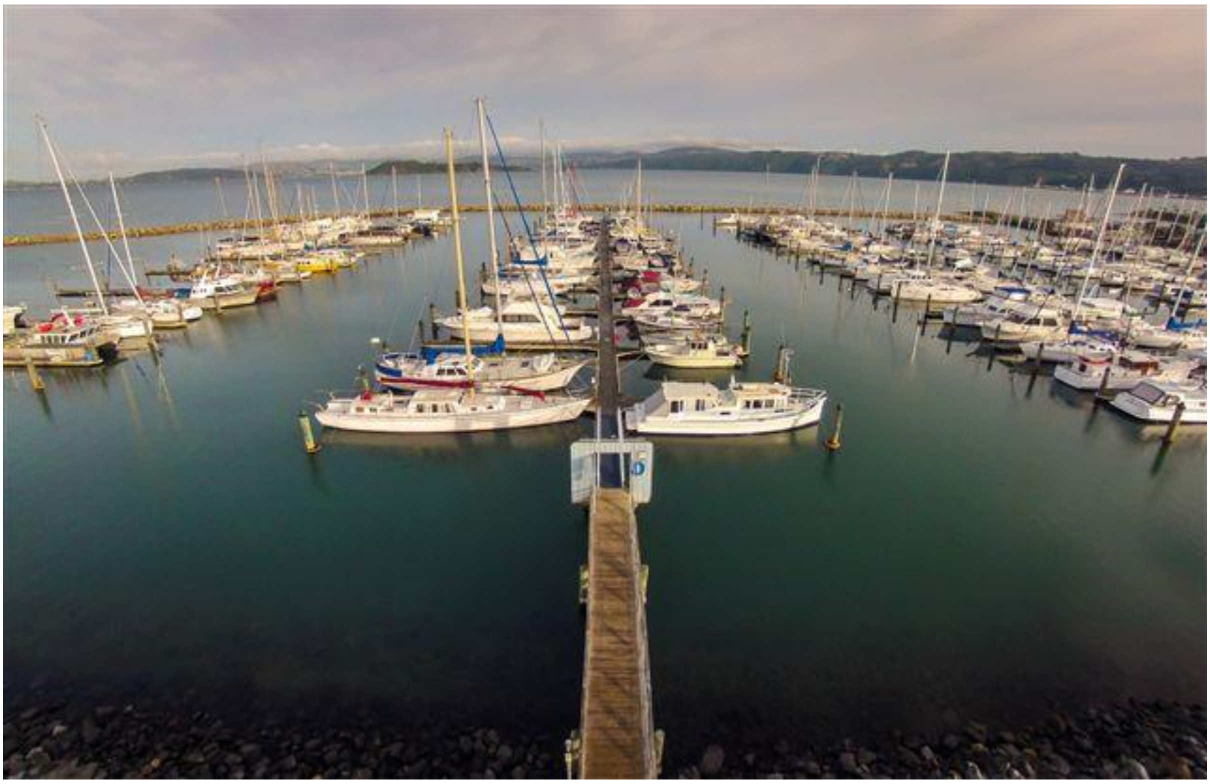
SEAVIEW MARINA LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED

30 JUNE 2012



CHAIRMAN'S REPORT
FOR THE YEAR ENDED 30 JUNE 2012

Over 2011/2012 Seaview Marina Limited has achieved 7.8% growth in business income from the previous year. Economic conditions were flat for the first six months of the year but improved in the second half of the year.

The new Sea Centre has been a success in that all units were leased by the end of 2011. The marina has now developed a successful marine hub of businesses to support the boat storage and hardstand businesses.

Due to Berth demand being lower during 2011 it was decided to hold off any further development of berths. The capacity existing was such that it took until June 2012 to drive the occupancies up to 96%. Overall we achieved 94% average for the year. The same was experienced with trailer park occupancies, but these recovered more quickly than berths and achieved occupancies up to the 98% level early in 2012. This resulted in a decision to approve the expansion of Trailer Park A in the 2012/2013 financial year.

The hardstand income proved to be difficult and was below budget. The slow economic activity resulted in many boat owners holding off maintenance work but during the later quarter of the year activity did show an improvement.

Some key metrics for the financial year:

Measure	**2012 Target**	**2012 Achieved**	**2011 Achieved**
Berth Occupancy	**93%**	**94%**	**92%**
Trailer Park Occupancy	**100%**	**96%**	**95%**
Total Revenue	**$1,809,930**	**$1,795,027**	**$1,665,636**
Net Surplus*	**$232,295**	**$135,622**	**$102,858**
Rate of Return	**5.0%**	**3.24%**	**2.5%**

As a cash flow business Seaview Marina Limited is strong. Over the last twelve months as well as expending around $200,000 on capital development, $300,000 was repaid on Company borrowings.

On the client service front a very heartening result was achieved in the client service survey. Our tenants ranked the marina in the high 90 percentile range for all the services and facilities it provides.

The marina is in excellent shape and it is expected that this will be reflected in a stronger performance in the 2012/13 financial year. With 100% occupancy in the Sea Centre, improved activity on the hardstand coming through and higher occupancy rates for boat storage it is expected the target for return on investment will be achieved for the 2012/13 financial year. .

I would like to thank my fellow directors, Arthur Stewart, Chris Milne and Ross Jamieson for the contributions they have made. I would also like to recognise the leadership and vision of the previous chairman, Bryan Jackson, made over his nine years leading Seaview Marina Limited. Finally to Alan McLellan and his team and our Shareholder, Hutt City Council, thanks go for their support.

Brian Walshe

Chairman

Independent Auditor's Report

**To the readers of
Seaview Marina Limited's
financial statements and statement of service performance
for the year ended 30 June 2012**

The Auditor-General is the auditor of Seaview Marina Limited (the company). The Auditor-General has appointed me, John O'Connell, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of service performance of the company on her behalf.

We have audited:

- the financial statements of the company on pages 5 to 22, that comprise the statement of financial position as at 30 June 2012, the 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 statement of service performance of the company on pages 23 to 26.

Opinion

Financial statements and the statement of service performance

In our opinion:

- the financial statements of the company on pages 5 to 22:
  - comply with generally accepted accounting practice in New Zealand; and
  - give a true and fair view of the company's:
    - financial position as at 30 June 2012; and
    - financial performance and cash flows for the year ended on that date; and
- the statement of service performance of the company on pages 23 to 26:
  - complies with generally accepted accounting practice in New Zealand; and
  - gives a true and fair view of the company's service performance achievements measured against the performance targets adopted for the year ended 30 June 2012.

Other legal requirements

In accordance with the Financial Reporting Act 1993 we report that, in our opinion, proper accounting records have been kept by the company as far as appears from an examination of those records.

Our audit was completed on 28 September 2012. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities, and explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and statement of service performance are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the company's preparation of the financial statements and statement of service performance that give a true and fair view of the matters to which they relate. We consider internal control 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 company's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the adequacy of all disclosures in the financial statements and statement of service performance; and
- the overall presentation of the financial statements and statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance. In accordance with the Financial Reporting Act 1993, we report that we have obtained all the information and explanations we have required. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board of Directors

The Board of Directors is responsible for preparing financial statements and a statement of service performance that:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the company's financial position, financial performance and cash flows; and
- give a true and fair view of its service performance.

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

The Board of Directors' responsibilities arise from the Local Government Act 2002 and the Financial Reporting Act 1993.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 69 of the Local Government Act 2002.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

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

John O'Connell

John O'Connell
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Matters relating to the electronic presentation of the audited financial statements and statement of service performance

This audit report relates to the financial statements and statement of service performance of Seaview Marina Limited for the year ended 30 June 2012 included on the Seaview Marina Limited's website. The Seaview Marina Limited's board is responsible for the maintenance and integrity of the Seaview Marina Limited's website. We have not been engaged to report on the integrity of the Seaview Marina Limited's website. We accept no responsibility for any changes that may have occurred to the financial statements and statement of service performance since they were initially presented on the website.

The audit report refers only to the financial statements and statement of service performance named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements and statement of service performance. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and statement of service performance and the related audit report dated 28 September 2012 to confirm the information included in the audited financial statements and statement of service performance presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

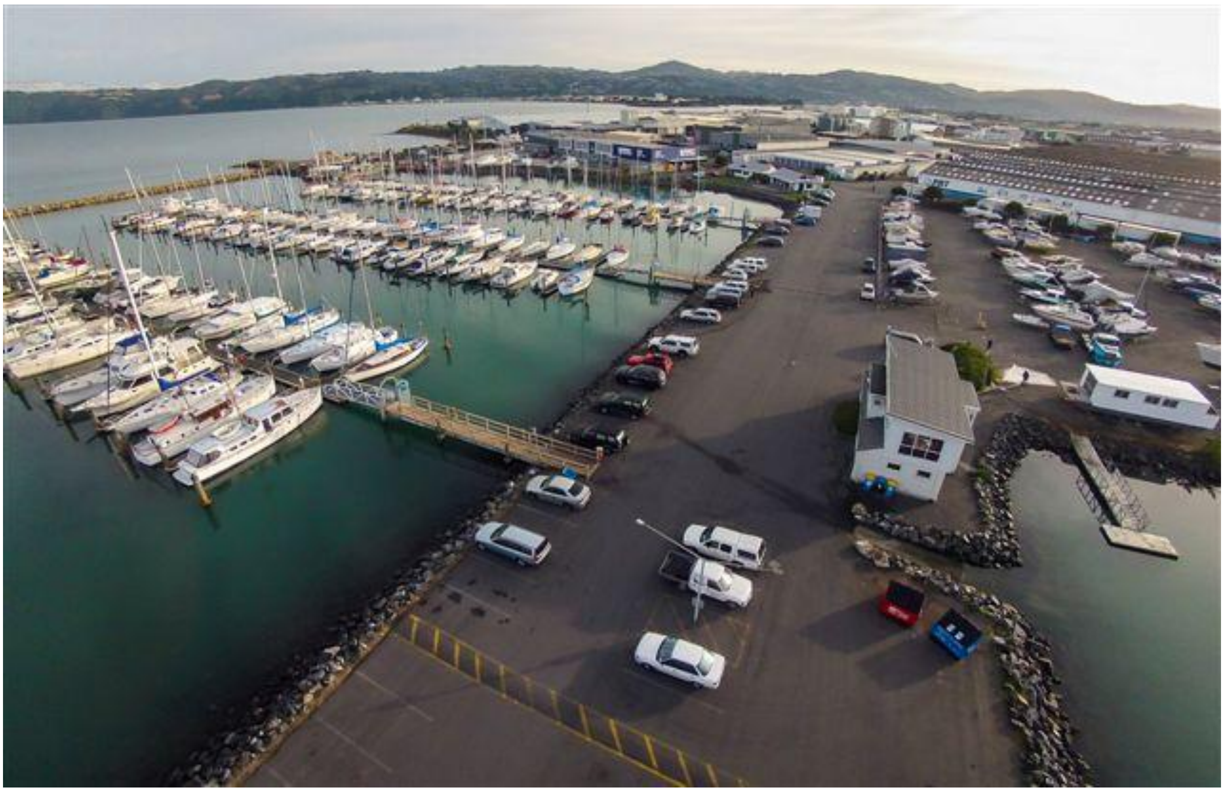
STATEMENT OF COMPLIANCE

Statement of Compliance and Responsibility

The Board and management of Seaview Marina Limited confirm that all statutory requirements in relation to the annual report, as outlined in the Local Government Act 2002, have been complied with.

Brian Walshe
Chairman
28 September 2012

Arthur Stewart
Director



STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2012

		Actual 2012	Budget 2012	Actual 2011
INCOME				
Rentals	*2*	1,534,838	1,608,480	1,458,288
Finance revenue	*3*	-	-	-
Other user charges		49,821	50,450	48,342
Diesel sales		196,926	146,000	145,740
Other revenue		13,442	5,000	13,266
Total revenue		**1,795,027**	**1,809,930**	**1,665,636**
EXPENDITURE				
Employee costs	*4*	290,294	276,852	273,962
Operating costs	*5*	669,937	606,900	634,730
Finance costs	*3*	164,288	228,000	181,143
Cost of diesel sales		182,113	126,000	133,833
Depreciation and amortisation	*10 & 11*	352,773	339,883	339,110
Total expenditure		**1,659,405**	**1,577,635**	**1,562,778**
Surplus before tax		**135,622**	**232,295**	**102,858**
Income tax expense	*6*	-	-	-
SURPLUS AFTER TAX		**135,622**	**232,295**	**102,858**
OTHER COMPREHENSIVE INCOME		-	-	-
TOTAL COMPREHENSIVE INCOME		**135,622**	**232,295**	**102,858**

Explanation of the Marina's surplus after tax

The Marina made a surplus after tax of $135,622 compared with a budgeted surplus after tax of $232,295. The operating result was $96,673 less than budget. Explanations of major variances against budget are detailed in note 27.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2012

	Actual 2012	Budget 2012	Actual 2011
Balance at 1 July	4,186,110	4,186,110	4,083,252
Total comprehensive income previously reported	135,622	232,295	102,858
Effect on accumulated funds of restatement	-	-	-
Total comprehensive income as restated	135,622	232,295	102,858
Balance at 30 June	**4,321,732**	**4,418,405**	**4,186,110**

The accompanying notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

	Note	Actual 2012	Actual 2011
EQUITY			
Accumulated funds	*16*	(16,960,171)	(17,095,793)
Share capital		21,281,903	21,281,903
TOTAL EQUITY		**4,321,732**	**4,186,110**
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	*7*	10,233	1,688
Debtors and other receivables	*8*	98,180	635,722
Inventories	*9*	1,986	3,971
Prepayments		3,730	6,076
Total current assets		**114,129**	**647,457**
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	7,606,976	7,737,863
Intangible assets	*11*	8,089	4,107
Assets under construction		34,765	13,017
Total non-current assets		**7,649,830**	**7,754,987**
TOTAL ASSETS		**7,763,959**	**8,402,444**
CURRENT LIABILITIES			
Borrowings	*13*	3,200,000	-
Creditors and other payables	*12*	142,827	618,426
Employee entitlements	*14*	23,521	23,816
Other liabilities	*15*	75,879	74,092
Total current liabilities		**3,442,227**	**716,334**
NON-CURRENT LIABILITIES			
Borrowings	*13*	-	3,500,000
Total non-current liabilities		**-**	**3,500,000**
TOTAL LIABILITIES		**3,442,227**	**4,216,334**
NET ASSETS	*16*	**4,321,732**	**4,186,110**

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2012

	Note	Actual 2012	Actual 2011
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from rentals		1,573,712	1,445,873
Receipts from user charges and other income		260,189	207,348
Interest received		-	-
		1,833,901	**1,653,221**
Cash was applied to:			
Payments to employees		(290,589)	(273,498)
Payments to suppliers		(824,650)	(824,580)
Interest paid		(164,288)	(181,143)
		(1,279,527)	**(1,279,221)**
Net cash flows from operating activities	*17*	**554,374**	**374,000**
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Sale of assets held for sale		-	40,000
		-	**40,000**
Cash was applied to:			
Purchase of property, plant and equipment		(206,685)	(1,158,521)
Purchase of intangible assets		(6,166)	-
Purchase assets under construction		(34,765)	(13,017)
		(247,616)	**(1,171,538)**
Net cash flows from investing activities		**(247,616)**	**(1,131,538)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from:			
Proceeds from borrowings - Hutt City Council		1,787	723,318
		1,787	**723,318**
Cash was applied to:			
Repayment of borrowings - Hutt City Council		(300,000)	-
		(300,000)	**-**
Net cash flows from financing activities		**(298,213)**	**723,318**
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		8,545	(34,220)
Cash, cash equivalents and bank overdrafts at the beginning of the year		1,688	35,908
CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT THE END OF THE YEAR		**10,233**	**1,688**
Cash balance at end of the year comprises:			
Cash and on call deposits		10,233	1,688
CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT THE END OF THE YEAR		**10,233**	**1,688**

The accompanying notes form an integral part of these financial statements.

1. STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

Seaview Marina Limited (Marina) is a council controlled organisation 100 percent owned by the Hutt City Council.

The primary objective of the Marina is the operation of a marina which benefits the community of Hutt City. The Marina is designated a public benefit entity for the purposes of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements of the Marina are for the year ended 30 June 2012. The financial statements were authorised for issue by the Board of Directors on the 28 September 2012.

BASIS OF PREPARATION

Statement of compliance
These financial statements have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZIFRS, and other applicable financial reporting standards, as appropriate for public benefit entities that apply for differential reporting concessions.

Measurement base
The financial statements have been prepared on a historical cost basis.

Functional and presentation currency
The financial statements are presented in New Zealand dollars and all values have been rounded to the nearest dollar. The functional currency of Marina is New Zealand dollars.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the Statement of Financial Performance.

The Company qualifies for differential reporting exemptions as they are not publicly accountable and there is no separation between the owners and the governing body. The Company has taken advantage of all available differential reporting exemptions except for:

- the exemption under NZIAS 7 Cash flow Statements for preparing a cashflow statement; and
- certain disclosure exemptions.

Changes in accounting polices
The accounting policies set out below have been applied consistently to all periods presented in these financial statements. There have been no changes in accounting policies during the financial year.

The Marina have adopted the following revisions to accounting standards during the financial year, which have had only a presentational or disclosure effect:

- Amendments to NZ IAS 1 Presentation of Financial Statements. The amendments introduce a requirement to present, either in the statement of changes in equity or the notes, for each component of equity, an analysis of other comprehensive income by item. The Marina has decided to present this analysis in note 16.
- FRS-44 New Zealand Additional Disclosures and Amendments to NZ IFRS to harmonise with IFRS and Australian Accounting Standards (Harmonisation Amendments) – The purpose of the new standard and amendments is to harmonise Australian and New Zealand accounting standards with source IFRS and to eliminate many of the differences between the accounting standards in each jurisdiction. The main effect of the amendments on the Marina is that certain information about property valuations is no longer required to be disclosed. Note 10 has been updated for these changes.
- Amendments to NZ IFRS 7 Financial Instruments: Disclosures – The amendment reduces the disclosure requirements relating to credit risk. Note 19 has been updated for the amendments.

Standards, amendments, and interpretations issued that are not yet effective and have not been early adopted
Standards, amendments and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the Marina, are:

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

- NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost of fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus/deficit. The new standard is required to be adopted for the year ended 30 June 2016. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

The Minister of Commerce has approved a new Accounting Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Marina is classified as a Tier 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards (PAS). These standards are being developed by the XRB based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means the Marina expects to transition to the new standards in preparing its 30 June 2015 financial statements. As the PAS are still under development, the Marina is unable to assess the implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standards Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

SIGNIFICANT ACCOUNTING POLICES

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

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

Sales of goods are recognised when a product is sold to the customer. The recorded revenue is the gross amount of the sale, including credit card fees payable for the transaction. Such fees are included in other expenses.

Interest income is recognised using the effective interest method.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Trade debtors and other receivables
Trade debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Inventory

Inventory is recorded at cost on a first in – first out basis and at the lower of cost or lower of cost or net realisable value.

Property, plant and equipment
Additions: Expenditure of a capital nature of $500 or more has been capitalised. Expenditure of less than $500 has been charged to operating expenditure. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Marina and the cost of the item can be measured reliably.

Disposals: Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are recognised in the Statement of Comprehensive Income.

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Subsequent costs: Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Marina and the cost of the item can be measured reliably.

All assets are valued at historical cost, adjusted for accumulated depreciation. Depreciation is provided on a straight-line basis on all property, plant and equipment at rates that will write off the cost of the assets to their estimated residual values over their useful lives. The straight-line depreciation rates are as follows:

Estimated economic lives	Years	Rate
Buildings	5 - 33	3% - 20%
Service Centre	2 - 77	1.3% - 50%
Site improvements	3 - 60	1.7% - 33.3%
Piers and marina berths	4 - 30	3.3% - 25%
Plant and equipment	1.5 - 66	1.5% - 67%
Vehicles	5	20%

The residual value and useful life of an asset is reviewed and adjusted if applicable at each financial year end.

Intangible assets

Software acquisition and development: Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use by the Marina, are recognised as an intangible asset.

Amortisation: The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the Statement of Comprehensive Income.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Estimated economic lives	Years	Rate
Computer software	2.5 - 33	3% - 40%

Impairment of non-financial assets

Assets with a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the Statement of Comprehensive Income.

Goods and services Tax

All items in the financial statements are stated exclusive of GST. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

Commitments and contingencies are disclosed exclusive of GST.

Employee entitlements

Short-term entitlements: Employee benefits that the Marina expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

The Marina recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that the Marina anticipates it will be used by staff to cover those future absences. The Marina recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Provisions

The Marina recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

Borrowings

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Income tax

Income tax for the period is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Leases

Operating leases: An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Finance leases: The Company has not entered into any material finance leases.

Financial instruments

The Company is party to financial instrument arrangements as part of its normal operation. Revenue and expenses in relation to all financial instruments are recognised in the Statement of Comprehensive Income.

All financial instruments are recognised in the Statement of Financial Position on the basis of the Company's accounting policies. All financial instruments disclosed on the Statement of Financial Position are recorded at fair value other than those specifically identified in the Notes to the financial statements.

Budget figures

The budget figures are those approved by the Board at the beginning of the year. The budget figures have been prepared in accordance with NZ IFRS, using accounting policies that are consistent with those adopted by the Board for the preparation of the financial statements.

Critical accounting estimates and assumptions

In preparing these financial statements the Marina has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the reporting period in which the revision is made and in any future periods that will be affected by those provisions. Assumptions have been made for the useful lives of property, plant and equipment and intangible assets as noted above and in note 10 and 11.There have been no critical judgements made.

NOTES TO THE FINANCIAL STATEMENTS

2. RENTAL INCOME	2012	2011
Berth and trailer park rentals	1,095,371	1,051,537
Boat lifts and hard stand rentals	162,689	172,537
SeaCentre rentals	255,324	213,810
Other rentals	21,454	20,404
Total rental income	**1,534,838**	**1,458,288**

3. FINANCE REVENUE AND FINANCE COSTS

Finance revenue	2012	2011
Interest revenue		
- related party deposits	-	-
Total finance revenue	-	-
Finance costs		
Interest expense		
- call and term loans	30	5,394
- related party loans	164,258	175,749
Total finance cost	**164,288**	**181,143**
Net finance revenue/(costs)	**(164,288)**	**(181,143)**

4. EMPLOYEE COSTS	2012	2011
Salaries and w ages	262,471	243,900
Employer contributions to defined contribution plans	11,414	4,139
Training	256	4,506
Other employee costs	16,448	20,953
Increase/(decrease) in employee entitlements/liabilities	(295)	464
Total employee costs	**290,294**	**273,962**

Employer contributions to defined contribution plans are the contributions to Kiw iSaver.

5. OPERATING COSTS	2012	2011
Auditors' fees for the audit of the financial statements	11,000	11,000
Impairment of receivables	1,034	(17)
Bad Debts Written Off	11,782	4,501
Directors' fees	57,813	47,396
Donations	87	200
Electricity	21,584	14,226
Equipment purchases	14,806	5,823
Insurance expenses	73,421	50,076
Maintenance	48,231	30,212
Legal services	13,343	31,290
Other specialist services	35,246	63,784
Printing and stationery	7,224	12,751
Professional services charges - Hutt City Council	20,000	4,000
Promotion expenses	33,432	21,556
Operational contracts	163,005	172,266
Vehicle costs	8,428	14,889
Rates and w ater charges - Hutt City Council	100,434	80,690
Loss on disposal of assets	-	13,910
Impairment of assets held for sale	-	-
Other expenses	49,067	56,177
TOTAL EXPENDITURE	**669,937**	**634,730**

6. TAXATION	2012	2011
Net surplus/(deficit) before tax	135,622	102,858
Tax at 28% (2011: 30%)	37,974	30,857
Non-deductable expenditure	-	(8,884)
Prior year adjustment	6,384	7,500
Tax losses not recognised	(44,358)	(29,473)
Tax expense	-	-
Current tax	-	-

Tax losses of $12,419,811 (2011: $12,625,056) are available to carry forward and offset against future taxable income. There are no imputation credits available for use.

7. CASH AND CASH EQUIVALENTS	2012	2011
Cash at bank and on hand	10,233	1,688
Term deposits with maturities less than three months	-	-
CASH AND CASH EQUIVALENTS	**10,233**	**1,688**

The carrying value of cash at bank and term deposits with maturities less than three months approximate their fair value.

Cash, cash equivalent and bank overdrafts include the following for the purposes of the statement of cash flows.

	2012	2011
Cash at bank and on hand	10,233	1,688
Term deposits with maturities less than three months	-	-
Bank overdrafts	-	-
Total	**10,233**	**1,688**

8. DEBTORS AND OTHER RECEIVABLES	2012	2011
Rental receivable	103,675	640,183
Other receivables:		
- Other receivables	-	-
Gross debtors and other receivables	103,675	640,183
Less provision for impairment	(5,495)	(4,461)
TOTAL DEBTORS AND OTHER RECEIVABLES	**98,180**	**635,722**

Fair value

Debtors and other receivables are non-interest bearing and receipts is normally on 30-day terms, therefore the carrying value of debtors and other receivables approximates their fair value.

Impairment

The carrying amount of receivables that would otherwise be past due or impaired, whose terms have been renegotiated is $nil (2011: $nil)

The status of receivables as at 30 June are detailed below:

	2012			2011		
	Gross	Impairment	Net	Gross	Impairment	Net
Not past due	37,532	-	37,532	555,162	-	555,162
Past due 1-30 days	17,042		17,042	24,761	(1,940)	22,821
Past due 31-60 days	7,073	-	7,073	5,484	-	5,484
Past due >60 days	42,027	(5,495)	36,532	54,776	(2,521)	52,255
Total	**103,675**	**(5,495)**	**98,180**	**640,183**	**(4,461)**	**635,722**

8. DEBTORS AND OTHER RECEIVABLES (CONTINUED)

The impairment provision has been calculated based on expected losses for the Marina's pool of debtors. Expected losses have been determined based on an analysis of the Marina's losses in previous periods, and review of specific debtors as detailed below:

	2012	2011
Individual impairment	5,495	4,461
Collective impairment	-	-
Total provision for impairment	**5,495**	**4,461**

Movements in the provisions for impairment of receivables are as follows:

	2012	2011
At 1 July	(4,461)	(4,478)
Additional provisions made during the year	(17,277)	(8,962)
Provisions reversed during the year	4,461	4,478
Receivables written-off during the period	11,782	4,501
At 30 June	**(5,495)**	**(4,461)**

At 30 June 2012 the Marina held no boats as collatoral. At 30 June 2011 the Marina held one boat as collatoral with a reserve value $2,500, this boat was subsequently sold for $3,000 less costs to recover outstanding debts. No other collateral as security or other credit enhancements over receivables that are either past due or impaired.

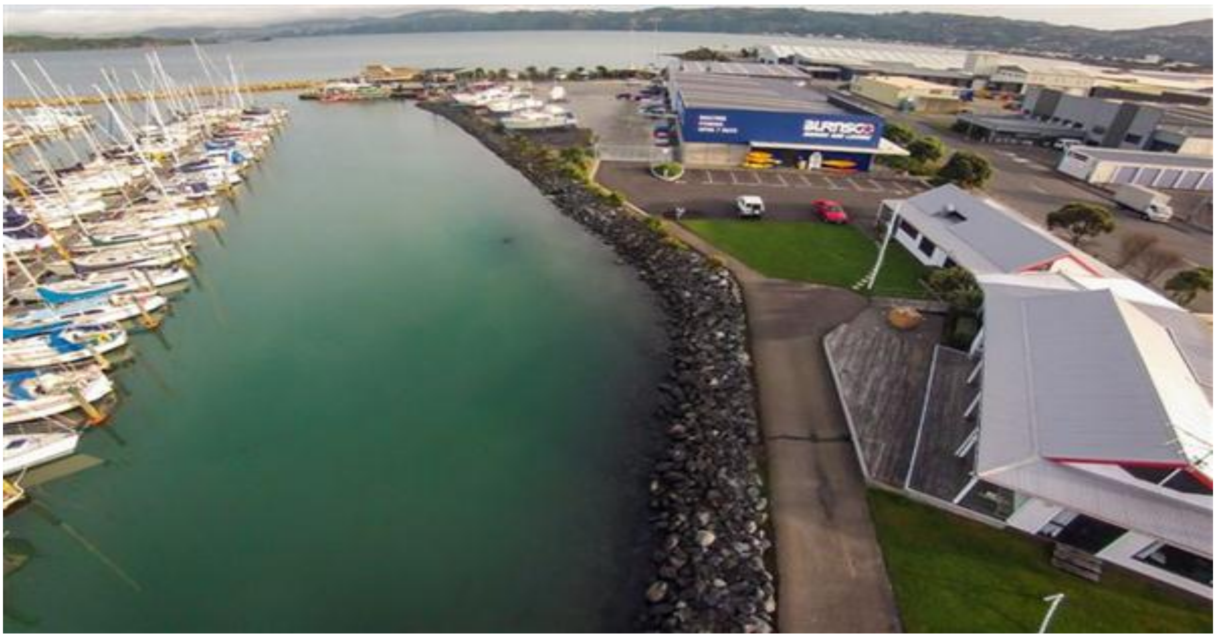
9. INVENTORIES

Commercial inventories held for sale:	2012	2011
Diesel	1,986	3,971
Other items	-	-
	1,986	**3,971**

No inventories are pledged as security for liabilities (2011: $nil).

Commercial inventories

Are valued at cost, as there are no impairments of the inventories.



10. PROPERTY, PLANT AND EQUIPMENT

Movements for each class of property, plant and equipment are as follows:

	Opening			Movements during the year							Closing		
2012	**Cost/ valuation**	**Accumulated depreciation and impairment charges**	**Carrying amount**	**Additions**	**Disposals**	**Category Adjustments to cost**	**Impairment charges**	**Depreciation**	**Depreciation on disposals**	**Category Adjustments to Depreciation**	**Cost/ valuation**	**Accumulated depreciation and impairment charges**	**Carrying amount**
Operational assets													
Land	447,158	-	447,158		-	-	-	-	-	-	447,158	-	447,158
Site improvements	563,248	(97,129)	466,119	84,303	-	-	-	(28,420)	-	-	647,551	(125,549)	522,002
Buildings	337,462	(56,449)	281,013	3,229	-	-	-	(10,848)	-	-	340,691	(67,297)	273,394
Service Centre	3,622,577	(89,433)	3,533,144	56,680	-	-	-	(100,189)	-	-	3,679,257	(189,622)	3,489,635
Plant and equipment	1,282,003	(439,374)	842,629	18,618	(1,178)	-	-	(82,506)	1,178	1,345	1,299,443	(519,357)	780,086
Vehicle	13,958	(2,901)	11,057	52,165	-	-	-	(13,082)	-	269	66,123	(15,714)	50,409
Piers and Berths	2,850,498	(693,755)	2,156,743	4,707	-	-	-	(115,544)	-	(1,614)	2,855,205	(810,913)	2,044,292
Total operational assets	**9,116,904**	**(1,379,041)**	**7,737,863**	**219,702**	**(1,178)**	**-**	**-**	**(350,589)**	**1,178**	**-**	**9,335,428**	**(1,728,452)**	**7,606,976**
2011													
Operational assets													
Land	447,158	-	447,158	-	-	-	-	-	-	-	447,158	-	447,158
Site improvements	-	-	0	283,572	-	279,676	-	(27,050)	-	(70,079)	563,248	(97,129)	466,119
Buildings	333,343	(45,833)	287,510	4,119	-	-	-	(10,616)	-	-	337,462	(56,449)	281,013
Service Centre	-	-	0	3,622,577	-	-	-	(89,433)	-	-	3,622,577	(89,433)	3,533,144
Plant and equipment	1,553,767	(457,201)	1,096,566	43,777	(19,076)	(296,465)	-	(89,105)	9,790	97,142	1,282,003	(439,374)	842,629
Vehicle	-	-	0	13,958	(10,022)	10,022	-	(3,635)	8,587	(7,853)	13,958	(2,901)	11,057
Piers and Berths	2,822,635	(558,427)	2,264,208	25,859	(4,763)	6,767	-	(117,692)	1,574	(19,210)	2,850,498	(693,755)	2,156,743
Total operational assets	**5,156,903**	**(1,061,461)**	**4,095,442**	**3,993,862**	**(33,861)**	**-**	**-**	**(337,531)**	**19,951**	**-**	**9,116,904**	**(1,379,041)**	**7,737,863**

VALUATION

Assets held by Seaview Marina are recorded at deemed cost or actual cost and are not revalued.

11. INTANGIBLE ASSETS

	Opening			Movements during the year					Closing		
2012	**Cost/ valuation**	**Accumulated depreciation and impairment charges**	**Carrying amount**	**Additions**	**Disposals**	**Impairment charges**	**Depreciation**	**Depreciation on disposals**	**Cost/ valuation**	**Accumulated depreciation and impairment charges**	**Carrying amount**
Intangibles											
Software	47,722	(43,615)	4,107	6,166	-	-	(2,184)	-	53,888	(45,799)	8,089
2011											
Intangibles											
Software	47,722	(42,037)	5,685	-	-	-	(1,578)	-	47,722	(43,615)	4,107

12. TRADE AND OTHER PAYABLES	2012	2011
Deposits and bonds	1,770	1,770
Accrued expenses	43,560	20,491
Rentals in advance	97,497	596,165
	142,827	**618,426**

Creditors and other payables are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value of creditors and other payables approximate their fair value.

13. BORROWINGS	2012	2011
CURRENT PORTION		
Loans from related parties	3,200,000	-
Total current portion	**3,200,000**	**-**
NON-CURRENT PORTION		
Loans from related parties	-	3,500,000
Total non-current portion	**-**	**3,500,000**
TOTAL BORROWING	**3,200,000**	**3,500,000**

Borrow ings from Hutt City Council are issued at the 3 month BKBM FRA Rate plus a margin of 200 basis points. The maximum amount to be advanced at any time during the term of loan shall not exceed $3,500,000.

Seaview Marina hasas at 30 June 2012 a $300,000 (2011: $300,000) revolving overdraft facility agreement, no security is held for this facility. At balance date the amount draw n from this facility w as $nil (2011: $nil).

14. EMPLOYEE ENTITLEMENTS	2012	2011
CURRENT PORTION		
Annual leave	23,521	23,816
Total employee entitlements - current portion	23,521	23,816
TOTAL EMPLOYEE ENTITLEMENTS	**23,521**	**23,816**

15. OTHER LIABILITIES

CURRENT PORTION	2012	2011
Due to related parties (refer to note 22)	75,879	74,092
Total other liabilities - current portion	75,879	74,092
TOTAL OTHER LIABILITIES	**75,879**	**74,092**

16. EQUITY

ACCUMULATED FUNDS	2012	2011
Balance at beginning of the year	(17,095,793)	(17,198,651)
Net surplus/(deficit) after tax	135,622	102,858
BALANCE AT END OF THE YEAR	**(16,960,171)**	**(17,095,793)**
TOTAL EQUITY		
Balance at beginning of the year	4,186,110	4,083,252
Movements during the year	135,622	102,858
BALANCE AT END OF THE YEAR	**4,321,732**	**4,186,110**

17. RECONCILIATION OF SURPLUS AFTER TAX WITH CASH FLOWS FROM OPERATING ACTIVITIES

	2012	2011
SURPLUS AFTER TAX	**135,622**	**102,858**
Add/(less) non-cash items:		
Depreciation	352,773	339,110
Bad debts	11,782	4,501
Loss on sale of assets	-	13,910
Add/(less) movements in working capital:		
(Increase)/decrease in accounts receivable and other assets	528,106	(58,384)
Increase/(decrease) in creditors	(475,599)	(28,205)
Increase/(decrease) in provisions and other liabilities	(295)	464
Increase/(decrease) in inventory	1,985	(254)
Add/(less) movements in investing activities:	-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	**554,374**	**374,000**

18. CATEGORIES OF FINANCIAL INSTRUMENTS

FINANCIAL ASSETS	2012	2011
Loans and receivables		
Cash and cash equivalents	10,233	1,688
Debtors and other receivables	98,180	635,722
Other financial assets:		
- loans to related parties	-	-
Total financial assets	**108,413**	**637,410**
FINANCIAL LIABILITIES		
Financial liabilities at amortised cost		
Trade and other payables	142,827	618,426
Total financial liabilities at amortised cost	**142,827**	**618,426**

19. FINANCIAL INSTRUMENTS RISKS

The Marina has a series of policies to manage the risks associated with financial instruments. The Marina is risk averse and seeks to minimise exposures from its treasury activities. The Marina has established Marina approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

MARKET RISK

Price risk

Price risk is the risk the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. The Marina is exposed to equity securities price risk on its investments, which are classified as financial assets held at fair value through equity. This price risk arises due to market movements in listed securities. The price risk is managed by diversification of the Marina's investment portfolio in accordance with the limits set out in the Marina's Investment Policy.

Currency risk

Currency risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate due to changes in foreign exchange rates. As at 30 June 2012 (2011: $nil) the Marina does not have any foreign currency risk.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings and investments issued at fixed rates of interest expose the Marina to fair value interest rate risk.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows of a financial instrument will fluctuate because of changes in market interest rates. Borrowing and investments issued at variable interest rates expose the Marina to cash flow interest rate risk.

19. FINANCIAL INSTRUMENTS (CONTINUED)

CREDIT RISK

Credit risk is the risk that a third party will default on its obligation to the Marina, causing the Marina to incur a loss. Due to the timing of its cash flows and outflows, the Marina at times invests surplus cash into bank and term deposits which gives rise to credit risk.

The Marina investment policy limits the amount of credit exposure to any one financial institution or organisation. The Marina only invest funds with entities that have a Standard and Poor's credit rating of at least A- for short term and A- for long-term investments.

The Marina has no collateral or other credit enhancements for financial instruments the give rise to credit risk.

Financial instruments which potentially subject the Marina to credit risk principally consist of cash and/or cash equivalents, trade and other receivables.

The maximum exposure to credit risk:	**2012**	**2011**
Cash, cash equivalents and term loans	10,233	1,688
Debtors and other receivables	98,180	635,722
Other assets	-	-
Total credit risk	108,413	637,410

The maximum exposures shown above are net of any recognised provisions for losses on these financial instruments.

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates:

COUNTERPARTIES WITH CREDIT RATINGS

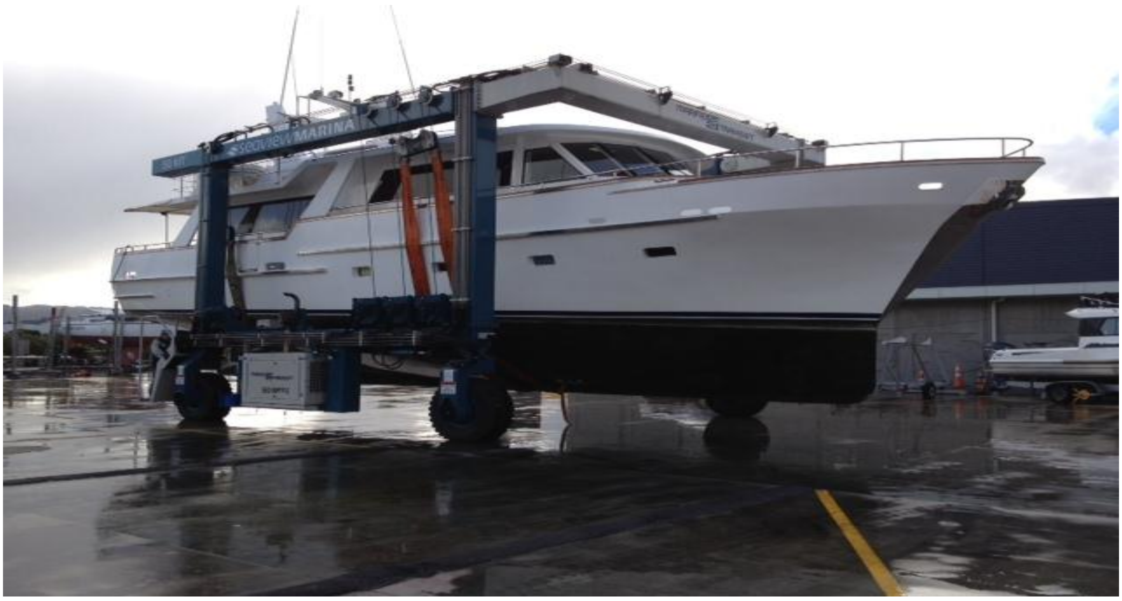
Cash at bank and term loans	**2012**	**2011**
AA	10,233	1,688
Total cash at bank and term loans	**10,233**	**1,688**

Debtors and other receivables mainly arise from the Marina's main rental functions. The Marina has no significant concentrations of credit risk in relation to debtors and other receivables.

LIQUIDITY RISK

Management of liquidity risk

Liquidity risk is the risk that the Marina will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, and the availability of committed funding to meet day to day needs.



19. FINANCIAL INSTRUMENTS (CONTINUED)

Contractual maturity analysis of financial liabilities

The table below analyses the Marinas financial liabilities into the relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. Future interest payments on floating rate debt is based in the floating rate on the instrument at balance date. The amounts disclosed are contractual undiscounted cash flows. Financial guarantees are included in the time band containing the earliest date they can be called upon.

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1-3 years	Between 3-5 years	Greater than 5 years
2012						
Creditors and other payables	142,827	-	142,827	-	-	-
Other liabilities	75,879	-	75,879	-	-	-
Bank overdraft	-	-	-	-	-	-
Secured loans	-	-	-	-	-	-
Loan from HCC	3,200,000	3,200,000	3,200,000	-	-	-
Total	**3,418,706**	**3,200,000**	**3,418,706**	**-**	**-**	**-**
2011						
Creditors and other payables	618,426	-	618,426	-	-	-
Other liabilities	74,092	-	74,092	-	-	-
Bank overdraft	-	-	-	-	-	-
Secured loans	-	-	-	-	-	-
Loan from HCC	3,500,000	3,500,000	-	3,500,000	-	-
Total	**4,192,518**	**3,500,000**	**692,518**	**3,500,000**	-	-

Contractual maturity analysis of financial assets

The table below analyses the Marinas financial assets into the relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date.

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1-3 years	Between 3-5 years	Greater than 5 years
2012						
Cash and cash equivalents	10,233	-	10,233	-	-	-
Debtors and other receivables	98,180	-	98,180	-	-	-
Total	**108,413**	**-**	**108,413**	**-**	**-**	**-**
2011						
Cash and cash equivalents	1,688	-	1,688	-	-	-
Debtors and other receivables	635,722	-	635,722	-	-	-
Total	**637,410**	**-**	**637,410**	**-**	**-**	**-**

Sensitivity analysis

The tables below illustrate the potential profit and loss and equity (excluding retained earnings) impact for reasonably possible market movements, with all other variables held constant, based on the Marina's financial instrument exposure at balance date.

Note	2012				2011			
		-100bps		+100bps		-100bps		+100bps
INTEREST RATE RISK	**Profit**	**Other Equity**	**Profit**	**Other Equity**	**Profit**	**Other Equity**	**Profit**	**Other Equity**
Financial Assets								
Cash and cash equivalents	(102)	-	102	-	(17)	-	17	-
Financial liabilities								
Borrowing:								
- Loan from HCC	(32,000)	-	32,000	-	(35,000)	-	35,000	-
Total sensitivity to interest rate risk	**(32,102)**	-	**32,102**	-	**(35,017)**	-	**35,017**	-

Explanation of sensitivity analysis

A movement in interest rates of plus or minus 1% has an effect of $32,102 (2011: $35,017) on the investment income earned by the cash and cash equivalents during the period.

20. REMUNERATION

	2012				2011			
	Salary	Short term benefits	Post employment benefits	**Total Remuneration**	Salary	Short term benefits	Post employment benefits	**Total Remuneration**
Marina Manager	97,365	11,668	7,789	**116,822**	103,473	8,121	4,139	**115,733**

Key management personnel compensation

Key management personnel consist of the Marina Manager and Board members.

	2012	2011
Salaries	154,219	154,333
Short term benefits	11,668	8,121
Post employment benefits	7,789	4,139
Total Remuneration	**173,676**	**166,593**

Remuneration of Board Members	2012	2011
B Walshe (Chairman from Apr 2012)	5,035	-
B Jackson (Chairman to Apr 2012)	14,385	18,701
A Stewart	12,500	12,500
J Anderson (to Jan 2011)	-	7,672
C Milne (from Jan 2011)	12,467	5,994
R Jamieson (from Jan 2011)	12,467	5,994
Total	**56,854**	**50,860**

Employee Remuneration

Total remuneration paid or payable	2012	2011
$110,000 - $119,999	1	1
Total employees	**1**	**1**

Severance Payments

There were no severance payments made by the Marina during the year (2011: $nil).

21. INTEREST REGISTER

Brian Walshe	Burdans Gate Properties Limited
(from April 2012)	Adelaide Commercial Limited
	Gracefield Investments (Hutt) Limited
	Director, WHK and assoicated companies
	Chairman, Urban Plus Limited
	Director / Shareholder, Scratch Design (NZ) Limited
Bryan Jackson	Board member, New Zealand Transport Agency
(to April 2012)	Director, Preston Corp
	Director, IEF Co NZ Ltd
	Independent Director, Wellington Combined Taxis Limited
	Chairman, Jaclan Investments Limited
	Board Member, Motor Trade Association Guild
	Director, Beveridge Locksmith Services Limited
	Director, ING NZ Pty Limited
	Director, Nees Hardware and Building Supplies Limited
	Chairman, Urban Plus Ltd
Chris Milne	Partner, Acadia Associates
	Director, Business Builders Ltd
	Councillor, Hutt City Council
	Trustee, Nikau Foundation
	Consultant, Zeald Ltd
Arthur Stewart	Director, Arthur Stewart Limited
	Director, Stewart Properties Limited
	Director, Urban Plus Limited
Ross Jamieson	Charter Boat Owner, Sunsail
	Councillor, Hutt City Council
	Principal, Jamieson Partners

22. RELATED PARTIES DISCLOSURES

The Marina had the follow ing material transactions:

Related party transactions w ith parent company and w ith associates.

For the year ended 30 June 2012, the Council charged Seaview Marina Limited accountancy fees $20,000 (2011: $4,000), legal fees $nil (2011: $4,000), building and resource consents $1,243 (2011: $4,705) and rates and w ater $100,434 (2011: $89,433).

Total advances from Hutt City Council to the Marina outstanding at 30 June 2012 amounted to $3,275,879 (2011: $3,576,634). Borrow ings from Hutt City Council are issued at the 3 month BKBM FRA Rate plus a margin of 200 basis points. The maximum amount to be advanced at any time during the term of loan shall not exceed $3,500,000.

Chris Milne is a consultant of Zeald Limited, and during the year the Marina purchased services to the value of $9,527 (2011: $nil). He is also a partner in Arcadia Associates, and during the course of the year services to the value of $690 (2011: $nil) w ere purchased.

Arthur Stew art is a Director in Stew art Properties Limited, services to the value of $5,750 (2011 $nil) w ere purchased during the year.

23. CAPITAL COMMITMENTS AND OPERATING LEASES

CAPITAL COMMITMENTS

The Marina had $nil commitments (2011: $65,400 commitment for a vehicle purchase) for capital expenditure as at 30 June 2012.

OPERATING LEASES AS LESSEE

The Marina leases equipment in the normal course of its business. The majority of these leases have a non-cancellable term of 36 months. The future aggregate minimum lease payments payable under non-cancellable leases are as follow s:

	2012	2011
Not later than one year	1,800	1,800
Later than one year and not later than five years	705	2,510
Later than five years	-	-
TOTAL NON-CANCELLABLE OPERATING LEASES	**2,505**	**4,310**

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is $nil (2011: $nil).

Leases can be renew ed at the Marina's option, w ith rents set by reference to current market rates for items of equivalent age and condition. The Marina does not have the option to purchase the asset at the end of the lease term.

There are no restrictions placed on the Marina by any of the leasing arrangements.

24. CONTINGENT LIABILITIES AND ASSETS

Contingent Assets

As at 30 June 2012 the Marina had no contingent assets (2011: $nil).

Contingent liabilities

As at 30 June 2012 the Marina's only contingent liability is a MasterCard credit facility for $10,000 (2011: $10,000).

25. CAPITAL MANAGEMENT

The Marina's capital is it's equity, w hich comprises share capital and retained surpluses. Equity is represented by net assets.

The statement of intent requires the Board of Directors to manage revenues, expenses, assets , liabilities, investments and general financial dealings prudently. The Marina's equity is largely managed as a by-product of managing revenues, expenses, assets , liabilities and general financial dealings.

The objective of managing the Marina's equity is to ensure it effectively achieves its objectives and purpose w hilst remaining a going concern.

26. CHANGES IN BUSINESS OF COMPANY

During the year ended 30 June 2012 there w ere no changes in the nature of business of the company w hich includes the provision of marina services.

27. MAJOR BUDGET VARIATIONS

Explanations for major variations from Marina's budgeted figures are as follow s:

STATEMENT OF COMPREHENSIVE INCOME

The surplus after tax w as $135,622 (2011: $102,858) for the year ended 30 June 2012. This w as $96,673 (2011: $215,879) below budget.

Operating revenue: low er than budget w ith low er occupancy rates w ith berth, trailer park rentals. Lease revenue higher than budget ($20,000) due a higher level of occupancy than budgeted. Low er volume of diesel sales due to low er activity. Other user charges w as low er than budget due to low er volume of activity.

Operating costs: there has been an increase of approximately $62,000 from budget due to higher promotion costs related to a marketing strategy to increase occupancy, environmental services ($24,000) due to higher volume of activity and other maintenance $26,000 related to underbudgeting; and increase in professional services costs from Hutt City Council ($16,000) to better reflect cost of service and $35,000 on prior year relating to increased insurance costs $23,000 as a result of the global insurance market pricing, increase in rates $20,000 promotion expenses $12,000 maintenance $18,000 offset by a reduction in vehicle costs $6,000, contracts $9,000.

Finance costs: Low er than budget due to the lending rates staying low er for longer than budgeted.

STATEMENT OF FINANCIAL POSITION

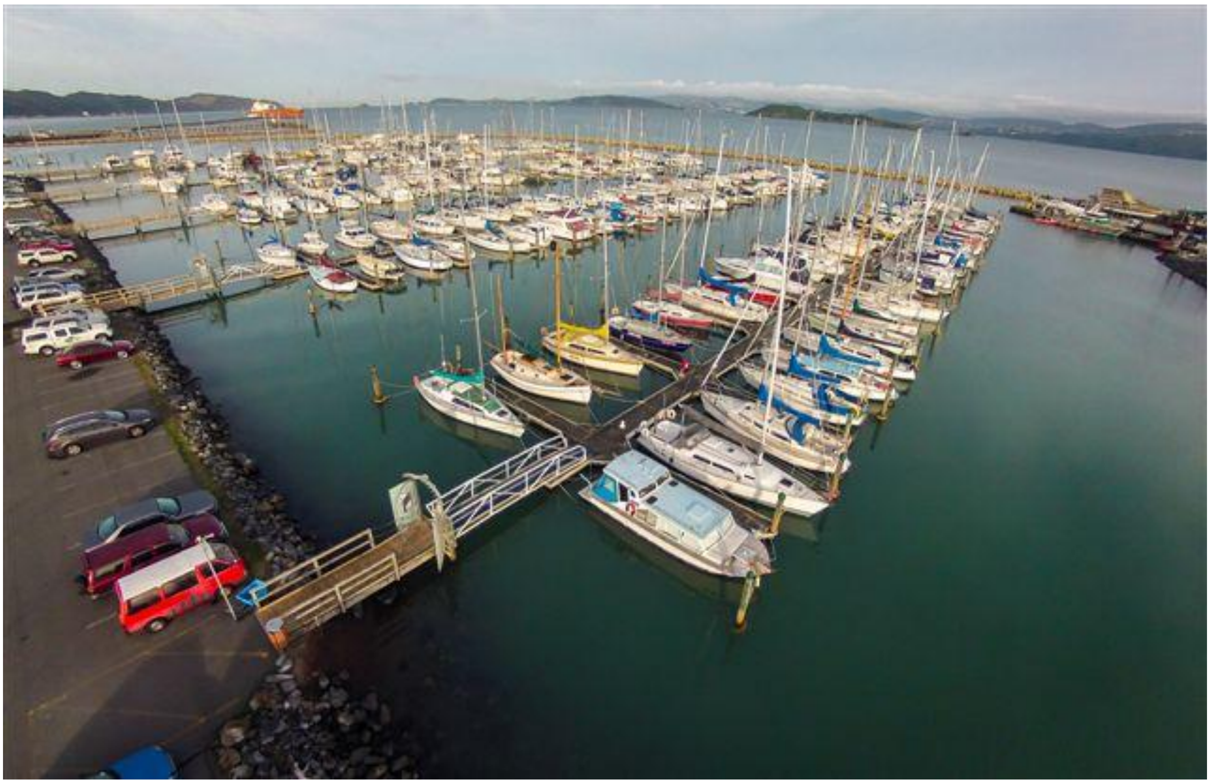
Budgets w ere not prepared for 2012. Borrow ings moves from non-current to current due to the facility being review ed by Hutt City Council in December 2012. Debtors and receivables and Creditors and other payables are higher in the previous year due to the timing of invoicing for 2011/12 berth rental fees in June 2011 in advance. Invoicing for 2012/13 financial year w as delayed until July 2012.

STATEMENT OF CASH FLOWS

The marina commenced repayment of its loan to Hutt City Council this year compared to the prior year w hen it w as borrow ing for the SeaCentre development. The completion of the SeaCentre in 2011 is also reflected in the low er level of asset purchases in 2012 compared to 2011. Cash from operations w as higher than last year due to an increase in rentals from the SeaCentre and low er finance costs.

28. EVENTS AFTER THE BALANCE SHEET DATE

There have been no significant events after balance date. (2011: The Boat held as collateral by the Marina w as sold in July 2011 and proceeds used to substantially clear an outstanding debt).



REPORTING AGAINST TARGETS FOR 2011/12 FINANCIAL YEAR

Sections 4 and 9 of the Statement of Intent cover the criteria for the targets set by the Board for the 2011/2012 financial year. There is some repetition and these are combined in measuring the performance of Seaview Marina Limited during the year.

1. Provision of services

The flat market for berths and trailer parks experienced during the 2010/2011 financial year continued into the first six months of 2011/2012. However, the second half of the year saw a significant improvement to occupancy rates. The income achieved did not achieve budget but by year-end monthly targets were being achieved.

The hardstand revenue was also lower than budgeted for the year. The main reason for this is was the fact that the hardstand operation took about six months to start moving again after the construction of the Sea Centre was completed. Boat owners were holding off on doing routine maintenance work. Also the first six months of the 2011 financial year saw a significant drop in the economic outlook. This led to fewer lifts by the Travel Lift and less vessels using the hardstand. As with the boat storage business towards the end of the financial year activity on the hardstand was showing encouraging improvement.

During the year the Sea Centre achieved 100% occupancy. All tenants are experiencing excellent business activity and the facility is attracting business to the hardstand and mooring business.

Key Performance Indicator	2012 Target	2012 Achieved	2011 Achieved
Berth Occupancy	93%	94%	92%
Trailer Park Occupancy	100%	96%	95%
Hardstand cradle days	5,500	9,272	6,806
Boat Haul out	Improvement on 2011	537 lifts for the year.	595 lifts for the year
Total Revenue	$1,809,930	$1,795,027	$1,665,636
Net Surplus*	$232,295	$135,622	$102,558
Return on Investment**	5.0%	3.24%	2.5%
Manage and operate Marina within its 2011/12 budget	$1,577,635	$1,659,405	$1,562,778

* Net surplus is after interest expense and depreciation.

**While the result was not on target it was a substantial improvement from the 2010/2011 financial year. The impact of the flat market, especially during the first six months, resulted in lower incomes being generated. Higher operating costs exceed budget due to higher insurance and maintenance costs and approved promotion spending above budget.

2. Maintenance

The maintenance schedules set up last year have been achieved over the last twelve months. Pier maintenance has taken priority with replacement of through bolts in Piers E, D and C being replaced. This project will be the main focus over the next four years.

Key Performance Indicator	2012 Target	2012 Achieved
Deliver budgeted operating and maintenance activities as detailed in the 2011/12 operational plan.	100%	Maintenance expenditure exceeded budget.
Develop and complete asset management plans annually as detailed in the operational plan for 2011/12.	Complete	The asset management plans were not completed by 30 June 2012. Intended completion by December 2012.

3. Monitoring

3.1 Water quality – Achieved

The monitoring done by ESL showed that the level of contaminants in the wash down water was within the limits imposed by the Trade Waste Consent.

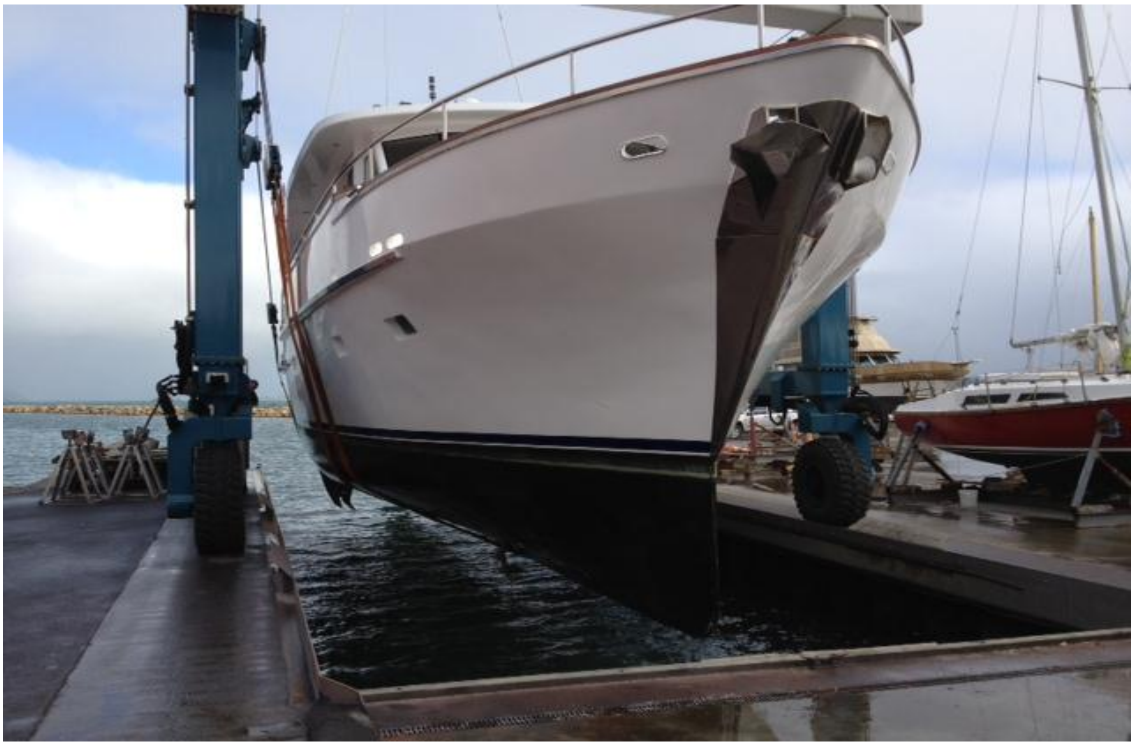
3.2 Client Survey – Achieved

A very successful client service survey was carried out during the year. All the marina licensees were sent an electronic survey covering the full extent of Seaview Marina's operation. Exceptionally positive results were achieved. All service activities provided were ranked in the mid ninety percentiles.

Key Performance Indicator	2012 Target	2012 Achieved
Customer Satisfaction, including all licensees, casual users of the marina and general public.	85% satisfied	94% of licensees and marina users satisfied. General public was not surveyed.

4. Management

The small staff, of three full time and one part time workers, are totally focused on providing first class service and products to our clients. The management style is one of inclusiveness. The Board has provided exceptional strategic direction to Seaview Marina. Their vision is driving the success of Seaview Marina for the future.



5. Development

The strategic plan developed in February 2011 has been the focus for planning developments in 2011/2012. Additional trailer boat parking has been approved as well as the first section of the marina walkway. Both of these projects are to begin in July 2012.

During this financial year the planning and resource consent approvals were completed. The only remaining activity is the choice of the right proprietor for the café. The aim is to have the café operational by 1 January 2013.

Key Performance Indicator	2012 Target	2012 Achieved
Deliver F Pier 10m Berths and G Pier 12m berths over the 2011/12 financial year, within agreed timeframes and budget.	30 June 2012	F Pier and G Pier were completed in 2010 within budget. Further development is programmed in 2013 and 2014.
Develop a 5 year capital development plan to support the recreational use of the marina by the general public.	Approved 5 year capital budget by 31 December 2011	Future capital developments (for three years) have been programmed and the funding requirements estimated in the three year budget projections developed for the Board.
Develop a business case for possible widening of the marina dockway and dredging out the marina seabed to facilitate larger vessels. Include in the five year plan and determine priority.	Approved by the Board by 31 December 2011	A business case for the widening of the marina dockway and dredging out the marina has not been approved by the Board by 31 December 2011. The business case is still being developed.

6. Public Access

As detailed above the planning and approval for the first part of the internal walkway linking the Eastern Bay Walkway with the Hutt River Walkway was completed in this financial year. Seating and rubbish bins have been purchased to complement this walkway and some have already been installed.

The café, which is expected to be finished in the middle of 2012/2013 has taken the year to design, plan and receive the approvals required to build. This will provide the general public and our clients with a first class facility.

Key Performance Indicator	2012 Target	2012 Achieved
Work with the Council to develop a strategy that will encourage the public to use the current beach and monitor the usage back to the Council.	Acceptance of Plan By Hutt City Council	A focus has been on the walkway development through the marina, connecting to the beach and council walkway. Acceptance of this development occurred through the review of the Marina's Statement of Intent for 2013. The Board approval has been obtained after 31 December 2011 as part of the Statement of Intent development.

7. Manage marina services within existing staffing structure

Over the last twelve months three full timers and one part timer have staffed the marina. On occasions casual support has been necessary to keep on top of the maintenance program, in particular the work done on the marina berths. However, pressure is increasing on the administration staff. Approval has been given for the addition of a part time administrative assistant. Part Time support was not needed prior to 30 June 2012.

Key Performance Indicator	2012 Target	2012 Achieved
Review staffing structure and recommend changes in line with the Taylor report. Implement the payments module of MMS which will require a part time support person by the 31 December 2011.	31 December 2011	Staffing structure was reviewed in July 2011. Payments module not required after discussions with Hutt City Council officers.

8. Comply with financial, technical and regulatory standards

Key Performance Indicator	2012 Target	2012 Achieved	2011 Achieved
Full compliance with financial, technical and regulatory standards.	100%	100%	100%

All technical and regulatory standards were complied with and at the end of the year there were no outstanding issues. All activities are carried out within the required consents and regulations. Professional advice is always sourced when significant decisions are made.