

**QUAYSIDE HOLDINGS LIMITED
AND SUBSIDIARY COMPANIES**

HALF YEAR REPORT

For

31 DECEMBER 2016

QUAYSIDE HOLDINGS LIMITED AND SUBSIDIARY COMPANIES FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

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DIRECTORS' REPORT TO SHAREHOLDERS

Unaudited Results for the Six Months to 31 December 2016

Group Net Profit after Tax (NPAT) for the six months was \$45.3m (2015: \$42.2m), an increase of 4.3%.

Port Segment Performance

New Zealand's largest freight gateway, the Port of Tauranga, produced a net profit of \$41.9m for the six months to 31 December 2016 (2015: \$38.6m). The underlying result reflects an 8% increase in container volumes, plus increase in bulk import and export volumes.

International shipping lines are taking advantage of the capital infrastructure invested at the Port of Tauranga, with Tauranga being the only New Zealand port of call for the 9,500 TEU Maersk vessels.

The markets continue to strongly value the Port of Tauranga shares, reflecting its on-going financial performance, future potential, and its status as a quality infrastructure asset. The Port of Tauranga share price at 31 December 2016 was \$3.85, against \$3.90 (post share price split equivalent) at 30 June 2016. Quayside held 54.14% of the Port of Tauranga shares as at 31 December 2016 with a market value of \$1,418m.

Investment Segment Performance

The Quayside Group delivered a profit of \$3.5m (2015: \$3.7m) after tax for the first half of the year. The Quayside equity portfolio delivered a gross return of 4.7% for the six months (2015: 5.3%), whilst returns from orchard investments have been strong.

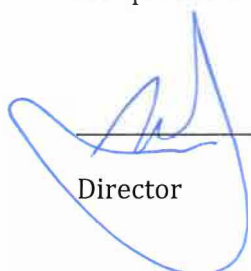
The Quayside Group paid dividends to Perpetual Preference Shareholders during the period of \$4.2m in accordance with its prospectus. Dividends paid during the period to the Bay of Plenty Regional Council total \$12.9m (2015: \$10.2m) matching its current Statement of Intent.

Statement of Intent

Quayside Holdings Limited is a "Council Controlled Organisation", owned by the Bay of Plenty Regional Council. The provisions of the Local Government Act 2002 require "Council Controlled Organisations" to have a "Statement of Intent" in respect of each financial year. The draft Statement of Intent for the coming year, setting out performance criteria and forward dividend guidance, is provided to the Bay of Plenty Regional Council at the end of February each year. Quayside Holdings Limited must provide a final Statement of Intent by 30 June. Quayside is currently operating under a Statement of Intent provided to Council for the period 1 July 2016 to 30 June 2017.

Appointment, Rotation and Retirement of Directors and Officers

The shareholder's policy is that directors retire, but are eligible for reappointment, on a rolling three yearly basis. During the period John Green retired. The Group appointed a new independent director, Robert McLeod.



Director



Director

QUAYSIDE HOLDINGS LIMITED AND SUBSIDIARY COMPANIES
CONSOLIDATED INCOME STATEMENT
For the six months ended 31 December 2016

	Note	Unaudited Six months Dec 2016 \$'000	Unaudited Six months Dec 2015 \$'000	Audited Full year June 2016 \$'000
Trading revenue		125,933	122,169	247,649
Other income		9,896	9,751	22,575
Operating income		135,829	131,920	270,224
Employee benefit expenses		(16,401)	(16,572)	(32,646)
Trading and other expenses		(46,103)	(46,108)	(97,488)
Operating expenses		(62,504)	(62,680)	(130,134)
Results from operating activities		73,325	69,240	140,090
Depreciation and amortisation		(12,387)	(11,954)	(24,090)
Operating profit before finance costs and taxation		60,938	57,286	116,000
Finance income		477	678	1,190
Finance expenses	6	(9,301)	(10,132)	(19,258)
Net finance costs		(8,824)	(9,454)	(18,068)
Share of profit from Equity Accounted Investees		7,241	7,043	13,667
PROFIT BEFORE INCOME TAX		59,355	54,875	111,599
Income tax expense		(13,990)	(12,619)	(23,829)
PROFIT FOR THE PERIOD		45,365	42,256	87,770
Attributable to:				
Equity holders of the parent		26,505	24,569	52,935
Non-controlling interest		18,860	17,687	34,835
PROFIT FOR THE PERIOD		45,365	42,256	87,770

QUAYSIDE HOLDINGS LIMITED AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 31 December 2016

	Unaudited Six months Dec 2016 \$'000	Unaudited Six months Dec 2015 \$'000	Audited Full year June 2016 \$'000
Net profit after tax	45,365	42,256	87,770
Other comprehensive income			
<i>Items that will be reclassified to profit or loss when specific conditions are met:</i>			
Cash flow hedge - changes in fair value	4,761	399	(9,198)
Cash flow hedge - reclassified to profit or loss	1,142	(962)	2,126
Changes in cash flow hedges transferred to property, plant and equipment, net of tax	708	(357)	(452)
Share of net change in cash flow hedge reserves of Equity Accounted Investees	243	(77)	(395)
	6,854	(997)	(7,919)
<i>Items that will never be reclassified to profit or loss:</i>			
Impairment of property, plant and equipment taken to revaluation reserve, net of tax	-	-	(459)
Kiwifruit licence revaluation, net of tax	-	249	205
Asset revaluation, net of tax	751	1,504	1,359
Share of net change in revaluation reserves of Equity Accounted Investees	621	-	(57)
Total other comprehensive income for the period	8,226	756	(6,871)
Total comprehensive income for the period	53,591	43,012	80,899
Attributable to:			
Equity holders of the parent	31,363	25,774	49,864
Non-controlling interest	22,228	17,238	31,035
	53,591	43,012	80,899

QUAYSIDE HOLDINGS LIMITED AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF MOVEMENTS IN EQUITY
For the six months ended 31 December 2016

	Share capital	Hedging Reserve	Revaluation Reserve	Retained Earnings	Non- controlling interest	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2015	200,011	(3,473)	366,868	16,356	399,904	979,666
Profit after tax	-	-	-	24,569	17,687	42,256
Cash flow hedges - changes in fair value	-	219	-	-	180	399
Cash flow hedge - reclassified to profit or loss	-	(529)	-	-	(433)	(962)
Changes in cash flow hedges transferred to property, plant and equipment, net of tax	-	(196)	-	-	(161)	(357)
Net change in share of Equity Accounted Investees' cash flow hedge reserves	-	(42)	-	-	(35)	(77)
Reclassification of prior year retained earnings	-	-	768	(768)	-	-
Asset revaluation, net of tax	-	-	1,504	-	-	1,504
Kiwifruit licence revaluation	-	-	249	-	-	249
Total comprehensive income	-	(548)	2,521	23,801	17,238	43,012
Non-controlling interest adjustments	-	-	-	-	(2)	(2)
Increase in share capital	-	-	-	170	140	310
Equity settled share based payment accrual	-	-	-	-	647	647
Dividends paid to shareholders	-	-	-	(14,434)	(18,729)	(33,163)
Total transactions with owners	-	-	-	(14,264)	(17,944)	(32,208)
Balance at 31 December 2015	200,011	(4,021)	369,389	25,893	399,198	990,470
Profit after tax	-	-	-	28,366	17,148	45,514
Cash flow hedges - changes in fair value	-	(5,273)	-	-	(4,324)	(9,597)
Cash flow hedge - reclassified to profit or loss	-	1,697	-	-	1,391	3,088
Changes in cash flow hedges transferred to property, plant and equipment, net of tax	-	(52)	-	-	(43)	(95)
Net change in share of Equity Accounted Investees' cash flow hedge reserves	-	(175)	-	-	(143)	(318)
Impairment of property, plant and equipment taken to revaluation reserve, net of tax	-	-	(252)	-	(207)	(459)
Share of net change in revaluation reserves of Equity Accounted Investees	-	-	(31)	-	(26)	(57)
Reclassification of prior year retained earnings	-	-	(768)	768	-	-
Asset revaluation, net of tax	-	-	(1,413)	-	-	(1,413)
Kiwifruit licence revaluation	-	-	(44)	-	-	(44)
Total comprehensive income	-	(3,803)	(2,508)	29,134	13,796	36,619
Non-controlling interest adjustments	-	-	-	(20)	20	-
Increase/(decrease) in share capital	-	-	-	(173)	(142)	(315)
Equity settled share based payment accrual	-	-	-	-	755	755
Dividends paid to shareholders	-	-	-	(14,433)	(14,359)	(28,792)
Total transactions with owners	-	-	-	(14,626)	(13,726)	(28,352)
Balance at 30 June 2016	200,011	(7,824)	366,881	40,401	399,268	998,737
Profit after tax	-	-	-	26,505	18,860	45,365
Cash flow hedges - changes in fair value	-	2,616	-	-	2,145	4,761
Cash flow hedge - reclassified to profit or loss	-	627	-	-	515	1,142
Changes in cash flow hedges transferred to property, plant and equipment, net of tax	-	389	-	-	319	708
Share of net change in cash flow hedge reserves of equity accounted investees	-	134	-	-	109	243
Share of net change in revaluation reserves of Equity Accounted Investees	-	341	-	-	280	621
Asset revaluation, net of tax	-	-	751	-	-	751
Total comprehensive income	-	4,107	751	26,505	22,228	53,591
Non-controlling interest adjustments	-	-	-	(6)	6	-
Increase in share capital	-	-	-	-	12	12
Equity settled share based payment accrual	-	-	-	-	937	937
Dividends paid to shareholders (Note 7)	-	-	-	(17,134)	(34,336)	(51,470)
Total transactions with owners	-	-	-	(17,140)	(33,381)	(50,521)
Balance at 31 December 2016	200,011	(3,717)	367,632	49,766	388,115	1,001,807

QUAYSIDE HOLDINGS LIMITED AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2016

	Note	Unaudited Six months Dec 2016 \$'000	Unaudited Six months Dec 2015 \$'000	Audited Full year June 2016 \$'000
ASSETS				
Current assets				
Cash & cash equivalents		44,430	22,722	22,176
Trade and other receivables		46,253	44,149	43,582
Inventories		58	363	317
Derivative financial instruments		-	170	-
Total current assets		90,741	67,404	66,075
Non-current assets				
Intangible assets		19,553	22,738	19,835
Biological assets – kiwifruit crop		921	874	-
Advances and receivables		46	-	46
Property, plant and equipment	8	1,170,803	1,108,377	1,135,132
Investments in equity accounted investees		134,311	122,912	130,073
Other financial assets		126,436	120,116	126,643
Investment property		12,079	11,207	12,000
Total non-current assets		1,464,149	1,386,224	1,423,729
Total assets		1,554,890	1,453,628	1,489,804
LIABILITIES				
Current liabilities				
Trade and other payables		32,551	20,799	31,249
Loans and borrowings		245,000	187,000	190,000
Provisions		1,250	1,524	2,293
Derivative financial instruments		381	542	1,438
Deferred consideration		-	500	-
Provision for tax		3,736	3,917	8,547
Total current liabilities		282,918	214,282	233,527
Non-current liabilities				
Trade and other payables		-	13	13
Loans and borrowings		201,786	179,630	183,200
Provisions		1,718	1,596	1,627
Derivative financial instruments		8,955	8,901	17,063
Deferred tax liability		57,706	58,736	55,637
Total non-current liabilities		270,165	248,876	257,540
Total liabilities		553,083	463,158	491,067
NET ASSETS		1,001,807	990,470	998,737

QUAYSIDE HOLDINGS LIMITED AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2016

	Unaudited Six months Dec 2016	Unaudited Six months Dec 2015	Audited Full year June 2016
Note	\$'000	\$'000	\$'000
EQUITY			
Paid up capital	200,011	200,011	200,011
Reserves	363,915	365,368	359,057
Retained Earnings	49,766	25,893	40,401
Total equity attributable to equity holders of the Parent	613,692	591,272	599,469
Non controlling interest	388,115	399,198	399,268
TOTAL EQUITY	1,001,807	990,470	998,737

QUAYSIDE HOLDINGS LIMITED AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS
For the six months ended 31 December 2016

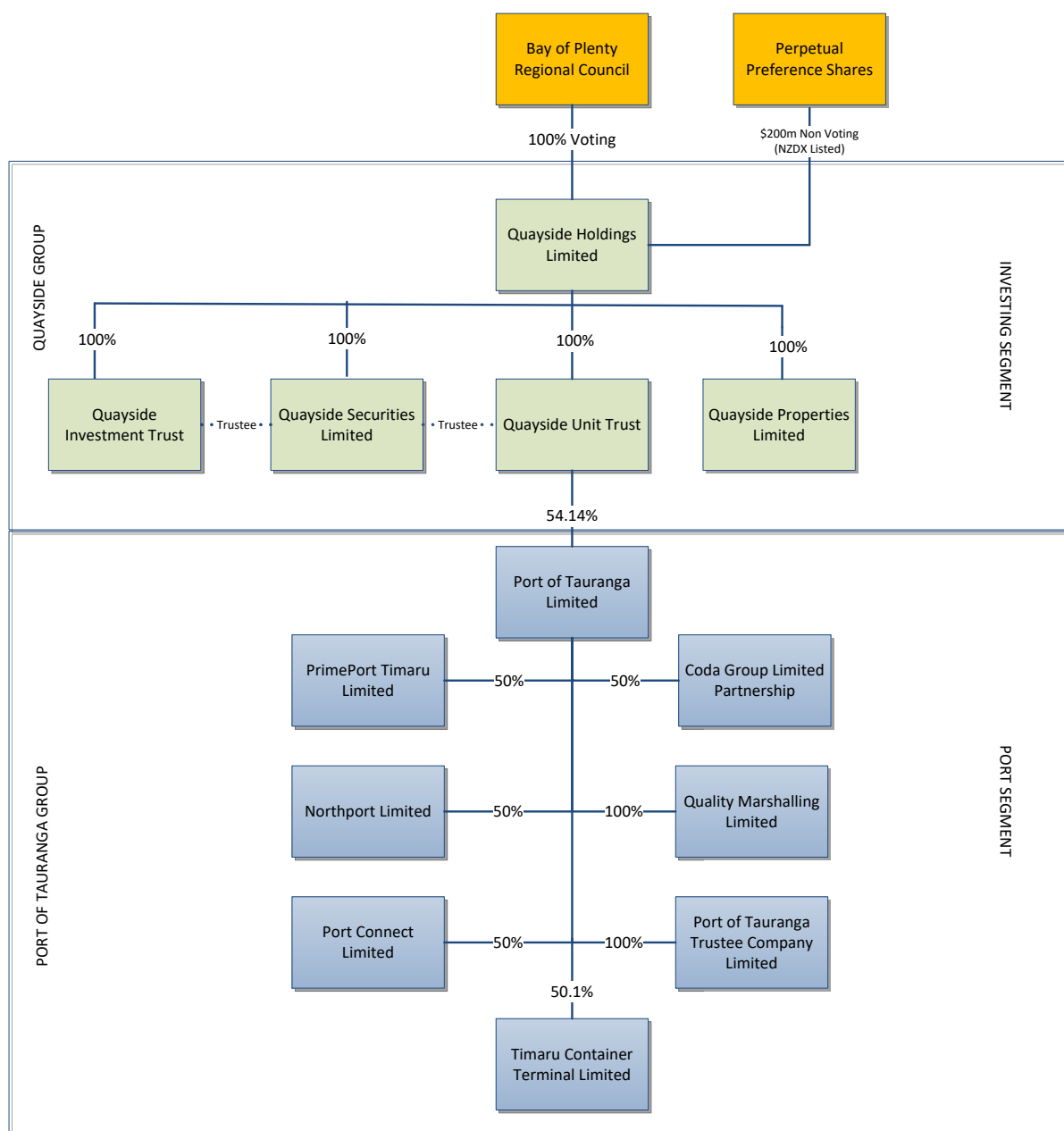
	Unaudited Six months Dec 2016 \$'000	Unaudited Six months Dec 2015 \$'000	Audited Full year June 2016 \$'000
Cash flows from operating activities			
Cash inflows	129,258	126,128	255,999
Cash outflows	(84,047)	(93,454)	(166,664)
Net cash flows from operating activities	45,211	32,674	89,335
Cash flows from investing activities			
Cash inflows	12,860	19,809	50,350
Cash outflows	(57,787)	(36,173)	(101,563)
Net cash flows from investing activities	(44,927)	(16,364)	(51,213)
Cash flows from financing activities			
Cash inflows	78,722	8,252	15,379
Cash outflows	(56,752)	(34,317)	(63,802)
Net cash flows from financing activities	21,970	(26,065)	(48,423)
Net increase/(decrease) in cash and cash equivalents	22,254	(9,755)	(10,301)
Cash and cash equivalents at the beginning of the period	22,176	32,477	32,477
Cash and cash equivalents at the end of the period	44,430	22,722	22,176
RECONCILIATION OF PROFIT FOR THE PERIOD TO CASHFLOWS FROM OPERATING ACTIVITIES			
Profit for the period	45,365	42,256	87,770
Add/(subtract) non-cash and non-operating items	1,796	496	705
Add/(subtract) movements in working capital	(1,950)	(10,078)	860
Net cash flows from operating activities	45,211	32,674	89,335

1 REPORTING ENTITY

Quayside Holdings Limited (the “Parent Company”) is a company incorporated and domiciled in New Zealand, registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange (“NZX”). It is a Financial Markets Conduct (FMC) reporting entity for the purposes of the Financial Markets Conduct Act 2013. The Parent company, which is designated as profit-oriented for financial reporting purposes, is an issuer in terms of the Financial Reporting Act 2013.

The unaudited interim financial statements for Quayside Holdings Limited comprise Quayside Holdings Limited, its subsidiaries and the Group’s interests in Equity Accounted Investees (together referred to as the “Group”).

There are two subsets of the Group being the Quayside Group and the Port of Tauranga Group:



2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP") and New Zealand International Accounting Standard ("NZ IAS") 34 *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements and related notes included in the Quayside Holdings Limited's Annual Report for the year ended 30 June 2016.

3 SIGNIFICANT ACCOUNTING POLICIES

The following new standard and amendments are mandatory for the first time in the current year and have been adopted by the Group:

NZ IAS 41 (Amendment) 'Agriculture'

This amendment requires Biological assets, except for bearer plants to be accounted for under NZ IAS 41. Bearer plants are to be accounted for under NZ IAS 16 'Property, plant and equipment'. The amendments also clarify that produce growing on the bearer plants is to be accounted for under NZ IAS 41. This amendment has been adopted by the Group and applied retrospectively from 1 June 2015.

The Group has elected to apply the revaluation method to bearer plants, whereby the bearer plant assets will be revalued annually to fair value. Produce growing on bearer plants will be valued at the lower of cost and net realisable value.

All other accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2016,

The following new standard is not yet effective in preparing these financial statements:

New Zealand International Financial Reporting Standards ("NZ IFRS") 9 Financial Instruments

This standard was issued on 24 July 2014 and affects the classification and measurement of financial assets and also widens the scope on impairment judgements. The standard will be effective for annual periods beginning on or after 1 January 2018, and will be applied retrospectively with some exemptions. Early adoption is permitted.

This standard becomes mandatory for the Group's 2019 consolidated financial statements and could change the classification and measurement of financial assets. Management is currently in the process of evaluating the potential effect of the adoption of NZ IFRS 9.

4 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity with NZ IAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. In preparing these financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation and uncertainty, were the same as those applied to the Group's consolidated financial statements for the year ended 30 June 2016.

5 SEGMENT INFORMATION

At 31 December 2016 the Group comprises two main business segments: The first being the business of facilitating export and import activities (Port), and the second being the business of investment (Investing). Both business segments operate in one geographic segment, being New Zealand.

Although the Port of Tauranga Group reports three main reportable segments, at the Quayside Group level, information provided by the Port of Tauranga Group is presented to the Chief Operating Decision Maker as one business segment.

The unaudited segment results for the six months ended 31 December 2016 are as follows:

	Port \$'000	Investing \$'000	Total \$'000
31 December 2016			
Revenue (from external customers)	125,328	605	125,933
Other income	-	50,424	50,424
Inter-segment revenue *	-	(40,528)	(40,528)
	125,328	10,501	135,829
Share of profit of Equity Accounted Investees	7,894	(653)	7,241
Finance income	229	248	477
Finance costs	(8,362)	(939)	(9,301)
Depreciation and amortisation	(12,140)	(247)	(12,387)
Other expenditure	(57,101)	(5,403)	(62,504)
Income tax expense	(13,990)	-	(13,990)
Profit after income tax	41,858	3,507	45,365

* Inter segment revenue comprises dividends received from the Port of Tauranga Limited. The 2016 dividend includes an \$18.4m (2015: nil) special dividend.

31 December 2015			
Revenue (from external customers)	121,927	242	122,169
Other income	999	30,858	31,857
Inter-segment revenue	-	(22,106)	(22,106)
	122,926	8,994	131,920
Share of profit of Equity Accounted Investees	7,043	-	7,043
Finance income	374	304	678
Finance costs	(8,916)	(1,216)	(10,132)
Depreciation & amortisation	(11,791)	(163)	(11,954)
Other expenditure	(58,453)	(4,227)	(62,680)
Income tax expense	(12,619)	-	(12,619)
Profit after income tax	38,564	3,692	42,256

6 FINANCE EXPENSES

	Six Months Ended 31 Dec 2016 \$000	Six Months Ended 31 Dec 2015 \$000
Interest expense on borrowings	(10,248)	(10,246)
Less: interest capitalised to property, plant and equipment	949	263
	(9,299)	(9,983)
Interest on deferred consideration	-	(25)
Ineffective portion of changes in fair value of cash flow hedges	(2)	(124)
Total finance expenses	(9,301)	(10,132)

7 DIVIDENDS

The following net dividends were paid by Quayside Holdings Limited. All dividends paid were fully imputed.

	Six Months Ended 31 Dec 2016 \$000	Six Months Ended 31 Dec 2015 \$000
Ordinary Shares		
Dividend (paid 26/08/16) of \$500.00 per share (2015: nil)	5,000	-
Dividend (paid 27/10/16) of \$790.00 per share (2015: \$1,020.00 per share)	7,900	10,200
	12,900	10,200
Perpetual Preference Shares		
Quarterly dividend (paid 12/9/16) 0.10584 cents per share (2015: 0.10584 cents per share)	2,117	2,117
Quarterly dividend (paid 12/12/16) 0.10584 cents per share (2015: 0.10584 cents per share)	2,117	2,117
	4,234	4,234
Total Dividends Paid	17,134	14,434

The dividend cents per share, for the Perpetual Preference Shares, includes resident with-holding tax of 5% paid by the Quayside Group on behalf of shareholders. The next dividend reset rate will be announced to the NZX on Monday 13th March 2017.

8 PROPERTY, PLANT AND EQUIPMENT

Acquisitions and Disposals

During the six months ended 31 December 2016, the Port of Tauranga Group acquired assets with a cost of \$44,021,000 (2015: \$16,627,000). During the six months ended 31 December 2016, the Port of Tauranga Group disposed of assets with a carrying value of \$14,400 (2015: \$241,000).

During the six months ended 31 December 2016, the Quayside Group acquired assets with a cost of \$3,901,793 (2015: \$2,000) and wrote off assets with a carrying value of \$2,766 (2015: nil).

Reclassification

The Quayside Group also reclassified to Property, plant and equipment bearer plants with a fair value of \$8,472,000 (2015: \$7,727,000). These had previously been classified as 'Biological assets'.

9 LOANS AND BORROWINGS

Commercial Papers

At 31 December 2016 the Port of Tauranga Group had \$245 million of commercial paper debt that is classified within current liabilities (2015: \$185 million). Due to this classification, the Port of Tauranga Group's current liabilities exceed the Port of Tauranga Group's current assets. Despite this fact, the Port of Tauranga Group does not have any liquidity or working capital concerns as a result of the commercial paper debt being interchangeable with direct borrowings within the standby revolving cash advance facility which is a term facility.

Standby Revolving Cash Advance Facility Agreement

The Port of Tauranga Limited has a \$280 million (2015: \$280 million) financing arrangement with ANZ Bank New Zealand Limited, Bank of New Zealand Limited and the Commonwealth Bank of Australia, New Zealand branch. The facility, which is secured, provides for both direct borrowings and support for issuance of commercial papers.

Revolving Cash Advance Facility

The Port of Tauranga Limited has a \$30 million (2015: \$30 million) revolving cash advance facility with ANZ Bank New Zealand Limited, used for headroom purposes. The facility expires 13 months after the date of notice given by the Parent Company or ANZ Bank New Zealand Limited.

Westpac Banking Corporation

Quayside Holdings Limited has a \$70.0 million (2015: \$70.0 million) financing arrangement with Westpac Banking Corporation. This facility is secured by a mortgage over shares held in the Port of Tauranga Limited, and provides direct borrowings for the Quayside Group. The facility is for a term of 3 years expiring 20 October 2018. At 31 December 2016 the balance outstanding was \$56.5 million (2015: \$54.5 million).

10 RELATED PARTY TRANSACTIONS

Controlling entity

The parent entity in the Group is Quayside Holdings Limited, which is 100% owned by the Bay of Plenty Regional Council. Other related parties include subsidiaries and equity accounted investees – refer Note 1.

Transactions with related parties:

During the six months ended 31 December 2016, the related party transactions and balances with subsidiaries and equity accounted investees were as follows:

	Six Months Ended 31 Dec 2016 \$000	Six Months Ended 31 Dec 2015 \$000
Transactions with Related Parties		
Bay of Plenty Regional Council		
Dividends paid by Quayside Holdings Limited	12,900	10,200
Services provided to Quayside Holdings Limited	30	31
Accounts payable by Quayside Holdings Limited	5	5
Services provided to Quayside Properties Limited	3	2

No related party debts have been written off or forgiven during the period.

During the six months ended 31 December 2016, the Group entered into transactions with companies in which Group Directors held directorships. These directorships have not resulted in the Group having significant influence over the operations, policies or key decisions of these companies.

Transactions with Key Management Personnel

The Group does not provide any non-cash benefits to Directors and executive officers in addition to their Directors' fees or salaries.

	Six Months Ended 31 Dec 2016 \$000	Six Months Ended 31 Dec 2015 \$000
Short term employee benefits		
Directors fees	511	442
Executive salaries	1,797	1,679

11 COMMITMENTS

	Six Months Ended 31 Dec 2016 \$000	Six Months Ended 31 Dec 2015 \$000
Capital commitments		
Estimated capital commitments for the Port of Tauranga Group, contracted for at balance date but not provided for:	9,127	46,346

Capital commitments at 31 December 2016 relate to the Port of Tauranga Group for the purchase of plant and machinery, and the construction of two sheds.

Quayside Holdings Limited has future uncalled capital commitments for investment in to WNT Ventures Management Limited and Oriens Capital Limited.

12 FINANCIAL INSTRUMENTS

Financial Instruments Carried at Fair Value

(a) Fair Value Hierarchy

The following table analyses financial instruments classified as either designated at fair value or held for trading through the income statements, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices), or indirectly (ie as derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable outputs).

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets per the statement of financial position				
Other financial assets	126,436	-	-	126,436
Total assets	126,436	-	-	126,436
Liabilities per the statement of financial position				
Derivative financial instruments	-	(9,336)	-	(9,336)
Total liabilities	-	(9,336)	-	(9,336)

There have been no transfers between levels during the period.

12 FINANCIAL INSTRUMENTS (CONTINUED)

The fair value of financial instruments traded in active markets is based upon quoted market prices at the reporting date.

The fair value of financial instruments that are not traded in active markets (for example over-the-counter derivatives) are determined by using market-accepted valuation techniques incorporating observable market data about conditions existing at reporting date.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using quoted forward exchange rates at the reporting date.

(b) Fair Values

The carrying value of all financial assets and liabilities represent a reasonable approximation of their fair value.

13 SUBSEQUENT EVENTS

There have been no subsequent events.

QUAYSIDE HOLDINGS LIMITED AND SUBSIDIARY COMPANIES
DIRECTORY
as at 31 December 2016

Directors holding office at 31 December 2016 were:

Quayside Group

M J Smith (Chair)

J M Green (Retired 31 October 2016)

M MacLeod

R A McLeod (Appointed 1 November 2016)

J M Nees

W J Parker

R B Tait

P J Thompson

Port of Tauranga Group

D A Pilkington (Chair)

A W Baylis

K R Ellis

J C Hoare

A R Lawrence

D W Leeder

M J Smith

Loans

There were no loans made by Group companies or any of its subsidiaries to Directors.

Indemnification and insurance of directors and officers

The Group has arranged policies of Directors' and Officers' Liability Insurance and separate Directors' and Officers' defence costs insurance.

Chief Executive

A S Hamilton

Solicitor

Cooney Lees Morgan

PO Box 143

Tauranga 3110

Registered Office

53 Spring Street

Tauranga 3110

Ph: 07 579 5925