

**QUAYSIDE HOLDINGS LIMITED
AND SUBSIDIARY COMPANIES**

HALF YEAR REPORT

For

31 DECEMBER 2017

**QUAYSIDE HOLDINGS LIMITED AND SUBSIDIARY COMPANIES
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017**

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DIRECTORS' REPORT TO SHAREHOLDERS

Unaudited Results for the Six Months to 31 December 2017

Group Net Profit after Tax (NPAT) for the six months was \$62.3m (2016: \$45.3m), an increase of 37.5%.

Port Segment Performance

Port of Tauranga continues to grow as an international hub port, resulting in increased trade volumes and profits for the first half of the 2018 financial year. The Port of Tauranga produced a half year Net Profit After Tax of \$47.1 million, a 12.6% increase on the same period last year, following strong growth in most cargoes. Half year trade volumes grew 13.4% to 12.5 million tonnes, contributing to a 12.8% increase in revenue to \$141.4 million for the six months ending December 2017. Growth has accelerated following the September 2016 completion of a major dredging project that was the culmination of a \$350 million expansion programme.

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 2017 was \$4.94, against \$4.44 at 30 June 2017. Quayside held 54.14% of the Port of Tauranga shares as at 31 December 2017 with a market value of \$1,820m.

Investment Segment Performance

The Quayside Group delivered a profit of \$15.2m (2016: \$3.5m) after tax for the first half of the year. The Quayside equity portfolio delivered a gross return of 10.5% for the six months (2016: 4.7%), whilst returns from orchard investments have been strong.

The Quayside Group paid dividends to Perpetual Preference Shareholders during the period of \$3.1m in accordance with its prospectus. Dividends paid during the period to the Bay of Plenty Regional Council total \$17m (2016: \$12.9m) 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 2017 to 30 June 2018.

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 Michael Smith (Chairman) retired and Brett Hewlett was appointed. Rob McLeod was appointed as Chairman.



Director



Director

QUAYSIDE HOLDINGS LIMITED AND SUBSIDIARY COMPANIES
CONSOLIDATED INCOME STATEMENT
For the six months ended 31 December 2017

	Note	Unaudited Six months Dec 2017 \$'000	Unaudited Six months Dec 2016 \$'000	Audited Full year June 2017 \$'000
Trading revenue		142,503	125,933	260,098
Other income		16,786	9,896	23,275
Operating income		159,289	135,829	283,373
Employee benefit expenses		(18,936)	(16,401)	(34,591)
Trading and other expenses		(47,302)	(46,103)	(93,412)
Operating expenses		(66,238)	(62,504)	(128,003)
Results from operating activities		93,051	73,325	155,370
Depreciation and amortisation		(13,256)	(12,387)	(24,956)
Operating profit before finance costs and taxation		79,795	60,938	130,414
Finance income		631	477	1,072
Finance expenses	6	(10,201)	(9,301)	(19,024)
Net finance costs		(9,570)	(8,824)	(17,952)
Share of profit from Equity Accounted Investees		7,926	7,241	13,282
PROFIT BEFORE INCOME TAX		78,151	59,355	125,744
Income tax expense		(15,819)	(13,990)	(28,146)
PROFIT FOR THE PERIOD		62,332	45,365	97,598
Attributable to:				
Equity holders of the parent		41,047	26,505	60,002
Non-controlling interest		21,285	18,860	37,596
PROFIT FOR THE PERIOD		62,332	45,365	97,598

QUAYSIDE HOLDINGS LIMITED AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 31 December 2017

	Unaudited Six months Dec 2017 \$'000	Unaudited Six months Dec 2016 \$'000	Audited Full year June 2017 \$'000
Net profit after tax	62,332	45,365	97,598
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	(1,638)	4,761	2,956
Cash flow hedge - reclassified to profit or loss	1,079	1,142	2,538
Changes in cash flow hedges transferred to property, plant and equipment, net of tax	-	708	708
Share of net change in cash flow hedge reserves of Equity Accounted Investees	(46)	243	182
	(605)	6,854	6,384
<i>Items that will never be reclassified to profit or loss:</i>			
Bearer plant revaluation, net of tax	-	-	775
Kiwifruit licence revaluation, net of tax	-	-	473
Asset revaluation, net of tax	-	751	63,267
Share of net change in revaluation reserves of Equity Accounted Investees	551	621	745
	551	1,372	65,260
Total other comprehensive income for the period	(54)	8,226	71,644
Total comprehensive income for the period	62,278	53,591	169,242
Attributable to:			
Equity holders of the parent	41,018	31,363	99,983
Non-controlling interest	21,260	22,228	69,259
	62,278	53,591	169,242

QUAYSIDE HOLDINGS LIMITED AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF MOVEMENTS IN EQUITY
For the six months ended 31 December 2017

	Share capital	Hedging Reserve	Revaluation Reserve	Retained Earnings	Non- controlling interest	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2016	200,011	(7,824)	368,136	39,145	399,270	998,738
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	-	3,766	1,092	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	4,058	369,228	48,510	388,117	1,001,808
Profit after tax	-	-	-	33,497	18,736	52,233
Cash flow hedges - changes in fair value	-	(992)	-	-	(813)	(1,805)
Cash flow hedge - reclassified to profit or loss	-	767	-	-	629	1,396
Net change in share of Equity Accounted Investees' cash flow hedge reserves	-	(34)	-	-	(27)	(61)
Share of net change in revaluation reserves of Equity Accounted Investees	-	-	124	-	-	124
Asset revaluation, net of tax	-	-	34,010	-	28,506	62,516
Bearer plant revaluation, net of tax	-	-	775	-	-	775
Kiwifruit licence revaluation	-	-	473	-	-	473
Total comprehensive income	-	(259)	35,382	33,497	47,031	115,651
Non-controlling interest adjustments	-	-	-	1	(1)	-
Increase/(decrease) in share capital	-	-	-	-	2	2
Revaluation surplus transferred to retained earnings on asset disposal	-	-	(463)	463	-	-
Equity settled share based payment accrual	-	-	-	-	488	488
Dividends paid to shareholders	-	-	-	(11,572)	(15,607)	(27,179)
Total transactions with owners	-	-	(463)	(11,108)	(15,118)	(26,689)
Balance at 30 June 2017	200,011	(4,317)	404,147	70,899	420,030	1,090,770
Profit after tax	-	-	-	41,047	21,285	62,332
Cash flow hedges - changes in fair value	-	(898)	-	-	(740)	(1,638)
Cash flow hedge - reclassified to profit or loss	-	592	-	-	487	1,079
Share of net change in cash flow hedge reserves of equity accounted investees	-	(25)	-	-	(21)	(46)
Share of net change in revaluation reserves of equity accounted Investees	-	-	302	-	249	551
Total comprehensive income	-	(331)	302	41,047	21,260	62,278
Non-controlling interest adjustments	-	-	-	1	(1)	-
Increase in share capital	-	-	-	81	66	147
Equity settled share based payment accrual	-	-	-	-	700	700
Adjustment for vesting of equity settled share based payment	-	-	-	709	(709)	-
Dividends paid to shareholders (Note 7)	-	-	-	(20,110)	(34,960)	(55,070)
Total transactions with owners	-	-	-	(19,319)	(34,904)	(54,223)
Balance at 31 December 2017	200,011	(4,648)	404,449	92,627	406,386	1,098,825

QUAYSIDE HOLDINGS LIMITED AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2017

	Note	Unaudited Six months Dec 2017 \$'000	Unaudited Six months Dec 2016 \$'000	Audited Full year June 2017 \$'000
ASSETS				
Current assets				
Cash & cash equivalents		51,645	44,430	43,634
Trade and other receivables		48,127	46,253	47,423
Inventories		355	58	137
Total current assets		100,127	90,741	91,194
Non-current assets				
Intangible assets		20,828	19,553	21,144
Advances and receivables		30	46	36
Property, plant and equipment	8	1,232,778	1,170,803	1,235,637
Biological assets	9	675	921	-
Investments in equity accounted investees	10	147,315	134,311	138,014
Other financial assets		153,634	126,436	137,103
Investment property		19,051	12,079	17,405
Total non-current assets		1,574,311	1,464,149	1,549,339
Total assets		1,674,438	1,554,890	1,640,533
LIABILITIES				
Current liabilities				
Trade and other payables		31,766	32,550	32,687
Revenue received in advance		244	-	316
Loans and borrowings	11	341,795	245,000	255,140
Provisions		2,197	1,250	2,334
Derivative financial instruments		227	381	1,013
Current taxation		5,708	3,736	8,403
Total current liabilities		381,937	282,917	299,893
Non-current liabilities				
Trade and other payables		-		
Loans and borrowings	11	125,000	201,786	181,733
Provisions		2,165	1,718	1,888
Derivative financial instruments		10,488	8,955	8,887
Deferred tax liability		56,023	57,706	57,362
Total non-current liabilities		193,676	270,165	249,870
Total liabilities		575,613	553,082	549,763
NET ASSETS		1,098,825	1,001,808	1,090,770

QUAYSIDE HOLDINGS LIMITED AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2017

	Unaudited Six months Dec 2017 \$'000	Unaudited Six months Dec 2016 \$'000	Audited Full year June 2017 \$'000
EQUITY			
Paid up capital	200,011	200,011	200,011
Reserves	399,801	365,170	399,830
Retained Earnings	92,627	48,510	70,899
Total equity attributable to equity holders of the Parent	692,439	613,691	670,740
Non controlling interest	406,386	388,117	420,030
TOTAL EQUITY	1,098,825	1,001,808	1,090,770

QUAYSIDE HOLDINGS LIMITED AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS
For the six months ended 31 December 2017

	Unaudited Six months Dec 2017 \$'000	Unaudited Six months Dec 2016 \$'000	Audited Full year June 2017 \$'000
Cash flows from operating activities			
Cash inflows	149,017	129,118	271,731
Cash outflows	(100,111)	(84,047)	(170,750)
Net cash flows from operating activities	48,906	45,071	100,981
Cash flows from investing activities			
Cash inflows	18,522	12,860	33,315
Cash outflows	(34,612)	(57,787)	(97,735)
Net cash flows from investing activities	(16,090)	(44,927)	(64,420)
Cash flows from financing activities			
Cash inflows	40,086	78,722	63,699
Cash outflows	(65,070)	(56,752)	(78,832)
Net cash flows from financing activities	(24,984)	21,970	(15,133)
Effect of exchange rate changes on cash and cash equivalents	179	140	30
Net increase in cash and cash equivalents	8,011	22,254	21,458
Cash and cash equivalents at the beginning of the period	43,634	22,176	22,176
Cash and cash equivalents at the end of the period	51,645	44,430	43,634
RECONCILIATION OF PROFIT FOR THE PERIOD TO CASHFLOWS FROM OPERATING ACTIVITIES			
Profit for the period	62,332	45,365	97,598
Add/(subtract) non-cash and non-operating items	(9,539)	1,656	396
Add/(subtract) movements in working capital	(3,887)	(1,950)	2,987
Net cash flows from operating activities	48,906	45,071	100,981

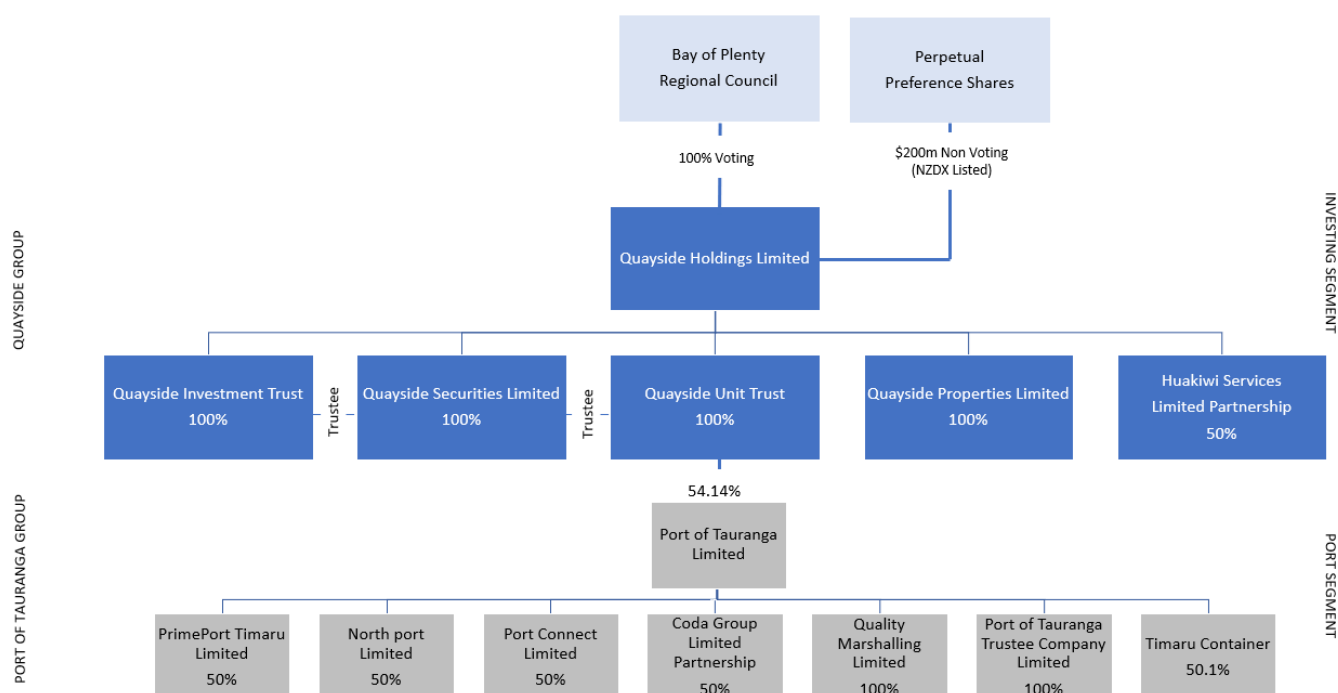
1 REPORTING ENTITY

Quayside Holdings Limited (the “Parent”) is a company domiciled in New Zealand and registered under the Companies Act 1993. The Parent is wholly owned by Bay of Plenty Regional Council (“Council”). The Parent is a holding company for the investment activity of Council. Through appropriate subsidiaries, the Parent is the majority shareholder in Port of Tauranga Limited, the owner of a diversified investment portfolio, property and commercial ventures.

The Parent is a Financial Markets Conduct (FMC) reporting entity for the purposes of the Financial Markets Conduct Act 2013. The financial statements comply with this Act. The Parent is also listed on the New Zealand Stock Exchange (NZX).

The Parent is a council-controlled organisation as defined under Section 6 of the Local Government Act 2002, by virtue of the Council’s right to appoint the Board.

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 the requirements of the Local Government Act 2002 and the Financial Markets Conduct Act 2013, which includes the requirement to comply with generally accepted accounting practice in New Zealand (“NZ GAAP”). These interim financial statements have been prepared in accordance with 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 Quayside Holdings Limited’s Annual Report for the year ended 30 June 2017.

3 SIGNIFICANT ACCOUNTING POLICIES

No new standards have been adopted during the period. All accounting policies adopted are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 30 June 2017.

The following new standards are not yet effective in preparing these financial statements:

NZ IFRS 9 Financial Instruments

This standard becomes mandatory for the Group’s 2019 consolidated financial statements. The main changes under NZ IFRS 9 are:

- new financial assets classification requirements for determining whether an asset is measured at fair value or amortised cost;
- a new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses; and
- revised hedge accounting requirements to better reflect the management of risks.

Management is currently in the process of evaluating the potential effect of the adoption of NZ IFRS 9, however it is expected that the impact will not be material.

NZ IFRS 16 Leases

This standard becomes mandatory for the Group’s 2020 consolidated financial statements. NZ IFRS 16 requires a lessee to recognise a lease liability reflecting future lease payments and a “right-of-use asset” for virtually all lease contracts. Included is an optional exemption for certain short-term leases and leases of low value assets, however this exemption can only be applied by lessees. Management is currently in the process of evaluating the potential effect of the adoption of NZ IFRS 16, however it is expected that the impact will not be material.

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 2017.

5 SEGMENT INFORMATION

At 31 December 2017 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 2017 are as follows:

	Port \$'000	Investing \$'000	Total \$'000
<u>31 December 2017</u>			
Revenue (from external customers)	141,431	1,072	142,503
Other income	-	58,051	58,051
Inter-segment revenue	-	(41,265)	(41,265)
	141,431	17,858	159,289
Share of profit of Equity Accounted Investees	7,908	18	7,926
Finance income	194	437	631
Finance costs	(9,330)	(871)	(10,201)
Depreciation and amortisation	(12,940)	(316)	(13,256)
Other expenditure	(64,310)	(1,928)	(66,238)
Income tax expense	(15,840)	21	(15,819)
Profit after income tax	47,113	15,219	62,332

5 SEGMENT INFORMATION (continued)

	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

6 FINANCE EXPENSES

	Six Months Ended 31 Dec 2017 \$000	Six Months Ended 31 Dec 2016 \$000
Interest expense on borrowings	(10,349)	(10,248)
Less: interest capitalised to property, plant and equipment	186	949
	(10,163)	(9,299)
Amortisation of interest rate collar premium	(23)	-
Ineffective portion of changes in fair value of cash flow hedges	(15)	(2)
Total finance expenses	(10,201)	(9,301)

7 DIVIDENDS

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

	Six Months Ended 31 Dec 2017 \$000	Six Months Ended 31 Dec 2016 \$000
Ordinary Shares		
Dividend (paid 13/07/17) of \$850.00 per share (2016: \$500.00)	8,500	5,000
Dividend (paid 26/10/17) of \$850.00 per share (2016: \$790.00)	8,500	7,900
	17,000	12,900
Perpetual Preference Shares		
Quarterly dividend (paid 12/9/17) 0.0778 cents per share (2016: 0.1058 cents)	1,555	2,117
Quarterly dividend (paid 12/12/17) 0.0778 cents per share (2016: 0.1058 cents)	1,555	2,117
	3,110	4,234
Total Dividends Paid	20,110	17,134

7 DIVIDENDS (continued)

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 Perpetual Preference Shares are subject to a fixed dividend rate which is reset every three years. The latest reset occurred on 13 March 2017, where the rate for the following three year period was set at 4.32%. The next dividend reset date will be 12 March 2020.

8 PROPERTY, PLANT AND EQUIPMENT

Acquisitions and Disposals

During the six months ended 31 December 2017, the Port of Tauranga Group acquired assets with a cost of \$9,740,000 (2016: \$44,021,000). During the six months ended 31 December 2017, the Port of Tauranga Group disposed of assets with a carrying value of nil (2016: \$144,000).

During the six months ended 31 December 2017, the Quayside Group acquired assets with a cost of \$62,847 (2016: \$1,793) and wrote off assets with a carrying value of \$791 (2016: \$2,766).

9 BIOLOGICAL ASSETS

Biological assets comprise kiwifruit crops on bearer plants owned by Quayside Properties Limited. Harvesting of the crop takes place in April to June each year. At 31 December each year the crop is measured at fair value. The fair value is deemed to be cost as insufficient biological transformation has occurred.

10 INVESTMENTS IN EQUITY ACCOUNTED INVESTEES

During the period, Quayside Holdings Limited entered in to a joint venture, Huakiwi Developments Limited Partnership, with Maori Trustee, Te Tumu Paeroa. The joint venture is for the development of kiwifruit orchards on Maori land across the Bay of Plenty and Gisborne. Quayside's current investment in the partnership is \$6m.

11 LOANS AND BORROWINGS

	31 Dec 2017 Carrying Value Group \$000	31 Dec 2016 Carrying Value Group \$000
Westpac	46,510	56,510
Commercial papers	245,000	245,000
Standby revolving cash advance facility	50,000	20,000
Fixed rate bonds	125,000	125,000
Advances from employees	285	276
Total loans and borrowings	466,795	446,786
Current	341,795	245,000
Non current	125,000	201,786
Total	466,795	446,786

Commercial Papers

At 31 December 2017 the Port of Tauranga Group had \$245 million of commercial paper debt that is classified within current liabilities (2016: \$245 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 \$380 million (2016: \$280 million) financing arrangement with ANZ Bank New Zealand Limited, Bank of New Zealand Limited and the Commonwealth Bank of Australia, New Zealand branch and The Bank of Tokyo-Mitsubishi UFJ Limited, Auckland branch. The facility, which is secured, provides for both direct borrowings and support for issuance of commercial papers.

Fixed Rate Bonds

The Port of Tauranga Limited has issued two six-year fixed rate bonds, a \$50 million fixed rate bond with a final maturity on 29 October 2019 and a \$75 million fixed rate bond with final maturity on 29 January 2021.

Westpac Banking Corporation

Quayside Holdings Limited has a \$70 million (2016: \$70 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 on 20 October 2018. Management is currently reviewing renewal options for the facility. At 31 December 2017 the balance outstanding was \$46.5 million (2016: \$56.5 million).

12 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 2017, the related party transactions and balances with subsidiaries and equity accounted investees were as follows:

	Six Months Ended 31 Dec 2017 \$000	Six Months Ended 31 Dec 2016 \$000
Transactions with Related Parties		
Bay of Plenty Regional Council		
Dividends paid by Quayside Holdings Limited	17,000	12,900
Services provided to Quayside Holdings Limited	-	30
Accounts payable by Quayside Holdings Limited	-	5
Services provided to Quayside Properties Limited	2	3

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

During the six months ended 31 December 2017, 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 2017 \$000	Six Months Ended 31 Dec 2016 \$000
Short term employee benefits		
Directors fees	534	511
Executive salaries	2,276	1,797

Executive salaries at 31 December 2017 includes back dated holiday pay for Port of Tauranga Ltd.

13 COMMITMENTS

	Six Months Ended 31 Dec 2017 \$000	Six Months Ended 31 Dec 2016 \$000
Capital commitments		
Estimated capital commitments contracted for at balance date but not provided for:	5,700	9,127

Capital commitments at 31 December 2017 relate to settlement funds due in December 2018 for the purchase of an investment property within the Quayside Group.

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

14 FINANCIAL INSTRUMENTS

The fair value of financial instruments traded in active markets is based on 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 each 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.

Derivative financial instruments are categorised as Level 2 in the fair value measurement hierarchy.

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

15 SUBSEQUENT EVENTS

Refinancing of Standby Revolving Cash Advance Facility

On 1 January 2018, the Port of Tauranga Limited partially refinanced its \$380 million financing arrangement with ANZ Bank New Zealand Limited, Bank of New Zealand Limited, Commonwealth Bank of Australia New Zealand branch and The Bank of Tokyo-Mitsubishi UFJ Limited, Auckland branch.

The Parent Company decreased the size of its tranche 1 facility, which was maturing on 31 March 2018, from \$100 million to \$50 million and extended the maturity date of this tranche to 30 June 2019. The Port of Tauranga Limited also added a new \$50 million tranche to the Standby Revolving Cash Advance Facility, tranche 6, maturing 30 June 2019.

QUAYSIDE HOLDINGS LIMITED AND SUBSIDIARY COMPANIES
DIRECTORY
as at 31 December 2017

Directors holding office at 31 December 2017 were:

Quayside Group

R A McLeod (Chair)
B Hewlett (Appointed 1 November 2017)
M MacLeod
J M Nees
W J Parker
R B Tait
P J Thompson

Port of Tauranga Group

D A Pilkington (Chair)
K R Ellis
J C Hoare
A R Lawrence
D W Leeder
R A McLeod (Appointed 31 October 2017)

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