payables	14	4,296	4,296	4,296	-	-	-	4,296
Borrowings	15	71,515	83,654	36,313	11,916	20,894	14,531	83,654
Lease Liabilities (Restated)	16, 24.1	10,844	20,212	552	552	1,656	17,452	20,212
Derivative financial instruments	17	(1,576)	(1,575)	(197)	(350)	(20)	(1,009)	(1,576)
		85,079	**106,587**	**40,964**	**12,118**	**22,530**	**30,974**	**106,586**

Refer to Note 28 for details on errors that resulted in restating figures.

17.5. Financial Instruments

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at reporting date:

Grou p	Average Contract Fixed Interest rate		Notional Principal Amount (including forward dated swaps)		Fair Value	
Outstanding Fixed for Floating Contracts	**2024 %**	**2023 %**	**2024 $ '000**	**2023 $ '000**	**2024 $ '000**	**2023 $ '000**
Less than 1 year	3.55	4.22	12,250	17,400	109	197
1 to 2 years	-	3.57	-	12,250	-	350
2 to 5 years	2.73	3.97	15,000	4,000	928	20
5+ years	4.11	3.18	12,500	20,500	93	1,009
			39,750	**54,150**	**1,130**	**1,576**

18. Provisions

Provisions are recognised when the Group have a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at balance date and are discounted to present value where the effect is material.

Provisions – runway reseal

	Group	
	2024 $ '000	**2023 Restated $ '000**
Balance at beginning of the year	**9,374**	**8,649**
Additional provision recognised	(96)	725
Balance at end of the year	**9,278**	**9,374**
Classified as:		
Current	9,278	
Non-current		9,374

Provision is made to reflect MAL's obligation to maintain the hard surfaces (including the Runway, Taxiway and Apron) under their licence agreement with New Zealand Defence Force.

The cash outflows are expected to occur in early 2025. The provision has been estimated taking into account technology changes and is discounted using a discount rate of 5.3%.

The following major assumptions have been made in calculation of the provision:

- The pricing estimate is based on tenders received in October 2024 and is reflective of the information available at 30 June 2024.

- The cash outflows for the runway, taxiway and apron areas will all occur in early 2025.

- An inflation rate, as specified by Treasury, of 2.9%.

The undiscounted cost of the reseal is estimated at $9.386 million.

19. Share capital and other equity instruments

	Group	
	2024 $ '000	**2023 $ '000**
6,000,000 fully paid ordinary shares (2023: 6,000,000)	6,000	6,000

At balance date the Company had issued 76,000,000 shares (2023: 76,000,000) of which 6,000,000 are fully paid. The remaining 70,000,000 shares (2023: 70,000,000) were issued for $1 per share and are yet to be called up.

All shares carry equal voting rights and the right to share in any surplus on winding up the Company. None of the shares carries fixed dividend rights.

Equity instruments policies

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

20. Reserves

	Group	
	2024 $ '000	**2023 $ '000**
Capital reserve	-	-
Asset revaluation reserve	75,143	72,342
	75,143	**72,342**

20.1. Capital reserve

	Group	
	2024 $ '000	2023 $ '000
Balance at beginning of the year	**-**	**-**
Movements	-	-
Balance at end of the year	**-**	**-**

The capital reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. There is no policy of regular transfer. As the capital reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the capital reserve will not be reclassified subsequently to profit or loss.

20.2. Asset revaluation reserve

		Group	
	Notes	**2024 $ '000**	**2023 $ '000**
Balance at beginning of the year		**72,342**	**72,342**
Revaluation increments		4,438	-
Deferred tax - Property revaluations	4.3	(254)	-
Transfer (from)/to Retained Earnings	20	(1,383)	-
Balance at end of the year		**75,143**	**72,342**

The asset revaluation reserve arises on the revaluation of PMNZL's wharves and jetty facilities, operational land and buildings and MAL's terminal Building, freehold carpark and land (excludes investment property). When a revalued wharf, jetty facility, land or building is sold that portion of the asset revaluation reserve which relates to that asset and is effectively realised, is transferred to retained earnings.

21. Retained earnings

		Group	
	Notes	**2024 $ '000**	**2023 Restated $ '000**
Balance at beginning of the year		**72,348**	**84,087**
Net profit after tax		16,375	(8,431)
Dividends paid		(3,022)	(3,308)
Transfer from Revaluation reserve	20	1,383	-
Balance at end of the year		**87,084**	**72,348**

22. Dividends

Recognised amounts:	2024 Cents per Share	2024 Total $ '000	2023 Cents per Share	2023 Total $ '000
Fully paid ordinary shares	**50**	**3,022**	**55**	**3,308**

At time of distribution, fully paid ordinary shares which participated in the distribution were 6,000,000 (2023: 6,000,00). In addition, the above cash distributions carried maximum imputation credits.

Dividends payment policies

Dividends paid are classified as distributions of profit.

23. Capital management

The Group's capital is its equity, comprised of share capital, retained earnings and reserves and represented by net assets.

It is the group's intention to maintain sufficient capital to produce security for the existing level of operations and the flexibility for future growth opportunities.

The Group pays dividends to the Shareholder after taking into account profitability and future investment requirements and the requirement to meet the solvency test under the provisions of the Companies Act 1993.

24. Operating lease arrangements

24.1. The Group as lessee

Maturity analysis of lease liabilities:

	Group	
	2024 $ '000	2023 Restated $ '000
Year 1	570	552
Year 2	570	552
Year 3	570	552
Year 4	570	552
Year 5	570	552
Year 6 onwards	17,455	17,452
	20,305	**20,212**

Lessee policies

Rentals payable under operating leases, where the lessors effectively retain risks and benefits of ownership, are recognised in profit and loss on a straight-line basis over the term of the lease term.

Leasing arrangements

The significant operating leases relate to MAL's land. MAL's operating lease contracts contain market review clauses in the event that MAL exercises its option to renew. MAL does not have an option to purchase the leased asset at the expiry of the lease period. The defence force license agreement has been treated as a lease because the agreement conveys the right to use the land situated at the RNZAF Base Woodbourne.

24.2. The Group as lessor

Maturity analysis of lease payments due:

	Group	
	2024 $ '000	**2023 $ '000**
Year 1	7,572	11,056
Year 2	4,410	6,469
Year 3	4,019	3,943
Year 4	3,455	3,661
Year 5	1,166	3,138
Year 6 onwards	4,055	4,596
Total	**24,677**	**32,863**

Lessor policies

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at expiry of the lease period.

PMNZL leasing arrangements

Operating leases relate to rental property owned by PMNZL with lease terms of up to 30 years, with provision for renewal. All operating lease contracts contain market review clauses in the event that PMNZL exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

MAL leasing arrangements

Operating leases relate to tenancies with lease terms of up to 6 years, with provision for renewal. All operating lease contracts contain market review clauses in the event that MAL exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period. Rentals are received from freight shed, terminal, ground rentals, aircraft hangar, advertising signs and car wash facility.

25. Contingent assets and contingent liabilities

25.1. Contingent assets

There are no contingent assets (2023: Nil).

25.2. Contingent liabilities

In the normal course of business the PMNZL Group are subject to potential loss contingencies arising from such matters as guarantees and contractual obligations by government and private parties. In the judgement of Directors no losses in respect of such matters are expected to be material to the Group's financial position.

26. Cash and cash equivalents

Cash and cash equivalents at the end of the financial year as shown in the consolidated Cash Flow Statements can be reconciled to the related items in the Consolidated Statements of Financial Position as follows:

Cash and cash equivalents	Group	
	2024	2023
	$ '000	$ '000
	10,193	2,627

Included in this balance are $406,637 (2023: $400,595) of funds held on trust for contractors retention purposes. These funds are not available for use by the group for any other purposes.

27. Parent and Subsidiaries disclosures

The parent entity in the consolidated Group is MDC Holdings Limited (the Company) which is 100% owned by the ultimate parent entity, Council.

Details of the Group's subsidiaries are as follows:

	Country of incorporation	Ownership interest 2024 %	2023 %
Port Marlborough New Zealand Limited	New Zealand	100	100
Marlborough Airport Limited	New Zealand	100	100

27.1. Related party loans and advances

	Group 2024 $ '000	2023 $ '000
Current asset portion		
Advances to Marlborough District Council*	4,314*	3,278*
Non-current asset portion		
Advances to subsidiaries	-	-
Current liability portion		
Loans from Marlborough District Council	23,310	29,875
Non-current liability portion		
Loans from Marlborough District Council	58,305	41,730

*Council has a policy of minimising external debt at Council level. To achieve this, temporary cash surpluses are transferred to Council. Council recognises that it receives a benefit from these short-term advances and pays interest at the average of the 30 day, 60 day and 90 day BKBM rates.

27.2. Transactions and balances with Marlborough District Council

MDC Holdings Limited

Transactions between Council and MDC Holdings Limited are as follows:

	2024 $ '000	2023 $ '000
Amounts paid to MDC during the year:		
Dividends	3,022	3,308
Interest on loans	4,109	2,835
Amounts payable to MDC at balance date:		
Loans	81,615	71,515
Interest on loans	643	552
Amounts received from MDC during the year:		
Interest on advance	106	84
Swap valuation fee reimbursement	1	1
Amounts receivable from MDC at balance date:		
Advance	4,314	3,278

During the current and previous financial year, the Company received management services from Council for no charge.

Port Marlborough New Zealand Limited

Transactions between Council and PMNZL are as follows:

	2024 $ '000	2023 $ '000
Amounts received from PMNZL during the year:		
Rates & other services	889	835
Harbour & Navigational levies	600	430
Amounts receivable/(Payable) from PMNZL at balance date:		
Services provided	(45)	-
Amounts paid to PMNZL during the year:		
Services provided	101	116

Marlborough Airport Limited

Transactions between Council and MAL are as follows:

	2024 $ '000	2023 $ '000
Services charged by MDC during the year	290	263
Subvention payment to MDC	-	-
Services payable to MDC at balance date	-	-
Paid to MAL during the year	-	3

27.3. Transactions eliminated on consolidation

Intra-group related party transactions and outstanding balances are eliminated in the preparation of the Consolidated Financial Statements of the Group.

27.4. Guarantees provided or received

There are no guarantees provided or received (2023: Nil).

27.5. Directors' transactions

Mr RW Olliver is a Director of PMNZL and is a shareholder and Director of Fulton Hogan Limited who undertook maintenance work for both companies totalling $2,775,874 (2023: $2,316,346), As at 30 June, $607,183 (2023: $0) was owing to Fulton Hogan Limited by PMNZL.

27.6. Key management personnel remuneration

The compensation of the Directors being the key management personnel which is set out below:

	Parent	
	2024 $ '000	2023 $ '000
Directors' fees	69	78

27.7. PMNZL marina facilities

A number of related parties to PMNZL, including Directors and employees, utilise PMNZL's marina facilities, all transactions are at standard commercial rates.

28. Prior period error

A number of prior period errors have been identified in the 2023 audited financial statements during the current period.

The financial statements have been re-stated to reflect the correct opening position at 1 July 2022 and movements in 2023 for each of the identified errors described below.

28.1 Error 1 – MAL Provisions

A prior period error has been identified in relation to the scope of works included in the provision for the runway reseal and how the provision was calculated.

Prior to the financial year ended 30 June 2023, the provision scope was limited to costs to reseal the runway only with the taxiway and apron being excluded from the provision. In addition to this, the financial model used to calculate the provision in prior periods was incorrectly treating updates to the reseal cost. These errors resulted in an understatement of the provision (liability) and an overstatement of provision expenditure recognised in the financial year ending 30 June 2023.

28.2 Error 2 – MAL Car park lease and right of use asset

A prior period error has been identified in relation to the value of car park lease and Right of use asset.

The right of renewal has been incorrectly excluded from the calculation.

The error resulted in an understatement of liabilities and assets in the 2022/23 year.

28.3 Error 3 – MAL Defence land lease and right of use asset

A prior period error has been identified in relation to the value of Defence land lease and Right of use assets.

The lease, which commenced in 1992, was not accounted for under NZ IFRS 16. This lease is perpetual, with no specified lease term in the contract. Consequently, the lease term for the car park lease (42 years, including a 21-year right of renewal) has been used to calculate the lease liability and Right of Use asset from 1 July 2019 which is the date of initial application of NZ IFRS 16. The reason for using the lease term of the car park lease is that the car park cannot be used without the Defence land, as the runway and airport terminal are situated on the Defence land. The carpark is considered an integral part of the airport operation and will have no practical use if there is no airport operation and therefore it is assumed that the lease term of the Defence land aligns with that of the carpark land lease

The error resulted in an understatement of liabilities and assets in the 2022/23 year.

28.4 Impact of errors

The prior period errors have impacted the following notes/sections of the financial statements.

Financial Statement Note/section	Impact
Note 3.2 Expenses	Other interest expenses (lease liabilities) – Errors 2 & 3 Amortisation right of use assets – Errors 2 & 3
Note 4.1 Reconciliation of income tax	Profit before income tax – Errors 1,2 & 3 Deferred tax expense/(credit) – Errors 1, 2 & 3
Note 4.2 Deferred tax liability	Leases and intangible assets – Errors 2 &3 Provisions – Error 1
Note 13 – Right of use assets	Carrying amount and amortisation – Errors 2 & 3
Note 16 – Lease liabilities	Current and non-current lease liability - Errors 2 & 3
Note 17.2 – Categories of financial instruments	Lease liabilities – Errors 2 & 3
Note 18 – Provisions	Current and non-current provision balance – Error 1
Note 21 – Retained earnings	Opening retained earnings balance and Net profit after tax– Errors 1, 2 & 3
Note 24.1 – The Group as lessee	Maturity analysis – Errors 2 & 3
Cash Flow Statement	Cash flows from operating activities: Payments to suppliers and employees & Lease interest paid – Errors 2 & 3 Cash flows from financing activities: Repayment of lease liability – Errors 2 & 3

Financial Statement Note/section	Impact
Reconciliation of changes in liabilities arising from financing activities	Lease liabilities – Errors 2 & 3

Prior Period Errors

$000s	Previously reported 2023 (Group)	Error 1 - Provision	Error 2 - Car park lease	Error 3 - Defence land lease	Restated 2023 (Group)
Statement of financial performance					
Operations and Maintenance (excl Employee Benefit expense)	12,703	(384)	0	(458)	11,861
Finance costs	3,332	0	17	346	3,695
Depreciation, impairment and amortisation	4,842	0	(12)	235	5,065
Total Expense	58,332	(384)	5	123	58,077
Profit/(loss) before income tax expense	(11,294)	384	(5)	(123)	(11,040)
Income Tax credit/(expense)	1,862	(103)	0	34	1,793
Profit/(loss) for the year after tax	(9,432)	281	(5)	(88)	(9,247)
Statement of Comprehensive Income					
Total comprehensive income (expense) for the year, net of tax	(8,619)	281	(5)	(88)	(8,434)
Statement of financial position					
Current Liabilities					
Lease liabilty	31	0	(16)	117	137
Non-current Liabilites					
Lease liabilty	1,020	0	497	9,195	10,707
Provisions	5,836	3,538	0	0	9,374
Deferred Tax liability	12,588	(990)	(5)	(134)	11,459
Non-current Assets					
Right of use asset	703	0	460	8,834	10,000
Equity					
Retained earnings	75,255	(2,548)	(16)	(344)	72,348
Total Equity/Net Assets	153,595	(2,548)	(16)	(344)	150,690
Statement of changes in equity					
Balance at the beginning of the year	165,522	(2,824)	(15)	(256)	162,426
Profit/(loss) for the year after tax	(9,412)	281	(5)	(88)	(9,247)
Balance at the end of the year	153,595	(2,548)	(16)	(344)	150,690

$000s	Previously reported 1 July 2022 (Group)	Error 1 - Provision	Error 2 - Car park lease	Error 3 - Defence land lease	Restated 1 July 2022 (Group)
Statement of financial position					
Current Liabilities					
Lease Liability	32	0	(17)	105	120
Non-current Liabilities					
Lease Liability	1,035	0	481	8,721	10,237
Provisions	4,727	3,922	0	0	8,649
Deferred Tax liability	18,653	(1,098)	0	(100)	17,455
Non-current Assets					
Right of use asset	748	0	449	8,470	9,667
Equity					
Retained earnings	87,182	(2,824)	(15)	(256)	84,087
Total Equity/Net Assets	165,522	(2,824)	(15)	(256)	162,427

29. Breach of statutory reporting deadline

The company was required under Section 67(1) of the Local Government Act 2002 to complete its audited financial statements and service performance information by 30 September 2024.

30. Events after the reporting period

In July 2024 a $5.5M interest rate swap held by Marlborough District Council was novated to MDC Holdings. The swap has a notional value of $5.5M and matures on 15 November 2029. (2023: Nil)

Statutory Information

Auditors

Julian Tan of Audit New Zealand acting on behalf of the Auditor-General, is the auditor of MDC Holdings Limited for the year ended 30 June 2024. Anthony Smith of Deloitte, acting on behalf of the Auditor-General, is the auditor for PMNZL, its subsidiaries and Nicole Dring of Deloitte, acting on behalf of the Auditor-General MAL for the year ended 30 June 2024.

Employee remuneration

MDC Holdings Limited

The Company has no employees.

Port Marlborough New Zealand Limited

The number of employees whose total remuneration, received in their capacity as employees, was $100,000 or more within the specified bands was as follows:

	Number of Employees	
Remuneration	2024	2023
$100,000 - 110,000	13	8
$110,000 - 120,000	4	2
$120,000 - 130,000	3	4
$130,000 - 140,000	1	3
$140,000 - 150,000	3	4
$150,000 - 160,000	3	-
$160,000 - 170,000	3	1
$170,000 - 180,000	1	1
$180,000 - 190,000	1	2
$190,000 - 200,000	2	-
$200,000 - 210,000	-	3
$210,000 – 220,000	1	1
$220,000 - 230,000	1	1
$230,000 - 240,000	1	-
$240,000 - 250,000	3	-
$350,000 - $360,000	-	1
$450,000 - $460,000	1	-

The figures include all benefits, retiring allowances and Fringe Benefit Tax.

Marlborough Airport Limited

The number of employees whose total remuneration, received in their capacity as employees, was $100,000 or more within the specified bands was as follows:

Remuneration	Number of Employees	
	2024	2023
$110,000-$120,000	1	1

The figures include all benefits, retiring allowances and Fringe Benefit Tax.

Interest register

Directors' loans

There were no loans by the Company to Directors.

Directors' remuneration and benefits

The remuneration paid to Directors during the year ended 30 June was:

MDC Holdings Limited

	2024 $	2023 $
M B J Kerr(Chairman)	$29,397	$28,213
J C Leggett (Resigned)	-	$3,471
D J Oddie (Resigned)	-	$3,471

M A Peters (Resigned)	-	$3,471
A M Barton (Resigned)	$6,406	$14,108
N P Taylor	$12,557	$8,624
D J Croad	$12,557	$8,426
J A Arbuckle (Resigned)	$3,974	$8,426
T Atkin	$4,366	-
M S Wheeler (unpaid Director)	-	-

Marlborough Airport Limited

The Directors of the Company are also the Directors of MAL. No remuneration or benefits were paid during the year ended 30 June 2024 (2023: Nil).

Port Marlborough New Zealand Limited

	2024 $	2023 $
WB McNabb (Chairman)	$75,000	$55,062
K B Taylor (Retired)	-	$35,400
C J Crampton	$42,216	$38,778
J C Moxon	$42,216	$37,116
R W Olliver	$42,216	$35,400
Hon H J Roy	$38,500	$34,800
M F Fletcher (Retired) (paid to Council)	$18,000	$35,400
G K Blake (paid to Council)	$20,500	-

Directors' and officers' liability insurance

The Company has arranged Directors' and Officers' Liability Insurance with Vero Liability Insurance Limited. This policy indemnifies Directors for sums they may become legally obliged to pay arising from a wrongful act allegedly committed in their capacity as a Director. The policy does not cover liabilities arising from insider trading, dishonest acts and/or personal profit or advantage to which the Directors are not legally entitled. PMNZL has arranged a similar policy with QBE Insurance International Limited.

Use of Company information

During the year the Board did not receive any notices from Directors of the Company requesting the use of company information, received in their capacity as Directors, which would not otherwise have been available to them.

Directors' interests in contracts

The following Directors have declared interests in the identified entities. The declaration serves as notice that the Director may benefit from any transaction between the holding Company or Group and the identified entities.

Marlborough Airport Limited

Matt Kerr (Chairperson)

MDC Holdings Limited	Chair
Denovo Vineyard Trust	Trustee
Kakapo Bay Forests (2004) Ltd	Director/Shareholder
Marlborough Grape Growers Cooperative	Director
Marlborough Hospice Foundation Trust	Trustee
Marlborough Stadium Trust	Chair
Saints Investments Limited	Director
The Kershaw Trust	Trustee

Jamie Arbuckle (Resigned)

Marlborough District Council	Councillor
MDC Holdings Limited	Director
Marlborough Harness Racing Club Inc.	Committee Member
New Zealand Parliament	MP
New Zealand First (Political Party)	Board Member

Alexandra Barton (Resigned)

MDC Holdings Limited	Director
Barton Food Limited	Director/Shareholder
BDO Marlborough Tasman Limited	Director/Shareholder
BDO New Zealand Limited	Director
BDO New Zealand Nominee Limited	Director/Shareholder
Fairhall Fundraising Inc	Member
Malbec Trust	Trustee
Marlborough Lines Limited	Director
Ngāti Apa ki te Rā Tō Trust Board Audit & Risk Subcommittee	Member
Seaview Capital Limited	Director
Village to Village Charitable Trust	Trustee

Tracy Atkin

MDC Holdings Limited	Director
Rangitane Holdings Limited	Director
Rangitane Investments Limited	Director
Crospy Technologies Limited	Director
Village to Village Charitable Trust	Trustee/ Board Chair
The Wine Trellis Limited	Shareholder
The Smart Machine Company Limited	Director/ Board Chair
Angel Investors Marlborough	Trustee

David Croad

Marlborough District Council	Deputy Mayor
MDC Holdings Limited	Director
Marlborough Housing for the Elderly Trust	Trustee
Neil and Dianne Croad Family Trust	Trustee

Nadine Taylor	
Marlborough District Council	Mayor
MDC Holdings Limited	Director
Fairhaven Family Trustee	Trustee
G&N Taylor Fishing Trust	Trustee
Legacy Fishing Limited	Director/Shareholder
Legacy Investments 2010 Limited	Director/Shareholder
Rainey Family Trust	Trustee
Woodgate Family Trust	Trustee
Mark Wheeler	
Marlborough District Council	Chief Executive
MDC Holdings Limited	Director
CAMA Trust	Trustee

Port Marlborough New Zealand Ltd

W McNabb	
Boyce Investments Limited	Director/Shareholder
Energy 3 Limited	Director/Shareholder
Lancewood Forests Limited	Director
Lulworth Wind Farm Limited	Director
Pistol Vineyard Investments Limited	Director
The Bluffs Vineyard Company Limited	Director/Shareholder
Weld Cone Wind Farm Limited	Director
G K Blake	
Marlborough District Council	Chief Financial Officer
C Crampton	
None	
M F Fletcher	
Calmer Cherries Limited	Director/shareholder
Marlborough District Council	Chief Financial Officer
J Moxon	
Fisher Funds Management Limited	Director
Fisher Funds Wealth Limited	Board Member
Fisher Funds Wealth Investment General Partner Limited	Director
Kiwi Wealth Investment Limited	Board Member
Kiwi Wealth Limited	Board Member
St Marks Foundation	Board Member
R W Olliver	
Toi Downs Limited	Director
Ridgeback Trustees Limited	Director
Kenepuru Forests Limited	Director
Lancewood Forest Limited	Director
The Bottling Company Limited	Director
St Andrews Property Group Limited	Director
Good Conscience Limited	Director
The Care Foundation	Trustee
Marlborough Colleges Charitable Foundation	Trustee
Fulton Hogan Limited (and subsidiaries)	Shareholder/Director

Hon H J Roy

Financial Advice New Zealand	Independent Chair
Marlborough Chamber of Commerce	Board Member
New Zealand Remembrance Army Charitable Trust	Chair/Trustee
Security and Reliability Council (Electricity Authority)	Independent Chair
Torque Point Limited	Principal/Director
Utilities Disputes Limited	Independent Chair

Company Directory

Directors

Matt Kerr (Chairperson)
Mark Wheeler
Alex Barton (Resigned)
Nadine Taylor
David Croad
Jamie Arbuckle (Resigned)
Tracy Atkin

Registered Office

Marlborough District Council
15 Seymour Street
Blenheim

Company Number

814159

Auditor

Julian Tan of Audit New Zealand acting on behalf of the Auditor-General

Bankers

Bank of New Zealand
Market Street
Blenheim
Telephone (03) 577 2712

Westpac New Zealand Limited
Cnr Queen and Arthur Streets
Blenheim
Telephone (03) 577 2477

Solicitors

Minter Ellison
125 The Terrace
Wellington
Telephone (04) 498 5000

Shareholders

Marlborough District Council - 100%
6,000,000 shares