

**QUAYSIDE HOLDINGS LIMITED  
AND SUBSIDIARY COMPANIES**

HALF YEAR REPORT

for

31 DECEMBER 2010

**QUAYSIDE HOLDINGS LIMITED AND SUBSIDIARY COMPANIES**

**FOR THE PERIOD ENDING 31 DECEMBER 2010**

<b>CONTENTS</b>	<b>PAGE</b>
DIRECTORS REPORT	2
INCOME STATEMENT	3
STATEMENT OF COMPREHENSIVE INCOME	4
STATEMENT OF CHANGES IN EQUITY	5
BALANCE SHEET	6-7
CONDENSED STATEMENT OF CASH FLOWS	8
NOTES TO THE FINANCIAL STATEMENTS	9-14
DIRECTORY	15

**QUAYSIDE HOLDINGS LIMITED LIMITED AND SUBSIDIARY COMPANIES**  
**DIRECTORS' REPORT TO SHAREHOLDERS**  
**Unaudited Results for the Six Months to 31 December 2010**

**1 The Half Year at a Glance (\$000)**

- Total income \$104,246 up 29.8% (up \$23,905) on 1H10
- Total operating expenditure \$65,298 up 40.9% (up \$18,983) on 1H10
- Profit before tax \$43,807 up 15.8% on 1H10
- Net profit/(loss) after tax \$33,845 up 13.3% on 1H10
- Total Assets (Consolidated Group) up \$61,744 on 1H10
- Shareholder Equity at a parent company level of \$570,132 up 5.9% on 1H10

The positive result experienced by Quayside Holdings Limited show the benefits derived from

- Volume growth across the wider Port business
- The benefit of the Ports acquisition of Tapper Transport
- The continued recovery of global equity markets.

**2 Port Performance**

The Port of Tauranga Limited achieved an excellent unaudited net profit for the half year of \$28.4 million, 23% up on 1H10.

Trade volumes were up (collectively 18%) in both the export (13%) and import (29%) sectors. Gains were reflected in logging and fertiliser volumes in the first half. In addition, container volumes railed to MetroPort operations in Auckland increased 56%.

The Port continues to show positive signs for further future growth with the acquisition of further land adjacent to the Port, as well as strong performance from subsidiary and associate organisations. The financials for the period include Tapper Transport Limited, acquired 1 April 2010.

The Port has proposed an interim dividend of 10 cents per share, representing a 11% increase on last period.

**3 Statement of Intent**

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

Quayside Holdings Limited targets set in June 2010 for the period in respect of dividends, long run commercial performance, monitoring of investments, and providing sound timely advice to shareholders, were achieved.

**4 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. John Green completed a three year term as Director in October 2010. He continues in his capacity as Director subject to the Council reappointment process. A new Director William Bayfield was appointed in July 2010.

Scott Hamilton was appointed Chief Executive of the Quayside Group in November 2010 following the retirement of Sandy Lawrie. Mr Lawrie's retirement concluded his nineteenth year of dedicated service since the founding of Quayside in 1991.

**QUAYSIDE HOLDINGS LIMITED AND SUBSIDIARY COMPANIES**  
**STATEMENT OF MOVEMENTS IN EQUITY**  
**FOR THE PERIOD ENDING 31 DECEMBER 2010**

	Note	Unaudited Six Months Dec 2010 \$000	Unaudited Six Months Dec 2009 \$000	Audited Year Jun 2010 \$000
<b>Income</b>				
Trading revenue		93,135	67,999	150,993
Other Income		3,390	3,513	6,824
Other gains	11	7,721	8,829	6,552
Total Income		<b>104,246</b>	80,341	164,369
<b>Expenses</b>				
Employee benefit expenses		12,361	8,040	18,499
Depreciation and amortisation		8,423	7,014	14,231
Trading and other expenses		34,649	22,381	51,088
Finance costs		8,313	6,911	14,240
Other losses	11	1,552	1,969	7,630
Total operating expenditure		<b>65,298</b>	46,315	105,688
Share of profit of associates and joint ventures		4,859	3,794	8,231
<b>PROFIT BEFORE INCOME TAX</b>		<b>43,807</b>	37,820	66,912
Income tax expense		9,962	7,953	27,026
<b>Net profit after tax</b>		<b>33,845</b>	29,867	39,886
<b>Attributable to:</b>				
Equity holders of the parent		21,054	19,475	22,763
Minority Interest		12,791	10,392	17,123
		<b>33,845</b>	29,867	39,886

**QUAYSIDE HOLDINGS LIMITED AND SUBSIDIARY COMPANIES**  
**STATEMENT OF MOVEMENTS IN EQUITY**  
**FOR THE PERIOD ENDING 31 DECEMBER 2010**

	Unaudited Six Months Dec 2010 \$000	Unaudited Six Months Dec 2009 \$000	Audited Year Jun 2010 \$000
Net profit after tax	33,845	29,867	39,886
<b>Other comprehensive income</b>			
Effective portion of changes in fair value of cash flow hedges	1,675	(11)	(5,562)
Net change in fair value of cash flow hedges transferred to profit or loss	(1,271)	1,150	2,872
Change in share of joint ventures' cash flow hedge reserve	66	301	217
Tax effect	-	-	25,810
Fair value gains on intangible assets	-	-	12
	<hr/>	<hr/>	<hr/>
<b>Total comprehensive income for the period</b>	<b>34,315</b>	<b>31,307</b>	<b>63,235</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the parent	21,312	20,267	35,601
Minority Interest	13,003	11,040	27,634
	<hr/>	<hr/>	<hr/>
	<b>34,315</b>	<b>31,307</b>	<b>63,235</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**QUAYSIDE HOLDINGS LIMITED AND SUBSIDIARY COMPANIES**  
**STATEMENT OF MOVEMENTS IN EQUITY (unaudited)**  
**FOR THE PERIOD ENDING 31 DECEMBER 2010**

Group	Share Capital \$000	Hedging Reserve \$000	Revaluation Reserve \$000	Retained Earnings \$000	Minority Interest \$000	Total Equity \$000
<b>Balance at 1 July 2009</b>	<b>200,011</b>	<b>(2,973)</b>	<b>299,971</b>	<b>(134,914)</b>	<b>289,428</b>	<b>651,524</b>
Profit after tax	-	-	-	19,475	10,392	29,868
Net effective portion of changes in fair value of cashflow hedges	-	(6)	-	-	(5)	(11)
Net change in fair value of cashflow hedges transferred to profit or loss	-	632	-	-	518	1,150
Net changes in cashflow hedges transferred to property, plant and equipment	-	165	-	-	136	301
Total comprehensive income	-	792	-	19,475	11,040	31,308
Other adjustments	-	-	(253)	150	102	(1)
Increase in paid up capital	-	-	-	-	246	246
Dividends to shareholders	-	-	-	(9,520)	(10,862)	(20,382)
<b>Balance at 31 December 2009</b>	<b>200,011</b>	<b>(2,181)</b>	<b>299,718</b>	<b>(124,808)</b>	<b>289,954</b>	<b>662,694</b>
Profit after tax	-	-	-	3,286	6,730	10,016
Net effective portion of changes in fair value of cashflow hedges	-	(3,052)	-	-	(2,500)	(5,552)
Net change in fair value of cashflow hedges transferred to profit or loss	-	946	-	-	776	1,722
Net changes in cashflow hedges transferred to property, plant and equipment	-	(46)	-	-	(38)	(84)
Revaluation of intangibles	-	-	12	-	-	12
Asset revaluation, net of tax	-	-	14,185	-	11,625	25,810
Total comprehensive income	-	(2,152)	14,197	3,286	16,593	31,925
Other adjustments	-	-	1	4	(4)	1
Increase in paid up capital	-	-	-	-	5	5
Dividends to shareholders	-	-	-	(8,730)	(5,434)	(14,164)
<b>Balance at 30 June 2010</b>	<b>200,011</b>	<b>(4,333)</b>	<b>313,916</b>	<b>(130,248)</b>	<b>301,114</b>	<b>680,460</b>
Profit after tax	-	-	-	21,054	12,791	33,845
Net effective portion of changes in fair value of cashflow hedges	-	921	-	-	754	1,675
Net change in fair value of cashflow hedges transferred to profit or loss	-	(699)	-	-	(572)	(1,271)
Net change in share of associates' cashflow hedge reserves	-	36	-	-	30	66
Asset revaluation, net of tax	-	-	(15)	15	-	-
Total comprehensive income	-	258	(15)	21,069	13,003	34,315
Minority Interest adjustments	-	-	-	-	3	3
Increase in paid up capital	-	-	-	-	7	7
Dividends to shareholders	-	-	-	(11,008)	(12,079)	(23,087)
<b>Balance at 31 December 2010</b>	<b>200,011</b>	<b>(4,074)</b>	<b>313,901</b>	<b>(120,188)</b>	<b>302,048</b>	<b>691,698</b>

**QUAYSIDE HOLDINGS LIMITED AND SUBSIDIARY COMPANIES**  
**STATEMENT OF MOVEMENTS IN EQUITY**  
**AS AT 31 DECEMBER 2010**

	Note	Unaudited Six Months Dec 2010 \$000	Unaudited Six Months Dec 2009 \$000	Audited Year Jun 2010 \$000
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents		8,236	5,381	5,472
Derivative financial instruments		-	17	-
Trade and other receivables		24,530	18,353	25,606
Inventories		155	109	382
<b>Total current assets</b>		<b>32,921</b>	23,860	31,460
<b>Non-Current Assets</b>				
Intangible Assets		18,519	3,608	18,793
Biological Assets		3,189	1,905	3,189
Trade and other receivables		26,434	28,966	27,705
Property, plant and equipment	6	852,806	814,643	844,825
Investments in associates and joint ventures		41,357	37,306	39,746
Other financial assets	10	60,317	58,731	54,146
Investment Properties		16,830	21,113	16,822
Deferred tax assets		287	784	4,024
<b>Total non-current assets</b>		<b>1,019,739</b>	967,056	1,009,250
<b>Total Assets</b>		<b>1,052,660</b>	990,916	1,040,710
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Trade and other payables		11,878	9,798	13,164
Borrowings	7	32,040	207,243	54,303
Provisions		1,227	755	1,906
Derivative financial instruments		532	352	1,095
Taxation		5,531	1,921	6,106
<b>Total current liabilities</b>		<b>51,208</b>	220,070	76,574
<b>Non-Current Liabilities</b>				
Borrowings	7	243,950	67,494	213,093
Provisions		4,871	861	4,890
Deferred consideration		3,000	-	3,000
Derivative financial instruments		9,142	4,649	9,111
Deferred tax liability		48,791	35,148	53,582
<b>Total non-current liabilities</b>		<b>309,754</b>	108,152	283,676
<b>Total Liabilities</b>		<b>360,962</b>	328,222	360,250
<b>Total Assets less Total Liabilities</b>		<b>691,698</b>	662,694	680,460

**QUAYSIDE HOLDINGS LIMITED AND SUBSIDIARY COMPANIES**  
**STATEMENT OF MOVEMENTS IN EQUITY**  
**AS AT 31 DECEMBER 2010**

	Unaudited Six Months Dec 2010 \$000	Unaudited Six Months Dec 2009 \$000	Audited Year Jun 2010 \$000
<b>EQUITY</b>			
Paid Up Capital	200,011	200,011	200,011
Reserves	309,827	297,537	309,583
Retained Earnings	<b>(120,188)</b>	(124,808)	(130,248)
Total equity attributable to equity holders of the Parent	<b>389,650</b>	372,740	379,346
Minority Interest	<b>302,048</b>	289,954	301,114
<b>Total Equity</b>	<b>691,698</b>	662,694	680,460

**QUAYSIDE HOLDINGS LIMITED AND SUBSIDIARY COMPANIES**  
**STATEMENT OF MOVEMENTS IN EQUITY**  
**FOR THE PERIOD ENDING 31 DECEMBER 2010**

	Unaudited Six Months Dec 2010 \$000	Unaudited Six Months Dec 2009 \$000	Audited Year Jun 2010 \$000
<b>Cash flow from operating activities</b>			
Cash inflows	97,681	73,533	154,300
Cash outflows	<u>(69,889)</u>	<u>(48,147)</u>	<u>(98,056)</u>
Net cash from operating activities	27,792	25,386	56,244
<b>Cash flows from investing activities</b>			
Cash inflows	6,890	6,575	12,839
Cash outflows	<u>(17,383)</u>	<u>(17,160)</u>	<u>(31,618)</u>
Net cash from investing activities	(10,493)	(10,585)	(18,779)
<b>Cash flows from financing activities</b>			
Cash inflows	62,553	34	85
Cash outflows	<u>(77,088)</u>	<u>(23,898)</u>	<u>(46,278)</u>
Net cash from financing activities	(14,535)	(23,864)	(46,193)
<b>Net increase/(decrease) in cash, cash equivalents and bank overdrafts</b>	<b>2,764</b>	<b>(9,063)</b>	<b>(8,728)</b>
Cash, cash equivalents and bank overdrafts at the beginning of the period	5,472	14,200	14,200
<b>Cash, cash equivalents and bank overdrafts at end of period</b>	<b><u>8,236</u></b>	<b><u>5,137</u></b>	<b><u>5,472</u></b>
<b>RECONCILIATION OF PROFIT FOR THE PERIOD TO CASHFLOWS FROM OPERATING ACTIVITIES</b>			
<b>Net surplus/(deficit) after tax</b>	<b>33,845</b>	29,867	39,886
Add/(subtract) non cash & non operating items	<b>(4,560)</b>	(5,599)	12,972
Add/(subtract) movements in working capital	<b>(1,493)</b>	1,118	3,384
Net Cashflows from operating activities	<b><u>27,792</u></b>	<b><u>25,386</u></b>	<b><u>56,244</u></b>

## QUAYSIDE HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

### NOTES TO THE FINANCIAL STATEMENTS (unaudited)

#### FOR THE PERIOD ENDING 31 DECEMBER 2010

#### 1 Reporting Entity

For the purposes of these half yearly condensed financial statements the reporting entity consists of Quayside Holdings Limited and its subsidiaries (together "the Group"). Its subsidiaries comprise: Quayside Properties Limited, Quayside Securities Limited and Quayside Unit Trust (all 100% beneficially owned) and Port of Tauranga Limited (54.96% owned) and Port of Tauranga Trustee Company Limited (100% owned by Port of Tauranga Limited). The Parent of Quayside Holdings Limited is Bay of Plenty Regional Council.

Quayside Holdings Limited and its wholly owned subsidiary, Quayside Securities Limited, were established in July 1991. Quayside Unit Trust, being 100% beneficially owned, was also established in 1991. The primary objective of the Group was to acquire at valuation the shares in the Port of Tauranga Limited (POTL), then held by the Bay of Plenty Regional Council and, thereafter, to manage the shareholding, and subsequently other investments, in the interests of the Shareholder. A further wholly owned subsidiary, Quayside Properties Limited, was established in October 2003. The purpose of Quayside Properties Limited is direct investment in property. These financial statements are prepared in New Zealand dollars.

#### 2 Statement of Accounting Policies

Except for the standards described below, the accounting policies used in the preparation of these half yearly financial statements are consistent with those used in the 30 June 2010 Annual Report. These interim financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand and NZ IAS 34 'Interim Financial Reporting' and should be read in conjunction with the 2010 Annual Report. The interim financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993 and the Companies Act 1993. The Group is designated as a profit oriented entity for financial reporting purposes.

No new standards or amendments to standards have been adopted by the Group in the current period.

#### 3 Unaudited Financial Statements

The half year financial statements to 31 December 2010 as presented are unaudited. Comparatives to 31 December 2009 are also unaudited. Comparatives reflecting a 30 June 2010 position are of audited financials.

#### 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 2010.

#### 5 Dividends

The following cash dividends were paid by the Parent Company. All dividends paid by the parent company were fully imputed.

	31/12/10	31/12/09
<b>Ordinary Shares</b>	<b>\$000</b>	\$000
Interim dividend (28/10/10) of \$400.80 per share (2010: \$282 per share)	<b>4,008</b>	2,820
	<b>4,008</b>	2,820

**QUAYSIDE HOLDINGS LIMITED AND SUBSIDIARY COMPANIES**

**NOTES TO THE FINANCIAL STATEMENTS (unaudited)**

**FOR THE PERIOD ENDING 31 DECEMBER 2010**

Dividends continued:

<b>Perpetual Preference Shares</b>	<b>31/12/10</b>	<b>31/12/09</b>
Quarterly dividend (12/9/10) 1.750 cents per share (2009: 1.675 cps)	<b>3,500</b>	3,350
Quarterly dividend (12/12/10) 1.750 cents per share (2009: 1.675 cps)	<b>3,500</b>	3,350
	<b>7,000</b>	6,700
<b>Total dividends paid</b>	<b>11,008</b>	9,520

Cash dividends paid on Perpetual Preference Shares increased as a result of top up payments for Resident Withholding Tax (RWT). This is offset by a corresponding fall in Imputation Credits attached to the dividends, a result of the fall in the corporate tax rate from 33% to 30%.

**6 Property, Plant and Equipment**

*Acquisitions and Disposals*

During the six months ended 31 December 2010, the Group acquired assets with a cost of \$15.978 million (six months ended 31 December 2009: \$5.665 million) and disposed of assets with a carrying value of \$0.095 million (six months ended 31 December 2009: \$0.280 million).

**7 Loans and Borrowings**

Quayside Holdings Limited

(a) Standby Revolving Cash Advance Facility Agreement

Quayside Holdings Limited has \$105m (2009 \$30m) of financing arrangements with the ANZ Banking Group (New Zealand) Limited. Facility A is of \$75 million and matures on 30<sup>th</sup> November 2013, Facility B of \$30m matures on 13<sup>th</sup> October 2011.

At 31 December 2010 Quayside Holdings Limited had drawn \$65m against these facilities.

Quayside Holdings Limited has entered into a mortgage over shares held in the Port of Tauranga Limited to secure payment to the mortgagee, ANZ Banking Group (New Zealand) Limited, of all monies from time to time payable by the mortgagor to the mortgagee.

(b) Arawata Finance Limited

During the six months to 31 December 2010, Quayside Unit Trust (a 100% subsidiary of Quayside Holdings Limited) refinanced Redeemable Preference Shares of \$53.48m (2009) (2010: nil) from Arawata Finance Limited, with an intercompany loan from Quayside Holdings Limited of \$51 million (2009: nil). This transaction is eliminated on consolidation (refer note 9).

Port of Tauranga Limited

(a) Standby Revolving Cash Advance Facility Agreement

The Port of Tauranga Limited has a \$260 million (2009: \$250 million) financing arrangement with ANZ Banking Group (New Zealand) Limited, Bank of New Zealand Limited and the Commonwealth Bank of Australia, New Zealand branch. The facility, which is secured (2009: unsecured), provides for both direct borrowings and support for issuance of Commercial Papers.

The standby revolving cash advance facility comprises of two tranches; tranche 1, a \$130 million (2009: \$225 million) facility maturing 31 December 2013 (2009: 31 December 2010), and tranche 2, a \$130 million (2009: \$25 million) facility maturing 31 December 2015 (2009: 31 December 2010). These facilities are secured by way of a ships' mortgage over certain floating plant assets, mortgages over the land and building assets and by a general security agreement over the assets of the port (2009: unsecured and lent against a negative pledge deed).

**QUAYSIDE HOLDINGS LIMITED AND SUBSIDIARY COMPANIES**

**NOTES TO THE FINANCIAL STATEMENTS (unaudited)**

**FOR THE PERIOD ENDING 31 DECEMBER 2010**

(b) Overdraft Facility

Tapper Transport Limited has a \$0.900 million overdraft facility with the Bank of New Zealand Limited, which is primarily used for short term working capital requirements. This facility has no fixed duration and is secured via a general security agreement over all assets of the company.

(c) Multi Option Facility Agreement

The Port of Tauranga Limited has a \$5 million (2009: \$10 million) multi option financing facility with the Bank of New Zealand Limited, which is primarily used for short term working capital requirements. This facility expires on 31 December 2011 (2009: 31 December 2010). The Port of Tauranga Limited has the option to roll-over this facility for the period of one year, by giving notice to the Bank of New Zealand prior to the expiry of the facility. This facility is secured by way of a ships' mortgage over certain floating plant assets and by a general security agreement over the land and building assets over the port (2009: unsecured and lent against a negative pledge deed).

**8 Incorporation of Subsidiary**

On 13 December 2010, MetroPack Limited was incorporated. MetroPack Limited which is not yet trading, will be involved in container packing operations and is situated alongside MetroPort in Auckland. MetroPack is a 100% subsidiary of Port of Tauranga Limited, however it is envisaged that Port of Tauranga Limited will have an equal one-third holding in MetroPack Limited alongside Tapper Transport Limited and C3 Limited.

**9 Related Party Transactions**

Quayside Holdings Limited is the Parent of the Group and controls three entities, being Quayside Properties Limited, Quayside Securities Limited and Quayside Unit Trust. Through the shareholding in Quayside Unit Trust a controlling interest is held in the Port of Tauranga Limited (POTL) and its subsidiaries and associates.

During the six months ended 31 December 2010 the related party transactions with subsidiaries, associates and joint ventures were:

	<b>Six Months Ended 31 Dec 2010 \$000</b>	Six Months Ended 31 Dec 2009 \$000
<b>Quayside Holdings Limited</b>		
Interest received from Quayside Properties Limited	146	177
Loans receivable from Quayside Properties Limited	7,892	10,500
Loans payable to Quayside Unit Trust	-	1,000
Interest paid to Quayside Unit Trust	16	42
Interest received from Quayside Unit Trust	158	-
Loans receivable from Quayside Unit Trust	51,000	-
<b>C3 Limited (associate company)</b>		
Services provided to POTL	1,619	1,650
Services provided by POTL	5,195	4,985
<b>Northport Limited (associate company)</b>		
Services provided to POTL	9	8
<b>Tapper Transport Limited (subsidiary company)</b>		
Services provided to POTL	11	1
<b>MetroBox Auckland Limited (associate company)</b>		
Loans Payable to POTL	1,785	1,785

No interest is charged on advances to associates and joint ventures, which are repayable on demand.

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

Quayside Holdings has Perpetual Preference Shares issued on the New Zealand Stock Exchange. The following transactions were recorded:

- JM Green (a director) as trustee holds 150,000 Perpetual Preference Shares
- MJ Smith (a director) as trustee holds 600,000 Perpetual Preference Shares

**QUAYSIDE HOLDINGS LIMITED AND SUBSIDIARY COMPANIES**

**NOTES TO THE FINANCIAL STATEMENTS (unaudited)**

**FOR THE PERIOD ENDING 31 DECEMBER 2010**

During the six months ended 31 December 2010, the Group entered into transactions with companies in which Group Directors held directorships. These transactions have occurred on normal commercial terms.

*Controlling Entity*

Quayside Securities Limited owns 54.94% of the ordinary shares in Port of Tauranga Limited.

Quayside Securities Limited is beneficially owned by Bay of Plenty Regional Council.

*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.

	<b>Six Months Ended 31 December 2010 \$000</b>	Six Months Ended 31 December 2009 \$000
<b>Short term employee benefits</b>		
Directors fees	<b>361</b>	378
Executive salaries	<b>1,808*</b>	1,273

*\*Includes executive long term incentive payment*

**10 Other Financial Assets**

Other Financial Assets include the Group's equity investments which were revalued to the market value as at 31 December 2010.

**11 Gains/(losses)**

Gains/(losses) resulting from a revaluation to market value of investments were:

	<b>Gains/(Losses) To 31 Dec 2010</b>	Gains/(Losses) To 31 Dec 2009
<b>Unrealised gains/(losses)</b>		
Other financial assets	<b>6,145</b>	6,946
<b>Realised gains/(losses)</b>		
Other financial assets	<b>24</b>	(86)
<b>Net gains/(losses)</b>	<b>6,169</b>	6,860

Represented in the Income Statement as follows:

<b>Total other gains</b>	<b>7,721</b>	8,829
<b>Total other losses</b>	<b>(1,552)</b>	(1,969)

**12 Segment Information**

Business Segments:

At the 31 December 2010 the Group is organised into two main business segments: The first being the business of facilitating export and import activities (Port), and the second being the business of investment in property and listed equities (Investing). Both business segments operate in one geographic segment being New Zealand.

**QUAYSIDE HOLDINGS LIMITED AND SUBSIDIARY COMPANIES**

**NOTES TO THE FINANCIAL STATEMENTS (unaudited)**

**FOR THE PERIOD ENDING 31 DECEMBER 2010**

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 used by the Chief Operating Decision Maker as one business segment.

The unaudited segment results for the six months ended 31 December 2010 are as follows:

	Port \$000	Investing \$000	Total \$000
<b>31 December 2010</b>			
Total revenue	92,829	22,765	115,594
Inter-segment revenue		(14,738)	(14,738)
<b>Revenue (from external customers)</b>	<b>92,829</b>	<b>8,027</b>	<b>100,856</b>
Share of profit of associates	4,859	-	4,859
Interest Income	1,986	104	2,090
Other income	-	1,300	1,300
Finance costs	(7,138)	(1,175)	(8,313)
Depreciation & amortisation	(8,423)	-	(8,423)
Other unallocated expenditure	(45,466)	(3,096)	(48,562)
Income tax expense	(10,249)	287	(9,962)
<b>Profit after income tax</b>	<b>28,398</b>	<b>5,447</b>	<b>33,845</b>

	Port \$000	Investing \$000	Total \$000
<b>31 December 2009</b>			
Total revenue	67,046	23,046	90,092
Inter-segment revenue		(13,264)	(13,264)
<b>Revenue (from external customers)</b>	<b>67,046</b>	<b>9,782</b>	<b>76,828</b>
Share of profit of associates	3,794	-	3,794
Interest Income	2,243	35	2,278
Other income	22	1,213	1,235
Finance costs	(5,957)	(954)	(6,911)
Depreciation & amortisation	(7,014)	-	(7,014)
Other unallocated expenditure	(28,972)	(3,418)	(32,390)
Income tax expense	(8,090)	137	(7,953)
<b>Profit after income tax</b>	<b>23,072</b>	<b>6,795</b>	<b>29,867</b>

**QUAYSIDE HOLDINGS LIMITED AND SUBSIDIARY COMPANIES**  
**NOTES TO THE FINANCIAL STATEMENTS (unaudited)**  
**FOR THE PERIOD ENDING 31 DECEMBER 2010**

**12 Segment Report continued**

The unaudited segment assets at 31 December 2010 are as follows:

	Port \$000	Investing \$000	<b>Total \$000</b>
<b><u>Segment assets</u></b>			
31 December 2010	924,322	86,694	<b>1,011,016</b>
31 December 2009	866,058	86,751	<b>952,809</b>

	<b>Six Months Dec 2010 \$000</b>	<b>Six Months Dec 2009 \$000</b>
Total segment assets	1,011,016	952,809
Deferred tax	287	784
Investment in associates	41,357	37,306
Derivative financial instruments	-	17
<b>Total assets as per balance sheet</b>	<b>1,052,660</b>	<b>990,916</b>

**13 Commitments**

	<b>Six Months Ended 31 December 2010 \$000</b>	<b>Six Months Ended 31 December 2009 \$000</b>
<b>Capital commitments</b>		
Estimated capital commitments for the Group contracted for at balance date but not provided for	<b>2,306</b>	1,799

**QUAYSIDE HOLDINGS LIMITED AND SUBSIDIARY COMPANIES**

**DIRECTORY**

**FOR THE PERIOD ENDING 31 DECEMBER 2010**

**Directors holding office at 31 December 2010 were:**

**Quayside Holdings Limited, Quayside Securities Limited, Quayside Properties Limited**

M J Smith (Chair)  
W E Bayfield  
J M Green  
A J Herbert QSM  
J H Mansell  
J M Nees

**Port of Tauranga Limited**

J S Parker (Chair)  
A W Baylis  
K Tempest  
J M Cronin  
D A Pilkington  
M J Smith  
Sir Dryden Spring

**Loans**

There were no loans by Quayside Holdings Limited, Quayside Securities Limited, Quayside Properties Limited or the Port of Tauranga Limited to directors.

**Directors Insurance**

The Group has arranged policies of Directors' Liability Insurance which, together with a Deed of Indemnity, ensures that generally Directors will incur no monetary loss as a result of actions undertaken by them as Directors. Certain actions are specifically excluded, for example the incurring of penalties and fines which may be imposed in respect of breaches of the law.

**CHIEF EXECUTIVE**

A S Hamilton

**SOLICITOR**

J Gooch, of Cooney Lees & Morgan, Tauranga

**ACCOUNTANTS**

Quay Accountants Limited, Whakatane

**REGISTERED OFFICES**

106 Commerce Street, P O Box 704, Whakatane

Ph: 07 308 4414

Fax: 07 308 0440