

**QUAYSIDE HOLDINGS LIMITED  
AND SUBSIDIARY COMPANIES**

HALF YEAR REPORT

For

31 DECEMBER 2012

**QUAYSIDE HOLDINGS LIMITED AND SUBSIDIARY COMPANIES  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012**

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## **DIRECTORS' REPORT TO SHAREHOLDERS**

### **Unaudited Results for the Six Months to 31 December 2012**

Group Net Profit after Tax for the six months of \$80.2m (2011: \$29.4m) includes a one off gain in relation to the Port's sale of its investment in C3 Limited. Normalised NPAT for the period of \$45.2m was 53.8% ahead of 2011 comparative figures.

#### **Port Segment Performance**

Port normalised profit for the six months of \$39.2m was 13.4% up on 2011. The result demonstrates retention of new business earned in the second half of the 2012 financial year. Operating revenues during the period were up 11.4% on last year.

The sale of C3 Limited dominates the accounts with the overall impact of the sale providing a one off adjustment of \$35.0m to the group profit. Profit from associates grew 5.1% during the period. The Port has continued its capital works programme, and will add the \$34.0m acquisition of Quality Marshalling to the Group in January 2013.

Markets continue to react favourably to the activity and performance of the Port company, with the Port of Tauranga share price of \$13.16 at 31 December 2012, against \$11.03 at 30 June 2012 and \$9.95 at 31 December 2011. Quayside held 54.94% of the Port of Tauranga at 31 December 2012, with a market value of \$969.7m.

#### **Investment Segment Performance**

The Quayside Group delivered a \$6.0m profit (2011: \$5.2m loss) after tax for the first half of the year. Favourable global markets enabled the Quayside portfolio to deliver a gross return of 14.3% (2011: -4.4%). Operating and finance costs continue to track favourably against historical performance; however kiwifruit vine disease Psa continues to inhibit Quayside's near term investment property growth.

The Quayside Group paid dividends to Perpetual Preference Shareholders during the period of \$3.9m in accordance with its prospectus. Dividends paid during the period to the Bay of Plenty Regional Council increased 7% over 2011.

#### **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 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 2012 to 30 June 2013.

#### **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, directors Michael Smith and Jane Nees were re-appointed and Athole Herbert and James Mansell retired. Robert Tait was appointed a director in October 2012 and Paula Thompson was appointed a director in November 2012.

**QUAYSIDE HOLDINGS LIMITED AND SUBSIDIARY COMPANIES**  
**CONSOLIDATED INCOME STATEMENT**  
**For the six months ended 31 December 2012**

	Note	Unaudited Six months Dec 2012 \$'000	Unaudited Six months Dec 2011 \$'000	Audited Full year June 2012 \$'000
Trading revenue		118,527	104,638	227,660
Other income		8,593	3,124	6,489
<b>Operating income</b>		<b>127,120</b>	107,762	234,149
Employee benefit expense		(15,225)	(14,104)	(28,708)
Trading and other expenses		(44,885)	(44,395)	(97,548)
<b>Operating expenses</b>		<b>(60,110)</b>	(58,499)	(126,256)
<b>Results from operating activities</b>		<b>67,010</b>	49,263	107,893
Depreciation and amortisation		(8,584)	(8,669)	(17,100)
<b>Operating profit before finance costs and taxation</b>		<b>58,426</b>	40,594	90,793
Finance income		1,632	1,958	3,476
Finance expenses	8	(12,702)	(8,821)	(16,727)
<b>Net finance costs</b>		<b>(11,070)</b>	(6,863)	(13,251)
Gain on sale of associate		38,335	-	-
Share of profit of associates		6,367	6,055	12,280
<b>PROFIT BEFORE INCOME TAX</b>		<b>92,058</b>	39,786	89,822
Income tax expense		(11,830)	(10,403)	(23,812)
<b>PROFIT FOR THE PERIOD</b>		<b>80,228</b>	29,383	66,010
<b>Attributable to:</b>				
Equity holders of the parent		46,797	13,829	32,954
Non-controlling interest		33,431	15,554	33,056
<b>PROFIT FOR THE PERIOD</b>		<b>80,228</b>	29,383	66,010
<b>SUPPLEMENTARY (NON STATUTORY) DISCLOSURE</b>				
Underlying profit after tax	6	45,212	29,383	66,010

Underlying profit after tax is presented to allow readers to make an assessment of underlying profit after removing one-off and non-operational items.

**QUAYSIDE HOLDINGS LIMITED AND SUBSIDIARY COMPANIES**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the six months ended 31 December 2012**

	Unaudited Six months Dec 2012 \$'000	Unaudited Six months Dec 2011 \$'000	Audited Full year June 2012 \$'000
Net profit after tax	80,228	29,383	66,010
<b>Other comprehensive income</b>			
Effective portion of changes in fair value of cash flow hedges, net of tax	(1,597)	(8,449)	(11,109)
Change in fair value of cash flow hedges transferred to the income statement, net of tax	4,809	1,396	3,076
Changes in cash flow hedges transferred to property, plant and equipment, net of tax	512	16	252
Net change in share of associates' cash flow hedge reserves	107	(115)	33
Net change in share of associates' revaluation reserves	-	-	689
Asset revaluation, net of tax	-	-	11,483
<b>Total comprehensive income for the period</b>	<b>84,059</b>	<b>22,231</b>	<b>70,434</b>
Total comprehensive income attributable to:			
Equity holders of the parent	48,902	9,900	35,384
Non-controlling interest	35,157	12,331	35,050
	<b>84,059</b>	<b>22,231</b>	<b>70,434</b>

**QUAYSIDE HOLDINGS LIMITED AND SUBSIDIARY COMPANIES**  
**CONSOLIDATED STATEMENT OF MOVEMENTS IN EQUITY**  
**For the six months ended 31 December 2012**

	Share capital	Hedging Reserve	Revaluation Reserve	Retained Earnings	Non- controlling interest	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2011</b>	200,011	(4,717)	321,712	(118,482)	315,455	713,979
Profit after tax	-	-	-	13,829	15,554	29,383
Net effective portion of changes in fair value of cashflow hedges	-	(4,642)	-	-	(3,807)	(8,449)
Net change in fair value of cashflow hedges transferred to the income statement	-	767	-	-	629	1,396
Net changes in cashflow hedges transferred to property, plant and equipment	-	9	-	-	7	16
Net change in share of associates' cashflow hedge reserves	-	(63)	-	-	(52)	(115)
<b>Total comprehensive income</b>	-	(3,929)	-	13,829	12,331	22,231
Non-controlling interest adjustments	-	-	(165)	5	159	(1)
Increase in paid up capital	-	-	-	-	5	5
Dividends paid to shareholders	-	-	-	(9,477)	(12,690)	(22,167)
<b>Total transactions with owners</b>	-	-	(165)	(9,472)	(12,526)	(22,163)
<b>Balance at 31 December 2011</b>	200,011	(8,646)	321,547	(114,125)	315,260	714,047
Profit after tax	-	-	-	19,125	17,502	36,627
Net effective portion of changes in fair value of cashflow hedges	-	(1,462)	-	-	(1,198)	(2,660)
Net change in fair value of cashflow hedges transferred to the income statement	-	923	-	-	757	1,680
Net changes in cashflow hedges transferred to property, plant and equipment	-	129	-	-	107	236
Net change in share of associates' cashflow hedge reserves	-	81	-	-	67	148
Net change in share of associates' revaluation reserve	-	-	379	-	310	689
Asset revaluation, net of tax	-	-	6,309	-	5,174	11,483
<b>Total comprehensive income</b>	-	(329)	6,688	19,125	22,719	48,203
Bonus issue to employees	-	-	-	-	(210)	(210)
Non-controlling interest adjustments	-	-	164	(76)	(89)	(1)
Increase in paid up capital	-	-	-	-	192	192
Dividends paid to shareholders	-	-	-	(9,478)	(7,252)	(16,730)
<b>Total transactions with owners</b>	-	-	164	(9,554)	(7,359)	(16,749)
<b>Balance at 30 June 2012</b>	200,011	(8,975)	328,399	(104,554)	330,620	745,501
Profit after tax	-	-	-	46,797	33,431	80,228
Net effective portion of changes in fair value of cashflow hedges	-	(877)	-	-	(720)	(1,597)
Net change in fair value of cashflow hedges transferred to the income statement	-	2,642	-	-	2,167	4,809
Net changes in cashflow hedges transferred to property, plant and equipment	-	281	-	-	231	512
Net change in share of associates' cashflow hedge reserves	-	59	-	-	48	107
<b>Total comprehensive income</b>	-	2,105	-	46,797	35,157	84,059
Non-controlling interest adjustments	-	-	-	20	(16)	4
Acquisition of non-controlling interest without change in control	-	-	-	(121)	242	121
Increase in share capital	-	-	-	278	-	278
Dividends paid to shareholders (Note 5)	-	-	-	(9,865)	(16,315)	(26,180)
<b>Total transactions with owners</b>	-	-	-	(9,688)	(16,089)	(25,777)
<b>Balance at 31 December 2012</b>	<b>200,011</b>	<b>(6,870)</b>	<b>328,399</b>	<b>(67,445)</b>	<b>349,688</b>	<b>803,783</b>

**QUAYSIDE HOLDINGS LIMITED AND SUBSIDIARY COMPANIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at 31 December 2012**

	Note	Unaudited Six months Dec 2012 \$'000	Unaudited Six months Dec 2011 \$'000	Audited Full year June 2012 \$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash & cash equivalents		57,215	22,407	16,692
Trade and other receivables		36,062	33,364	36,488
Inventories		539	255	514
<b>Total current assets</b>		<b>93,816</b>	56,026	53,694
<b>Non-current assets</b>				
Intangible assets		16,562	17,307	16,916
Biological assets		332	953	332
Advances and receivables		3,714	23,567	21,943
Property, plant and equipment	4	914,042	855,068	889,036
Investments in associates		47,724	57,711	61,993
Other financial assets		64,159	55,332	57,365
Investment properties		9,840	11,702	9,840
<b>Total non-current assets</b>		<b>1,056,373</b>	1,021,640	1,057,425
<b>Total assets</b>		<b>1,150,189</b>	1,077,666	1,111,119
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables		17,144	16,097	20,389
Loans and borrowings	10	126,709	669	961
Provisions		2,749	2,993	3,992
Derivative financial instruments		962	1,397	1,421
Deferred consideration		1,000	2,000	-
Taxation		3,135	3,440	8,956
<b>Total current liabilities</b>		<b>151,699</b>	26,596	35,719
<b>Non-current liabilities</b>				
Loans and borrowings	10	130,666	270,414	260,052
Provisions		1,275	2,215	2,487
Deferred consideration		-	1,000	1,000
Derivative financial instruments		16,116	19,823	20,827
Deferred tax liability		46,650	43,571	45,533
<b>Total non-current liabilities</b>		<b>194,707</b>	337,023	329,899
<b>Total liabilities</b>		<b>346,406</b>	363,619	365,618
<b>NET ASSETS</b>		<b>803,783</b>	714,047	745,501

**QUAYSIDE HOLDINGS LIMITED AND SUBSIDIARY COMPANIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at 31 December 2012**

	Note	Unaudited Six months Dec 2012 \$'000	Unaudited Six months Dec 2011 \$'000	Audited Full year June 2012 \$'000
<b>EQUITY</b>				
Paid up capital		200,011	200,011	200,011
Reserves		321,529	312,901	319,424
Retained Earnings		(67,445)	(114,125)	(104,554)
Total equity attributable to equity holders of the Parent		454,095	398,787	414,881
Non-controlling interest		349,688	315,260	330,620
<b>TOTAL EQUITY</b>		<b>803,783</b>	714,047	745,501

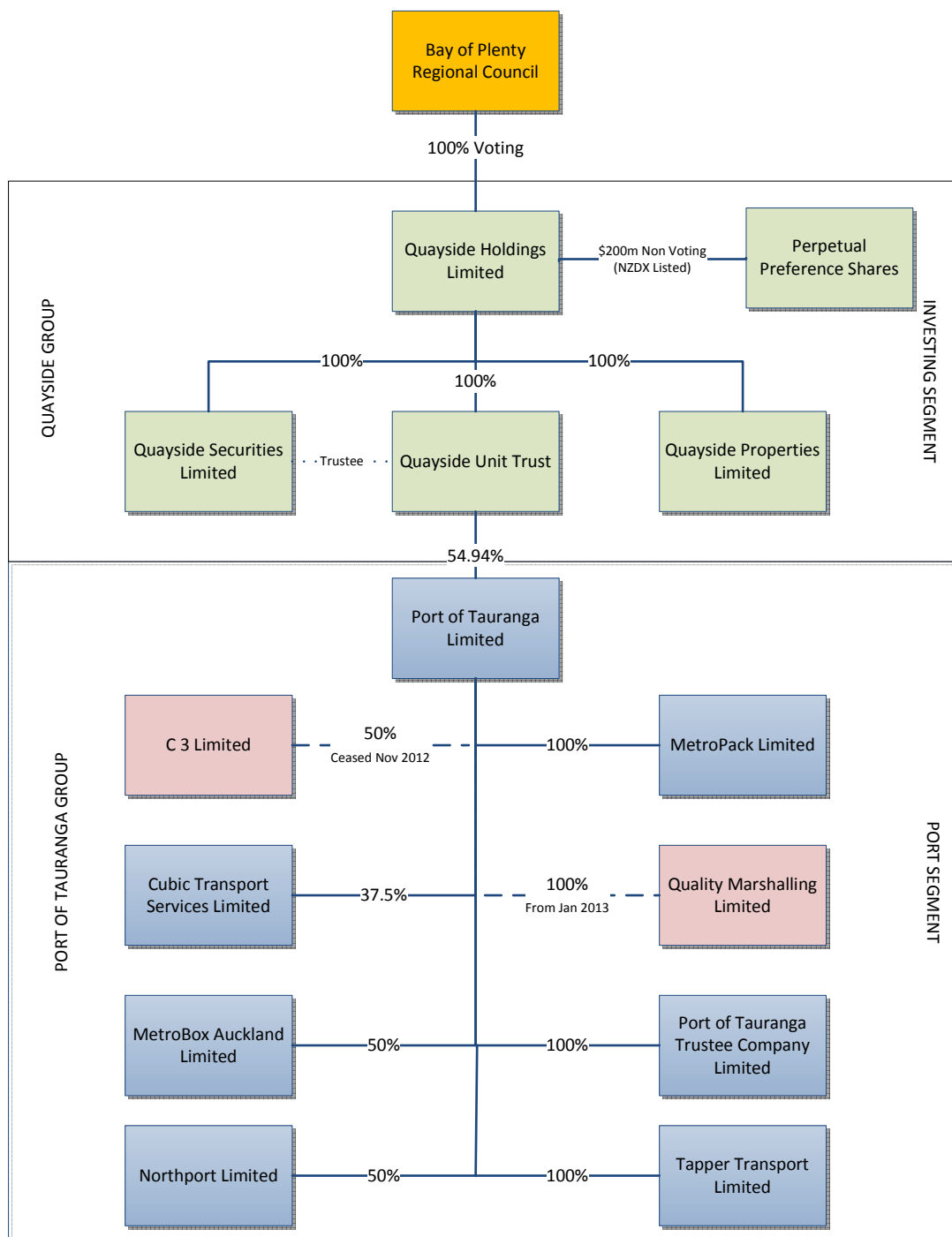


**QUAYSIDE HOLDINGS LIMITED AND SUBSIDIARY COMPANIES**  
**CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS**  
**For the six months ended 31 December 2012**

	Note	Unaudited Six months Dec 2012 \$'000	Unaudited Six months Dec 2011 \$'000	Audited Full year June 2012 \$'000
<b>Cash flows from operating activities</b>				
Cash inflows		124,483	105,814	228,336
Cash outflows		(97,403)	(79,256)	(153,998)
Net cash flows from operating activities		27,080	26,558	74,338
<b>Cash flows from investing activities</b>				
Cash inflows		78,413	12,452	25,285
Cash outflows		(35,170)	(18,778)	(58,443)
Net cash flows from investing activities		43,243	(6,326)	(33,158)
<b>Cash flows from financing activities</b>				
Cash inflows		413	7,737	303
Cash outflows		(30,213)	(57,167)	(76,396)
Net cash flows from financing activities		(29,800)	(49,430)	(76,093)
Net increase/(decrease) in cash and cash equivalents		40,523	(29,198)	(34,913)
Cash and cash equivalents at the beginning of the period		16,692	51,605	51,605
Cash and cash equivalents at the end of the period		57,215	22,407	16,692
<b>RECONCILIATION OF PROFIT FOR THE PERIOD TO CASHFLOWS FROM OPERATING ACTIVITIES</b>				
Net surplus/(deficit) after tax		80,228	29,383	66,010
Add/(subtract) non cash and non-operating items		(43,759)	4,419	10,266
Add/(subtract) movements in working capital		(9,389)	(7,244)	(1,938)
Net cash flows from operating activities		27,080	26,558	74,338

## 1 Reporting Entity

Quayside Holdings Limited is a company domiciled in New Zealand. The condensed consolidated interim financial statements of the Company as at and for the six months ended 31 December 2012 comprises the Company and its subsidiaries (together referred to as the 'Group') and the Group's interests in associates. The parent and ultimate controlling entity of Quayside Holdings Ltd is the Bay of Plenty Regional Council.



These financial statements are prepared in New Zealand dollars.

## **2 Basis of preparation**

### **a) Statement of compliance**

These unaudited condensed consolidated interim 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 2012.

These condensed consolidated financial statements were approved by the Board of Directors on 26 February 2013.

### **b) Estimates**

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation were the same as those applied to the consolidated financial statements as at and for the year ended 30 June 2012.

## **3 Significant accounting policies**

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 June 2012. No new standards or amendments to standards have been adopted by the Group in the current period.

## **4 Property, Plant and Equipment**

### *Acquisitions and Disposals*

During the six months ended 31 December 2012, the Group acquired assets with a cost of \$33.534 million (2011: \$11.243 million) and disposed of assets with a carrying value of \$0.040 million (2011: \$0.495 million).

## 5 Dividends

The following net dividends were paid by the parent company. All dividends paid were fully imputed.

	<b>Six Months Ended 31 Dec 2012 \$000</b>	Six Months Ended 31 Dec 2011 \$000
<b>Ordinary Shares</b>		
Interim dividend (2/11/12) of \$596.25 per share (2011: \$557.50 per share)	5,963	5,575
<b>Perpetual Preference Shares</b>		
Quarterly dividend (12/9/12) 0.975 cents per share (2011: 0.975 cents per share)	1,951	1,951
Quarterly dividend (12/12/12) 0.975 cents per share (2011: 0.975 cents per share)	1,951	1,951
	<b>3,902</b>	<b>3,902</b>
<b>Total Dividends Paid</b>	<b>9,865</b>	<b>9,477</b>

The dividend cents per share, for the Perpetual Preference Shares, includes resident withholding tax of 5% paid by the Group on behalf of shareholders. The next dividend reset date will be 14 March 2014.

## 6 Underlying Profit after Tax (Non Statutory) Disclosure

	<b>Six Months Ended 31 Dec 2012 \$000</b>	Six Months Ended 31 Dec 2011 \$000
Reported profit after tax	80,228	29,383
Gain on sale of associate	(38,335)	-
Loss on termination of interest rate swaps	4,610	-
Tax impact of termination of interest rate swaps	(1,291)	-
<b>Underlying profit after tax</b>	<b>45,212</b>	<b>29,383</b>

The key difference between the underlying profit and the reported profit in 2012 relates to the sale by the Port of Tauranga Limited of the investment in C3 Limited, and the derivative contracts closed out that related to debt repaid from consideration received from the sale.

The Port of Tauranga Limited sold its 50% share in C3 Limited on 28 November 2012. The share of associate profits from C3 Limited during this interim reporting period amounted to \$2.457 million (six months ended 31 December 2011: \$2.663 million, year ended 30 June 2012 \$5.734 million), which is included within share of profit of associates in the income statement.

## 7 Related Party Transactions

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 associates – refer Note 1. During the six months ended 31 December 2012, the related party transactions and balances with subsidiaries, associates and other related parties were:

	<b>Six Months Ended 31 Dec 2012 \$000</b>	Six Months Ended 31 Dec 2011 \$000
<b>QUAYSIDE GROUP</b>		
<b>Bay of Plenty Regional Council</b>		
Dividends paid by Quayside Holdings Limited	5,963	5,575
Services provided to Quayside Holdings Limited	8	3
Services provided to Quayside Properties Limited	5	2
Accounts payable by Quayside Holdings Limited	3	-
<b>Quayside Properties Limited</b>		
Interest paid to Quayside Holdings Limited	233	221
Interest payable to Quayside Holdings Limited	107	42
Loan payable to Quayside Holdings Limited	11,697	12,197
Subvention payable to Quayside Holdings Limited	-	396
<b>Quayside Unit Trust</b>		
Interest paid to Quayside Holdings Limited	706	657
Interest payable to Quayside Holdings Limited	135	121
Loan payable to Quayside Holdings Limited	36,195	36,195
Subvention payable to Quayside Holdings Limited	-	7
Dividend received from Port of Tauranga	19,896	15,474
Dividend paid to Quayside Holdings Limited	20,600	14,000
Trustee fees paid to Quayside Securities Limited	45	45
<b>Holland Beckett</b>		
Services provided to Quayside Holdings Limited	1	-
Services provided to Quayside Properties Limited	10	-
<b>Custodial Services Limited (Craigs)</b>		
Services provided to Quayside Holdings Limited	7	6
Accounts payable by Quayside Holdings Limited	3	3
Services provided to Quayside Unit Trust	15	13
Accounts payable by Quayside Unit Trust	8	7

**7 Related Party Transactions (continued)**

	<b>Six Months Ended 31 Dec 2012 \$000</b>	<b>Six Months Ended 31 Dec 2011 \$000</b>
<b>PORT OF TAURANGA GROUP</b>		
<b>C3 Limited *</b>		
Services provided by Port of Tauranga Limited	568	1,081
Services provided to Port of Tauranga Limited	6,351	6,170
Repayment of capital notes to Port of Tauranga Limited	16,599	-
Capital notes receivable by Port of Tauranga Limited	-	16,599
Accounts receivable by Port of Tauranga Limited	-	99
Accounts payable by Port of Tauranga Limited	-	1,059
<b>Northport Limited</b>		
Services provided by Port of Tauranga Limited	8	8
Accounts receivable by Port of Tauranga Limited	3	1
<b>Tapper Transport Limited</b>		
Services provided by Port of Tauranga Limited	3	6
Advances by Port of Tauranga Limited	2,900	3,300
Accounts receivable by Port of Tauranga Limited	2	1
<b>MetroBox Auckland Limited</b>		
Advances by Port of Tauranga Limited	1,785	1,785
Services provided to Tapper Transport Limited	24	13
Accounts payable by Tapper Transport Limited	6	3
<b>Port of Tauranga Trustee Company Limited</b>		
Advances to Port of Tauranga Trustee Company Limited for employees in Share Ownership Plan by Port of Tauranga	122	201
<b>Cubic Transport Services Limited</b>		
Services provided to Tapper Transport Limited	-	1
Services provided by Tapper Transport Limited	511	455
Accounts receivable by Tapper Transport Limited	87	88
<b>Metropack Limited</b>		
Advances by Port of Tauranga Limited	700	225
Advances by C3 Limited *	-	225
Advances by Tapper Transport Limited	700	225
Services provided by Port of Tauranga Limited	13	-
Accounts receivable by Port of Tauranga Limited	(3)	162
Services provided by Tapper Transport Limited	104	423
Services provided to Tapper Transport Limited	374	20
Accounts receivable by Tapper Transport Limited	105	71
Accounts payable by Tapper Transport Limited	21	5
Services provided to C3 Limited *	32	23
Services provided by C3 Limited *	12	-

## 7 Related Party Transactions (continued)

	Six Months Ended 31 Dec 2012 \$000	Six Months Ended 31 Dec 2011 \$000
<b>Metropack Limited (continued)</b>		
Accounts payable by C3 Limited *	-	4
Factored debtors payable by Tapper Transport Limited	236	-

\* C3 Limited ceased to be an associate of the Port of Tauranga Group on 28 November 2012. Refer Note 6.

During the six months ended 31 December 2012, the Group entered into transactions with companies in which Group Directors held directorships. These transactions have occurred on normal commercial terms. No related party debts have been written off or forgiven during the period. No interest is charged on advances to associates which are repayable on demand.

### *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 2012 \$000	Six Months Ended 31 Dec 2011 \$000
<b>Short term employee benefits</b>		
Directors fees	402	377
Executive salaries	1,778	1,720

## 8 Finance Expenses

	Six Months Ended 31 Dec 2012 \$000	Six Months Ended 31 Dec 2011 \$000
Interest expense on borrowings	(8,261)	(8,396)
Less: interest capitalised to property, plant and equipment	510	-
	(7,751)	(8,396)
Loss on termination of interest rate swaps	(4,610)	-
Interest on finance leases	(40)	(42)
Interest on deferred consideration	(35)	(105)
Interest on contingent consideration	(34)	(127)
Ineffective portion of changes in fair value of cash flow hedges	(232)	-
Currency option expense	-	(151)
	(12,702)	(8,821)

## 9 Segment Information

At 31 December 2012 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 2012 are as follows:

	Port \$'000	Investing \$'000	Total \$'000
<b>31 December 2012</b>			
Revenue (from external customers)	118,489	38	118,527
Other income	100	28,389	28,489
Inter-segment revenue	-	(19,896)	(19,896)
	<b>118,589</b>	<b>8,531</b>	<b>127,120</b>
Gain on sale of associate	38,335	-	38,335
Share of profit of associates	6,367	-	6,367
Finance income	1,358	274	1,632
Finance costs	(11,412)	(1,290)	(12,702)
Depreciation & amortisation	(8,584)	-	(8,584)
Other expenditure	(58,614)	(1,496)	(60,110)
Income tax expense	(11,830)	-	(11,830)
<b>Profit after income tax</b>	<b>74,209</b>	<b>6,019</b>	<b>80,228</b>
<b>31 December 2011</b>			
Revenue (from external customers)	104,948	(310)	104,638
Other income	712	17,886	18,598
Inter-segment revenue	-	(15,474)	(15,474)
	105,660	2,102	107,762
Share of profit of associates	6,055	-	6,055
Finance income	1,495	463	1,958
Finance costs	(7,176)	(1,645)	(8,821)
Depreciation & amortisation	(8,595)	(74)	(8,669)
Other expenditure	(51,834)	(6,665)	(58,499)
Income tax expense	(11,034)	631	(10,403)
<b>Profit after income tax</b>	<b>34,571</b>	<b>(5,188)</b>	<b>29,383</b>



## 10 Loans and Borrowings

	<b>Six Months Ended 31 Dec 2012 \$000</b>	Six Months Ended 31 Dec 2011 \$000
<b>Current liabilities</b>		
Loans and borrowings	126,709	669
<b>Non-current liabilities</b>		
Loans and borrowings	130,666	270,414

Quayside Group and the Port of Tauranga Group both have banking facilities expiring in November 2013 and December 2013 respectively. These borrowings amount to \$64.375 million for the Quayside Group and \$62.334 million for the Port of Tauranga Group and have been classified as current liabilities in the Statement of Financial Position.

## 11 Commitments

	<b>Six Months Ended 31 Dec 2012 \$000</b>	Six Months Ended 31 Dec 2011 \$000
<b>Capital commitments</b>		
Estimated capital commitments for the Group, contracted for at balance date but not provided for:	53,004	49,064

Capital commitments at 31 December 2012 relate to the development and expansion of the Tauranga Container Terminal (including contracts for the terminal wharf extension as well as new crane and straddle equipment), and the acquisition of shares in Quality Marshalling (Mount Maunganui) Limited – refer Note 12.

## 12 Subsequent Events

On 31 January 2013, Port of Tauranga Limited agreed to purchase 100% of the shares of Quality Marshalling (Mount Maunganui) Limited for cash consideration of \$34.0 million. Quality Marshalling (Mount Maunganui) Limited provide log marshalling and scaling services, and the acquisition was made to gain synergies within the Port of Tauranga Group. At the date of issue of this Interim report, the initial accounting for the business combination had not been completed. As a result, no estimate has been made of the acquisition date fair values of assets and liabilities in Quality Marshalling (Mount Maunganui) Limited, and therefore information related to the acquisition date fair values and resulting goodwill, if any, have not been disclosed.

**QUAYSIDE HOLDINGS LIMITED AND SUBSIDIARY COMPANIES**  
**DIRECTORY**  
**as at 31 December 2012**

Directors holding office at 31 December 2012 were:

**Quayside Group**

M J Smith (Chair)  
J M Green  
M MacLeod  
J M Nees  
R B Tait  
P J Thompson

**Port of Tauranga Group**

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

**Loans**

There were no loans made by Quayside Holdings Limited or any of its subsidiaries to Directors.

**Directors' insurance**

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**

Level 4  
Regional House  
1 Elizabeth Street  
Tauranga 3110  
Ph: 07 922 3336