



QUAYSIDE
HOLDINGS

Half Year Report

Quayside Holdings Limited and
Subsidiaries

For the half year to 31 December 2020

Quayside Holdings Limited and Subsidiaries

Half Year Report

For 31 December 2020

Quayside Holdings Limited and Subsidiaries

For the six months ending 31 December 2020

Contents	Page
Directors' Report	1
Income Statement	2
Statement of Comprehensive Income	3
Statement of Movements in Equity	4
Statement of Financial Position	5
Statement of Cashflows	7
Notes to the Financial Statements	8
Directory	18

Directors' report to shareholders

Unaudited Results for the Six Months to 31 December 2020

Quayside Holdings Limited and subsidiaries ("the Group") is pleased to announce its Group Net Profit after Tax (NPAT) for the six months was \$80.7 million (2019: \$65.7 million), an increase of 23%.

These financial statements often reference the two governance structures being:

- *Quayside Group* – comprising Quayside Holdings Limited (Parent company) and its directly controlled subsidiaries (Quayside Securities Limited, Quayside Unit Trust, Quayside Investment Trust, Quayside Properties Limited, Aqua Curo Limited, Cibus Technologies Limited), its joint ventures and its equity accounted investees. Quayside Group has investments in equities, shares and other assets.
- *Port of Tauranga Group* – comprising the Port of Tauranga Limited and its subsidiaries and its joint ventures and its equity accounted investees. The Port group is owned 54.14% (2019: 54.14%) by the Quayside Group.

The performance of the Group is comprised of the result from the 'Port of Tauranga Group' (Port segment) and the 'Quayside Group' (Investing segment) as follows:

Port of Tauranga Group Performance

The Port of Tauranga has increased profitability for the first six months of the 2021 financial year despite widespread disruption to cargo volumes and port operations. Net Profit After Tax was \$49.4 million, which was 2.3% higher than the same period the previous year, despite a 1.3% decrease in total trade volumes to 13.1 million tonnes. The Port of Tauranga's revenue increased 3% to \$159 million due to greater income from the container terminal and strong performances from Subsidiaries and Associates which saw a 22.3% in earnings. Overall operating costs increased 5.2%, which includes increased costs due to the ongoing impacts of the Covid-19 pandemic.

During the period, the Port of Tauranga completed the acquisition of Kotahi Logistics' 50% shareholding in Timaru Container Terminal. The terminal is now being operated by Port of Tauranga's subsidiary, Quality Marshalling.

The Port has applied for the Covid-19 recovery fast-track resource consenting process for its proposed berth extension at the Tauranga Container Terminal. The fourth berth will be created by converting 220 metres of cargo storage land to the south of the existing wharves. The \$68.5 million project will create an estimated 368 jobs through the construction phase and more than 81 permanent jobs after completion.

Quayside Group Performance

The Quayside Group, delivered a profit of \$31.2 million (2019: \$17.4 million) after tax for the first half of the year. This result comprises all the Quayside Group's non-port investments. The Quayside equity portfolio delivered a return of 18% for the six months (2019: 10%). Performance in the last quarter was incredibly strong, driven largely by the performance of the New Zealand equity portfolio. The positive returns are reflected in significant increases in Other Income. The 5-year rolling return from the equity portfolio remains strong at 15%. Quayside also continues to see strong returns from its orchards and other commercial investments.

The Quayside Group paid dividends to Perpetual Preference Shareholders during the period of \$1.7 million in accordance with its prospectus. Net dividends paid during the period to the Bay of Plenty Regional Council were \$33.1 million (2019: \$32.1 million) in line with the 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 2020 to 30 June 2021.

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. No changes were made during the period.



Director



Director

Quayside Holdings Limited and Subsidiaries
Consolidated Income Statement
For six months ended 31 December 2020

		Unaudited Six months Dec 2020 \$000	Unaudited Six months Dec 2019 \$000	Audited Full year June 2020 \$000
	Note			
Trading revenue		160,897	156,297	307,942
Other income		36,904	18,445	46,054
Operating income	6	197,801	174,742	353,996
Employee benefit expenses		(22,486)	(20,764)	(41,324)
Trading and other expenses		(56,850)	(53,125)	(126,414)
Operating expenses		(79,336)	(73,889)	(167,738)
Results from operating activities		118,465	100,853	186,258
Depreciation and amortisation		(16,915)	(15,092)	(30,592)
Impairment of property, plant and equipment		-	-	-
Reversal of previous revaluation deficit		-		175
Operating profit before finance costs and taxation		101,550	85,761	155,841
Finance income		183	1,041	1,678
Finance expenses	7	(9,035)	(10,664)	(20,421)
Net finance costs		(8,852)	(9,623)	(18,743)
Impairment of investment in Equity Accounted Investees		(2,389)	-	(7,846)
Share of profit from Equity Accounted Investees		7,004	5,895	9,494
PROFIT BEFORE INCOME TAX		97,313	82,033	138,746
Income tax expense		(16,657)	(16,354)	(29,872)
PROFIT FOR THE PERIOD		80,656	65,679	108,874
Attributable to:				
Equity holders of the parent		58,328	43,850	68,200
Non-controlling interest		22,328	21,829	40,674
PROFIT FOR THE PERIOD		80,656	65,679	108,874

Quayside Holdings Limited and Subsidiaries Consolidated Statement of Comprehensive Income For the six months ended 31 December 2020

	Unaudited Six months Dec 2020 \$000	Unaudited Six months Dec 2019 \$000	Audited Full year June 2020 \$000
Net profit after tax	80,656	65,679	108,874
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	1,424	210	(7,555)
Cash flow hedge - reclassified to profit or loss	1,551	851	2,341
Share of net change in cash flow hedge reserves of Equity Accounted Investees	195	96	(186)
	3,170	1,157	(5,400)
<i>Items that will never be reclassified to profit or loss:</i>			
Bearer plant revaluation, net of tax	-	-	(1,841)
Kiwifruit licence revaluation, net of tax	-	-	685
Asset revaluation, net of tax	-	-	36,876
Share of net change in revaluation reserves of Equity Accounted Investees	(266)	543	286
	(266)	543	36,006
Total other comprehensive income for the period	2,904	1,700	30,606
Total comprehensive income for the period	83,560	67,379	139,480
Attributable to:			
Equity holders of the parent	59,920	44,783	84,487
Non-controlling interest	23,640	22,596	54,993
	83,560	67,379	139,480

Quayside Holdings Limited and Subsidiaries

Consolidated Statement of Movements in Equity

For the six months ended 31 December 2020

	Share capital	Hedging Reserve	Revaluation Reserve	Retained Earnings	Non-controlling interest	Total Equity
	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 1 July 2019	200,011	(9,244)	562,993	147,188	525,670	1,426,618
Profit after tax	-	-	-	43,850	21,829	65,679
Cash flow hedges - changes in fair value	-	115	-	-	95	210
Cash flow hedge - reclassified to profit or loss	-	467	-	-	384	851
Share of net change in cash flow hedge reserves of equity accounted investees	-	53	-	-	43	96
Share of net change in revaluation reserves of equity accounted Investees	-	-	298	-	245	543
Total comprehensive income	-	635	298	43,850	22,596	67,379
Non-controlling interest adjustments	-	-	-	10	(10)	-
Increase in share capital	-	-	-	30	25	55
Equity settled share based payment accrual	-	-	-	-	832	832
Shares issued upon vesting of management long term incentive pla	-	-	-	(77)	(1,167)	(1,244)
Dividends paid to shareholders (Note 7)	-	-	-	(35,210)	(38,359)	(73,569)
Total transactions with owners	-	-	-	(35,247)	(38,679)	(73,926)
Balance at 31 December 2019	200,011	(8,609)	563,291	155,791	509,587	1,420,071
Profit after tax	-	-	-	24,350	18,845	43,195
Cash flow hedges - changes in fair value	-	(4,257)	-	-	(3,508)	(7,765)
Cash flow hedge - reclassified to profit or loss	-	816	-	-	674	1,490
Net change in share of Equity Accounted Investees' cash flow hedge reserves	-	(155)	-	-	(127)	(282)
Share of net change in revaluation reserves of Equity Accounted Investees	-	-	(110)	-	(147)	(257)
Asset revaluation, net of tax	-	-	20,216	-	16,660	36,876
Bearer plant revaluation, net of tax	-	-	(1,841)	-	-	(1,841)
Kiwifruit licence revaluation	-	-	685	-	-	685
Total comprehensive income	-	(3,596)	18,950	24,350	32,397	72,101
Non-controlling interest adjustments	-	-	-	18	(17)	1
Increase/(decrease) in share capital	-	-	-	(416)	(344)	(760)
Shares issued upon vesting of management LTD plan	-	-	-	482	762	1,244
Equity settled share based payment accrual	-	-	-	-	335	335
Dividends paid to shareholders	-	-	-	(2,441)	(18,703)	(21,144)
Total transactions with owners	-	-	-	(2,357)	(17,967)	(20,324)
Balance at 30 June 2020	200,011	(12,205)	582,241	177,784	524,017	1,471,848
Profit after tax	-	-	-	58,322	22,328	80,650
Cash flow hedges - changes in fair value	-	781	-	-	643	1,424
Cash flow hedge - reclassified to profit or loss	-	850	-	-	701	1,551
Share of net change in cash flow hedge reserves of equity accounted investees	-	107	-	-	88	195
Share of net change in revaluation reserves of equity accounted Investees	-	-	(146)	-	(120)	(266)
Total comprehensive income	-	1,738	(146)	58,322	23,640	83,554
Non-controlling interest adjustments	-	-	-	5	(12)	(7)
Increase in share capital	-	-	-	402	331	733
Equity settled share based payment accrual	-	-	-	-	1,465	1,465
Shares issued upon vesting of management long term incentive plan	-	-	-	123	(123)	-
Dividends paid to shareholders (Note 7)	-	-	-	(34,871)	(19,957)	(54,828)
Total transactions with owners	-	-	-	(34,340)	(18,297)	(52,637)
Balance at 31 December 2020	200,011	(10,467)	582,095	201,766	529,360	1,502,765

Quayside Holdings Limited and Subsidiaries

Consolidated Statement of Financial Position

As at 31 December 2020

		Unaudited Six months Dec 2020 \$000	Unaudited Six months Dec 2019 \$000	Audited Full year June 2020 \$000
ASSETS	Note			
Current assets				
Cash and cash equivalents		39,866	28,024	72,330
Trade and other receivables		71,802	62,148	59,839
Inventories		1,365	855	1,461
Other financial assets		-	49,900	-
Provision for tax		615	-	-
Held for sale – investment property		-	-	905
Total current assets		113,648	140,927	134,535
Non-current assets				
Intangible assets		26,326	21,163	22,294
Advances and receivables		163	12	-
Property, plant and equipment	10	1,601,183	1,553,955	1,592,636
Biological assets	11	1,358	1,192	502
Investments in equity accounted investees		157,866	171,305	166,632
Other financial assets		261,774	210,236	202,651
Investment property		57,734	41,475	53,561
Right-of-use assets		41,615	23,895	25,011
Total non-current assets		2,148,019	2,023,233	2,063,287
Total assets		2,261,667	2,164,160	2,197,822
LIABILITIES				
Current liabilities				
Trade and other payables		32,510	34,761	35,218
Revenue received in advance		251	347	93
Loans and borrowings	14	370,106	175,000	259,000
Provisions		1,881	1,386	724
Derivative financial instruments		223	431	-
Current taxation		0	4,869	8,992
Contingent consideration	9	347	-	-
Lease liability	15	1,075	397	592
Total current liabilities		406,393	217,191	304,619
Non-current liabilities				
Loans and borrowings	14	209,600	412,213	294,164
Provisions		2,707	1,828	3,157
Derivative financial instruments		25,045	20,183	29,359
Deferred tax liability		70,715	68,972	69,865
Contingent consideration	9	2,796	-	-
Lease liability	15	41,646	23,702	24,810
Total non-current liabilities		352,509	526,898	421,355
Total liabilities		758,902	744,089	725,974
NET ASSETS		1,502,765	1,420,071	1,471,848

Quayside Holdings Limited and Subsidiaries
Consolidated Statement of Financial Position
As at 31 December 2020

	Unaudited Six months Dec 2020 \$000	Unaudited Six months Dec 2019 \$000	Audited Full year June 2020 \$000
EQUITY			
Paid up capital	200,011	200,011	200,011
Reserves	571,628	554,682	570,036
Retained Earnings	201,766	155,791	177,784
Total equity attributable to equity holders of the Parent	973,405	910,484	947,831
Non controlling interest	529,360	509,587	524,017
TOTAL EQUITY	1,502,765	1,420,071	1,471,848

Quayside Holdings Limited and Subsidiaries

Condensed Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	Unaudited Six months Dec 2020 \$000	Unaudited Six months Dec 2019 \$000	Audited Full year June 2020 \$000
Cash flows from operating activities			
Cash inflows	167,581	169,508	333,809
Cash outflows	(138,764)	(118,077)	(215,005)
Net cash flows from operating activities	28,817	51,431	118,804
Cash flows from investing activities			
Cash inflows	27,957	46,087	117,925
Cash outflows	(60,951)	(124,986)	(164,652)
Net cash flows from investing activities	(32,994)	(78,899)	(46,727)
Cash flows from financing activities			
Cash inflows	121,085	162,903	137,040
Cash outflows	(149,192)	(174,466)	(204,075)
Net cash flows from financing activities	(28,107)	(11,563)	(67,035)
Effect of exchange rate changes on cash and cash equivalents	(180)	68	301
Net increase/(decrease) in cash and cash equivalents	(32,464)	(38,963)	5,343
Cash and cash equivalents at the beginning of the period	72,330	66,987	66,987
Cash and cash equivalents at the end of the period	39,866	28,024	72,330
RECONCILIATION OF PROFIT FOR THE PERIOD TO CASHFLOWS FROM OPERATING ACTIVITIES			
Profit for the period	80,650	65,679	108,875
Add/(subtract) non-cash and non-operating items	(20,951)	(7,167)	6,452
Add/(subtract) movements in working capital	(30,882)	(7,081)	3,477
Net cash flows from operating activities	28,817	51,431	118,804

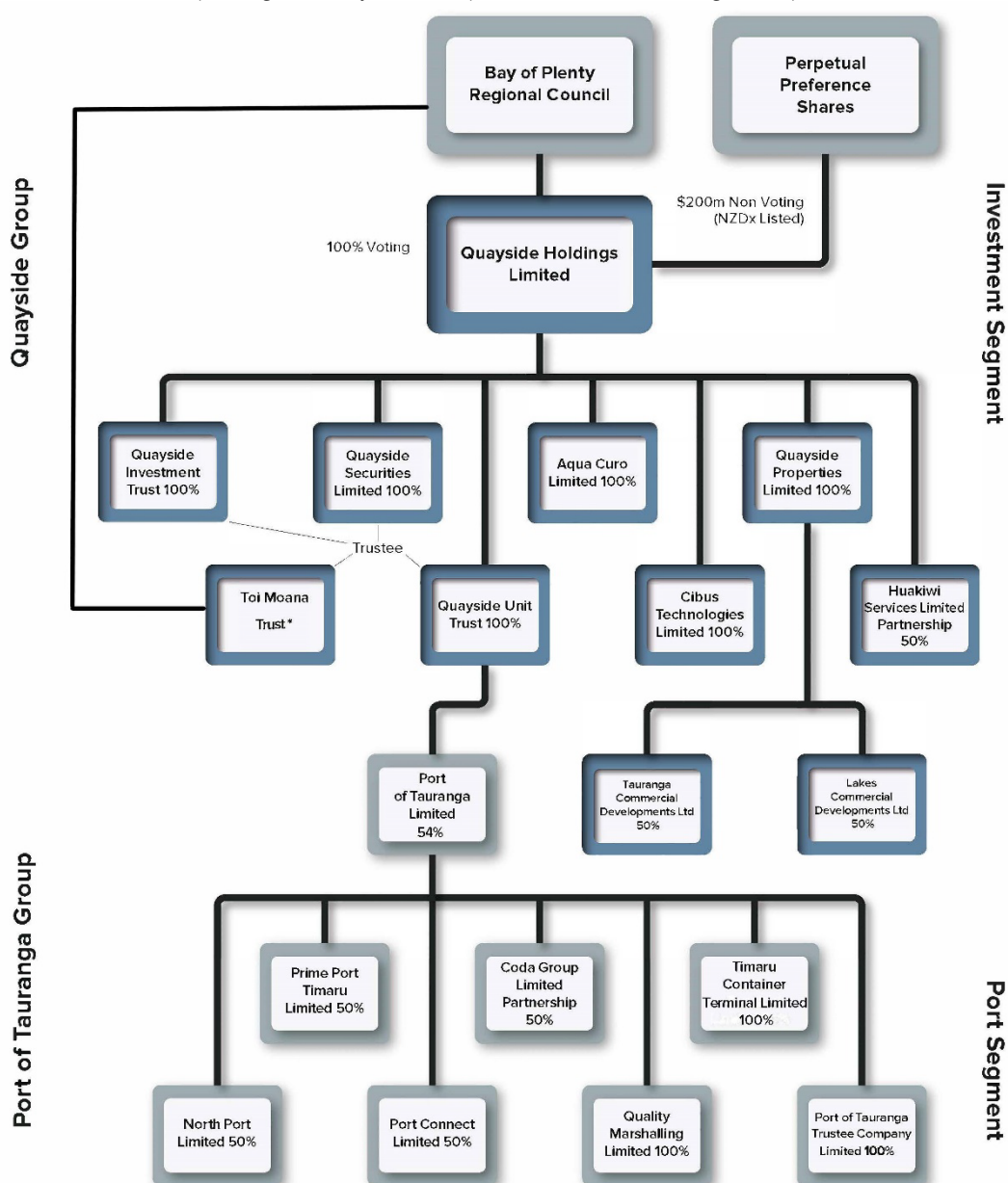
1 Reporting entity

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, as well as 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 of 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:



*Quayside Securities Ltd is the Trustee for the Toi Moana Trust. Bay of Plenty Regional Council holds the majority of units.

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 2020.

Covid-19

As an essential service provider, the Port continued operations during the 2020 Covid-19 response. During the six months ended 31 December 2020, the Port revenues have not been adversely impacted by the resultant shut-downs and other social and economic disruptions. Certain group costs have increased due to inefficiencies resulting from global supply chain issues, although these are immaterial to the results of the Group.

Since 30 June 2020, Covid-19 has had no material impact on key assumptions used in valuing our property, plant and equipment, right-of-use assets and investment in Equity Accounted Investees.

3 Significant Accounting Policies

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2020.

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 2020.

5 Segment Information

At 31 December 2020 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). The 'Port' segment represents the *Port of Tauranga Group*, whilst the 'Investing' segment is the *Quayside Group*. 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 2020 are as follows:

	Port \$000	Investing \$000	Total \$000
31 December 2020			
Revenue (from external customers)	159,456	1,441	160,897
Other income	-	60,484	60,484
Less: Inter-segment revenue *	-	(23,580)	(23,580)
	159,456	38,345	197,801
Share of profit of Equity Accounted Investees	7,004	-	7,004
Finance income	64	119	183
Finance costs	(8,527)	(508)	(9,035)
Depreciation and amortisation	(16,512)	(403)	(16,915)
Other expenditure	(75,408)	(6,317)	(81,725)
Income tax expense	(16,657)	-	(16,657)
Profit after income tax	49,420	31,236	80,656
Current assets	82,944	30,704	113,648
Non-current assets	1,778,575	369,444	2,148,019
Current liabilities	(389,942)	(16,451)	(406,256)
Non-current liabilities	(297,012)	(55,497)	(352,646)
Net assets	1,174,565	328,200	1,502,765

* Inter-segment revenue comprises the dividend received by Quayside Unit Trust from the Port of Tauranga Limited.

Quayside Holdings Limited and Subsidiaries
Notes to the Financial Statements (unaudited)
For the six months ended 31 December 2020

5 Segment Information (continued)

	Port \$000	Investing \$000	Total \$000
31 December 2019			
Revenue (from external customers)	154,774	1,523	156,297
Other income	-	63,763	63,763
Less: Inter-segment revenue *	-	(45,318)	(45,318)
	154,774	19,968	174,742
Share of profit of Equity Accounted Investees	5,895	-	5,895
Finance income	132	909	1,041
Finance costs	(9,763)	(901)	(10,664)
Depreciation and amortisation	(14,669)	(423)	(15,092)
Other expenditure	(71,699)	(2,190)	(73,889)
Income tax expense	(16,354)	-	(16,354)
Profit after income tax	48,316	17,363	65,679
Current assets	67,614	73,313	140,927
Non-current assets	1,719,090	304,143	2,023,233
Current liabilities	(216,321)	(870)	(217,191)
Non-current liabilities	(438,515)	(88,383)	(526,898)
Net assets	1,131,868	288,203	1,420,071

6 Operating Income

	Six Months Ended 31 Dec 2020 \$000	Six Months Ended 31 Dec 2019 \$000
Revenue from contracts with customers		
Container terminal revenue	95,454	90,631
Multi cargo revenue	29,839	28,109
Marine services revenue	17,996	20,380
Sale of goods - kiwifruit	876	1,260
	144,165	140,380
Other revenue		
Rental revenue	16,025	15,293
Other income	37,611	19,069
Total operating revenue	197,801	174,742

Included in Other income are investment revaluation gains for the Quayside Group (both unrealised and realised) totalling \$34 million, a significant increase on the prior year. The Quayside equity portfolio delivered a return of 18% for the six months (2019: 10%). Performance in the last quarter was particularly strong, driven largely by the performance of the New Zealand equity portfolio.

Quayside Holdings Limited and Subsidiaries
Notes to the Financial Statements (unaudited)
For the six months ended 31 December 2020

7 Finance Expenses

	Six Months Ended 31 Dec 2020 \$000	Six Months Ended 31 Dec 2019 \$000
Interest expense on borrowings	(9,073)	(10,799)
Less: interest capitalised to property, plant and equipment	81	199
	(8,992)	(10,600)
Fair value movement on currency derivative	-	(8)
Amortisation of interest rate collar premium	(43)	(43)
Ineffective portion of changes in fair value of cash flow hedges	-	(13)
Total finance expenses	(9,035)	(10,664)

8 Dividends

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

	Six Months Ended 31 Dec 2020 \$000	Six Months Ended 31 Dec 2019 \$000
Ordinary Shares		
Dividend (paid 30/07/20) of \$1,655 per share (2019: \$1,605)	16,550	16,050
Dividend (paid 26/11/20) of \$1,655 per share (2019: \$1,605)	16,550	16,050
	33,100	32,100
Perpetual Preference Shares		
Quarterly dividend (paid 12/9/20) 0.0443 cents per share (2019: 0.0778 cents)	886	1,555
Quarterly dividend (paid 12/12/20) 0.0443 cents per share (2019: 0.0778 cents)	886	1,555
	1,771	3,110
Total dividends paid	34,871	35,210

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 12 March 2020, where the rate for the following three year period was set at 2.46%. The next dividend reset date will be 13 March 2023.

9 Acquisition of Remaining Shareholding in Timaru Container Terminal Ltd

On 30 October 2020 the Port acquired Kotahi Logistics LP's 49.9% shareholding in Timaru Container Terminal Limited, bringing their total shareholding to 100%. The Port purchased the shareholding in exchange for a volume based rebate and a contract extension fee.

The following tables summarise the provisional acquisition accounting for this transaction. Due to this transaction occurring late in the period, the fair value work is yet to be finalised. The accounting treatment will be finalised in the 30 June 2021 financial statements.

	NZ\$000
Fair value of contingent consideration	3,143
Fair value of previously held 50.1% interest in Timaru Container Terminal Limited	7,431
Less fair value of identifiable net assets acquired	(5,089)
Total goodwill	5,485

	NZ\$000
Fair value of previously held 50.1% interest in Timaru Container Terminal Limited	7,431
Carrying amount of previously held 50.1% interest in Timaru Container Terminal Limited	(7,412)
Gain on disposal of previously held 50.1% interest in Timaru Container Terminal Limited	19

10 Property Plant and Equipment

Acquisitions and Disposals

During the six months ended 31 December 2020, the Port of Tauranga Group acquired assets with a cost of \$24.36 million (2019: \$25.61 million). Included in the current year are \$7.58 million of assets acquired as part of business combinations (refer note 9).

During the six months ended 31 December 2020, the Quayside Group acquired assets with a cost of \$0.30 million (2019: \$0.04 million) and disposed of assets of \$1.5 million (2019: \$0.02 million).

11 Biological Assets

Biological assets comprise kiwifruit crops on bearer plants and forestry owned by Quayside Properties Limited. Harvesting of the kiwifruit 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.

12 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.

Quayside Holdings Limited and Subsidiaries
Notes to the Financial Statements (unaudited)
For the six months ended 31 December 2020

13 Commitments

Capital commitments

Estimated capital commitments contracted for at balance date but not provided for:

Six Months Ended 31 Dec 2020 \$000	Six Months Ended 31 Dec 2019 \$000
25,000	3,270

Capital commitments as at 31 December 2020 and 2019 relate to the *Port of Tauranga Group*.

On 28 September 2020, the Port formed a 50:50 joint venture named Ruakura Inland Port LP with Tainui Group Holdings Limited.

The new joint venture will take an initial 50 year ground lease to establish an inland port in Ruakura, and plans to start operations within two years.

The Port has committed capital of \$25 million to fund the development of the inland port and as at 31 December 2020 nothing has been provided for.

In addition, if the development costs exceed the initial \$25 million, construction contingency funding of up to \$2.5 million must be provided to the joint venture.

Quayside Holdings Limited has uncalled capital commitments of \$35 million in relation to equity managed fund investments and \$9 million in relation to equity accounted investees.

14 Loans and Borrowings

	31 Dec 2020 Carrying Value Group \$000	31 Dec 2019 Carrying Value Group \$000
Westpac Banking Corporation	15,106	34,877
Bay of Plenty Regional Council	49,600	50,000
Commercial papers	200,000	170,000
Standby revolving cash advance facility	135,000	252,000
Fixed rate bonds	175,000	75,000
Multi option facility	5,000	5,000
Advances from employees	0	336
Total loans and borrowings	579,706	587,213
Current	370,106	175,000
Non current	209,600	412,213
Total	579,706	587,213

Port of Tauranga Group

As at 31 December 2020 the Port of Tauranga Group's current liabilities exceed the Group's current assets. Despite this fact, the Port of Tauranga Group does not have any liquidity or working capital concerns as \$345 million (2019: \$228 million) of term standby revolving cash advance facility remains undrawn.

Westpac Banking Corporation

Quayside Holdings Limited has a \$55 million (2019: \$55 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 was renewed in October 2018 for a further term of 3 years, expiring in October 2021. At 31 December this facility was drawn down to \$15 million (2019: \$35 million).

Quayside Holdings Limited and Subsidiaries
Notes to the Financial Statements (unaudited)
For the six months ended 31 December 2020

Bay of Plenty Regional Council

In October 2018, Quayside Holdings Limited entered in to a \$50 million financing arrangement with Bay of Plenty Regional Council, which, to fund this, has in turn borrowed from the Local Government Funding Agency. This facility expires on 30 June 2022. At 31 December this facility was drawn down to \$49.6 million (2019: \$50 million).

15 Leases

During the six months ended 31 December 2020, the Port of Tauranga Group had right of use assets additions of \$15.7 million (2019: nil) and increases of lease liabilities of \$16.2 million (2019: nil) which were all acquired as part of business combinations. There have been no disposals or reductions in the right-of-use assets (2019: nil).

During the six months ended 31 December 2020, the Quayside Group had lease additions of \$1.6 million.

16 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 2020, related party transactions were as follows:

	Six Months Ended 31 Dec 2020	Six Months Ended 31 Dec 2019
Quayside Group transactions with related parties:		
Transactions with Ultimate Controlling Entity		
Bay of Plenty Regional Council		
Services provided to Quayside Properties Limited	7	3
Interest paid by Quayside Holdings Limited	277	471
Interest payable by Quayside Holdings Limited	511	125
Dividends paid by Quayside Holdings Limited	33,100	32,100
Loan drawn down by Quayside Holdings Limited	-	-
Loan repaid by Quayside Holdings Limited	-	-
Loan payable by Quayside Holdings Limited	49,600	50,000
Subvention paid by Quayside Holdings Limited	-	408
Subvention paid by Quayside Unit Trust	365	649
Subvention paid by Quayside Properties Limited	787	1,945
Subvention paid by Quayside Securities Limited	-	2
Transactions with Other Related Entities		
Quayside Unit Trust		
Dividends paid to Quayside Holdings Limited	23,500	57,500
Interest received by Quayside Holdings Limited	-	79
Interest receivable by Quayside Holdings Limited	-	5
Loan receivable by Quayside Holdings Limited	-	3,331
Loan repayment received by Quayside Holdings Limited	-	5,000
Dividends received from Port of Tauranga Limited	23,580	45,318
Quayside Properties Limited		
Interest received by Quayside Holdings Limited	98	330
Interest receivable by Quayside Holdings Limited	100	168
Loan advanced by Quayside Holdings Limited	-	14,101
Loan repaid to Quayside Holdings Limited	-	-
Loan receivable by Quayside Holdings Limited	47,200	37,522
Office lease provided to Quayside Holdings Limited	19	19
Accounts receivable by Quayside Holdings Limited	2	8
Management fees paid to Quayside Holdings Limited	57	57

Quayside Holdings Limited and Subsidiaries
Notes to the Financial Statements (unaudited)
For the six months ended 31 December 2020

	Six Months Ended 31 Dec 2020	Six Months Ended 31 Dec 2019
Quayside Investment Trust		
Consideration for units purchased by Quayside Holdings Limited	-	14,108
Consideration for units redeemed by Quayside Holdings Limited	-	-
Quayside Securities Limited		
Management fees paid to Quayside Holdings Limited	38	38
Quayside Group transactions with related parties:		
Transactions with Equity Accounted Investees		
Services provided by Quayside Holdings Limited	57	57
Accounts payable by Quayside Holdings Limited	-	-
Accounts receivable by Quayside Holdings Limited	76	5
Loans advanced by Quayside Holdings Limited	-	-
Loan repayment received by Quayside Holdings Limited	4,491	-
Loan receivable by Quayside Holdings Limited	-	3,509
Interest charged by Quayside Holdings Limited	26	43
Interest receivable by Quayside Holdings Limited	-	19
Capital contribution payable by Quayside Properties Limited	-	-
Capital contributions by Quayside Properties Limited	625	-
Loan advanced by Quayside Holdings Limited	-	209
Loan advanced by Quayside Properties Limited	-	500
Loan payable to Quayside Properties Limited	500	500
Interest charged by Quayside Properties Limited	21	24
Interest payable to Quayside Properties Limited	21	5
Accounts receivable by Quayside Properties Limited	4	-
Port of Tauranga Group		
Transactions with Ultimate Controlling Entity		
Services provided to Port of Tauranga Limited	239	18
Transactions with Equity Accounted Investees		
Services provided to Port of Tauranga Limited	258	265
Services provided by Port of Tauranga Limited	2,229	2,904
Accounts receivable by Port of Tauranga Limited	96	373
Accounts payable by Port of Tauranga Limited	42	65
Advances by Port of Tauranga Limited	1,400	5,319
Services provided by Quality Marshalling (Mount Maunganui) Limited	1,291	1,919
Services provided to Quality Marshalling (Mount Maunganui) Limited	21	14
Accounts receivable by Quality Marshalling (Mount Maunganui) Limited	40	419
Accounts payable by Quality Marshalling (Mount Maunganui) Limited	-	2
Services provided to Timaru Container Terminal Limited	651	-
Accounts payable by Timaru Container Terminal Limited	235	-

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

Quayside Holdings Limited and Subsidiaries
Notes to the Financial Statements (unaudited)
For the six months ended 31 December 2020

During the six months ended 31 December 2020, the Group entered transactions with companies in which Group Directors held directorships. These directorships have not resulted in the Group having significant influence or control 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 in addition to their Directors' fees.

	Six Months Ended 31 Dec 2020 \$000	Six Months Ended 31 Dec 2019 \$000
Short term employee benefits		
Directors fees	616	577
Executive salaries	2,829	1,907
Share based payments (cash and equity settled) recognised during the period	(21)	257

17 Subsequent Events

An interim dividend of 6.0 cents per share has been declared subsequent to reporting date by the Port of Tauranga Group.

In January 2021 Quayside Holdings Limited passed a shareholder resolution to invest into stage one of the Rangioru Business Park development. It is noted that this is a major transaction of Quayside Properties Limited. The current estimates of stage one costs are circa \$140m. Earthworks are forecast to begin in the 2021/22 financial year.

Quayside Holdings Limited and Subsidiaries Directory As at 31 December 2020

Directors holding office at 31 December 2020 were:

Quayside Group

Sir Robert McLeod (Chair)
B D Hewlett
K Horne
F C McTavish
S A Crosby
W J Parker
P J Thompson

Port of Tauranga Group

D A Pilkington (Chair)
A M Andrew
K R Ellis
J C Hoare
A R Lawrence
D W Leeder
Sir Robert McLeod

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

41 The Strand
Tauranga 3110
Ph: (07) 579 5925