



Quayside Holdings Limited and Subsidiaries

Half Year Report to 31 December 2022



Quayside Holdings Limited and Subsidiaries

For the six months ending 31 December 2022

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Directors' report to shareholders

Unaudited Results for the Six Months to 31 December 2022

Quayside Holdings Limited and subsidiaries ("the Group") is pleased to announce its Group Net Profit after Tax (NPAT) for the six months was \$62.7 million (2021: \$81.0 million), a decrease of 22.6%.

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, Quayside Barnett Place Limited, Quayside Tauriko Limited, Quayside The Vault Limited, Quayside Te Papa Tipu Limited, Quayside Mystery Valley 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% (2021: 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

Port of Tauranga Group increased its profitability for the first six months of the 2023 financial year as it deals with ongoing cargo volume volatility. Net Profit After Tax for the six months to December 2022 was \$62.7 million, a 11.3% increase on the same period versus the previous year. Operating revenue increased 13.9% to \$211.9 million due the implementation of a new infrastructure levy and congestion surcharges which were only introduced in the second half of the previous financial year. Operating expenses increased 17.5% due to generalised inflationary pressures.

Subsidiary and Associate Company earnings is stable compared to the previous corresponding period, reflecting stable earnings over the period by equity accounted investees.

The critical infrastructure berth extension project is due to be heard in the Environment court over a three-week hearing starting late February 2023. This comes after delays to the hearing as a result of COVID in 2022.

The Port has declared as a subsequent event, in its 31 December 2022 interim accounts, a fully imputed interim dividend of 6.8 cents per share, providing Quayside for future cash flow of \$25m.



Quayside Group Performance

The Quayside Group reported an operating profit of \$25.4 million (2021: \$24.6 million) after tax for the first half of the year. This result excludes distributions from Port of Tauranga Group. Of the reported profit, \$3.2 million is cash income (ex-Port of Tauranga dividend) and \$4.9 million is represented by unrealised gains (based on 31 December 2022 valuations).

The biggest contributor to the Quayside Group's performance is the listed asset portfolio, with \$3.0 million of dividend paid in the first six months of the year.

The private equity portfolio generated \$1.6 million in unrealised gains as of 31 December 2022. Positive returns from unlisted investments are classified in Other Income.

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 \$21.2 million (2021: \$20.0 million) in line with the current Statement of Intent.

Statement of Intent

Quayside Holdings Limited is a "Council Controlled Trading 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 2022 to 30 June 2023.

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.



Sir Robert McLeod - Chairperson



Keiran Horne – Chairperson Audit & Risk Committee

Quayside Holdings Limited and Subsidiaries
Consolidated Income Statement
For six months ended 31 December 2022

		Unaudited Six months Dec 2022	Unaudited Six months Dec 2021	Audited Full year June 2022
	Note	\$000	\$000	\$000
Income				
Trading revenue		213,475	186,700	380,131
Other income		7,618	25,195	6,042
Other gains		-	-	59,466
Operating income	6	221,093	211,895	445,639
Expenses				
Employee benefit expenses		(27,860)	(24,361)	(49,851)
Trading and other expenses		(79,417)	(67,733)	(140,334)
Other losses		(3,445)	(194)	(46,238)
Operating expenses		(110,722)	(92,288)	(236,423)
Results from operating activities		110,371	119,606	209,217
Depreciation and amortisation		(20,143)	(19,528)	(37,965)
Impairment of property, plant and equipment		-	-	-
Operating profit before finance costs, share of profit from equity accounted investees and taxation		90,228	100,079	171,252
Finance income		966	281	923
Finance expenses	7	(10,688)	(8,873)	(18,219)
Net finance costs		(9,722)	(8,592)	(17,296)
Impairment of investment in equity accounted investees		(5,458)	-	(599)
Share of profit/(loss) from equity accounted investees		5,240	9,336	17,561
Profit before income tax		80,288	100,823	170,917
Income tax benefit/(expense)		(22,337)	(19,851)	(45,052)
Net profit after tax		57,951	80,972	125,865
Attributable to:				
Equity holders of the parent		29,612	55,517	75,573
Non controlling interest		28,339	25,455	50,293
		57,951	80,972	125,865

Quayside Holdings Limited and Subsidiaries
Consolidated Statement of Comprehensive Income
For the six months ended 31 December 2022

	Unaudited Six months Dec 2022	Unaudited Six months Dec 2021	Audited Full year June 2022
Note	\$000	\$000	\$000
Net profit after tax	57,951	80,972	125,865
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	3,693	8,005	15,165
Cash flow hedge - reclassified to profit or loss	186	1,826	4,382
Share of net change in cash flow hedge reserves of equity accounted investees	272	432	862
	4,151	10,263	20,409
<i>Items that will not be reclassified to profit or loss:</i>			
Bearer plant revaluation, net of tax	-	-	(4,136)
Kiwifruit licence revaluation, net of tax	-	-	1,115
Asset revaluation, net of tax	-	-	625,137
Share of net change in revaluation reserve of equity accounted investees	3,653	22	13,865
	3,653	22	635,981
Total other comprehensive income	7,804	10,285	656,390
Total comprehensive income / (loss) for the period	65,755	91,257	782,255
Attributable to:			
Equity holders of the parent	33,890	61,155	434,044
Non controlling interest	31,865	30,101	348,212
	65,755	91,257	782,255

Quayside Holdings Limited and Subsidiaries

Consolidated Statement of Movements in Equity

For the six months ended 31 December 2022

	Share capital \$000	Hedging reserve \$000	Revaluation reserve \$000	Retained earnings \$000	Non controlling interest \$000	Total equity \$000
Balance at 30 June 2021	200,011	(6,165)	696,215	250,966	627,712	1,768,739
Profit after tax	-	-	-	55,517	25,455	80,972
Net effective portion of changes in fair value of cash flow hedges, net of tax	-	4,388	-	-	3,617	8,005
Net change in fair value of cash flow hedges transferred to profit or loss, net of tax	-	1,001	-	-	825	1,826
Net change in share of Equity Accounted Investees' cash flow hedge reserves	-	237	-	-	195	432
Net change in share of Equity Accounted Investees' revaluation reserve	-	-	12	-	10	22
Total Comprehensive Income	-	5,626	12	55,517	30,101	91,257
Non-controlling interest adjustment	-	-	-	3	-	3
Decrease in share capital	-	-	-	(9)	(7)	(16)
Shares issued upon vesting of management LTI plan	-	-	-	126	(126)	-
Equity settled share-based payment accrual	-	-	-	-	833	833
Dividends to shareholders	-	-	-	(21,771)	(23,390)	(45,161)
Balance at 31 December 2021	200,011	(539)	696,228	284,832	635,123	1,815,655
Profit after tax	-	-	-	20,055	24,838	44,893
Net effective portion of changes in fair value of cash flow hedges, net of tax	-	3,926	-	-	3,235	7,160
Net change in fair value of cash flow hedges transferred to profit or loss, net of tax	-	1,401	-	-	1,155	2,556
Net change in share of Equity Accounted Investees' cash flow hedge reserves	-	236	-	-	195	430
Net change in share of Equity Accounted Investees' revaluation reserve	-	-	7,589	-	6,254	13,843
Asset revaluation, net of tax	-	-	342,703	-	282,434	625,137
Bearer plant revaluation, net of tax	-	-	(4,136)	-	-	(4,136)
Kiwifruit licence revaluation, net of tax	-	-	1,115	-	-	1,115
Total Comprehensive Income	-	5,562	347,270	20,055	318,111	690,998
Non-controlling interest adjustment	-	-	-	(14)	(2)	(16)
Decrease in share capital	-	-	-	515	7	522
Shares issued upon vesting of management LTI plan	-	-	-	146	110	(37)
Equity settled share-based payment accrual	-	-	-	126	(959)	(833)
Shares, previously subject to call option, issued	-	-	-	0	2,021	2,021
Dividends to shareholders	-	-	-	(21,771)	(20,271)	(42,042)
Balance at 30 June 2022	200,011	5,023	1,043,498	283,597	934,140	2,466,269

Quayside Holdings Limited and Subsidiaries
Consolidated Statement of Movements in Equity
For the six months ended 31 December 2022 (continued)

	Share capital \$000	Hedging reserve \$000	Revaluation reserve \$000	Retained earnings \$000	Non controlling interest \$000	Total equity \$000
Balance at 30 June 2022	200,011	5,023	1,043,498	283,597	934,140	2,466,269
Profit after tax	-	-	-	29,535	28,415	57,951
Net effective portion of changes in fair value of cash flow hedges, net of tax	-	2,020	-	-	1,673	3,693
Net change in fair value of cash flow hedges transferred to profit or loss, net of tax	-	102	-	-	84	186
Net change in share of Equity Accounted Investees' cash flow hedge reserves	-	149	-	-	123	272
Net change in share of Equity Accounted Investees' revaluation reserve	-	-	1,998	-	1,655	3,653
Total Comprehensive Income	-	2,271	1,998	29,535	31,951	65,755
Non-controlling interest adjustment	-	-	-	17	-	17
Increase / (Decrease) in share capital	-	-	-	(7)	(5)	(12)
Shares issued upon vesting of management LTI plan	-	-	-	153	(152)	1
Equity settled share-based payment accrual	-	-	-	-	754	754
Adjustment for vesting of equity settled share based payment	-	-	-	(3,499)	3,499	-
Dividends to shareholders	-	-	-	(23,021)	(25,578)	(48,599)
Balance at 31 December 2022	200,011	7,294	1,045,496	286,776	944,609	2,484,185

Quayside Holdings Limited and Subsidiaries
Consolidated Statement of Financial Position
As at 31 December 2022

	Note	Unaudited Six months Dec 2022 \$000	Unaudited Six months Dec 2021 \$000	Audited Full Year Jun 2022 \$000
ASSETS				
Current assets				
Cash and cash equivalents		68,661	70,876	45,680
Receivables and prepayments		77,134	60,136	65,599
Inventories		2,088	1,337	2,185
Derivative financial instruments		-	-	350
Loans to equity accounted investees		-	-	2,930
Total current assets		147,882	132,348	116,744
Non-current assets				
Intangible assets		26,515	26,546	27,430
Property, plant and equipment	9	2,392,779	1,758,193	2,396,124
Investments in equity accounted investees		263,121	204,214	250,590
Investment property		94,913	67,745	97,308
Biological assets		999	1,590	807
Other financial assets		279,123	307,458	262,025
Right-of-use assets		39,770	41,065	40,407
Deferred tax asset		719	710	719
Derivative financial instruments		17,407	-	11,957
Receivables and prepayments		19,683	17,350	18,612
Total non-current assets		3,135,030	2,424,871	3,105,978
Total assets		3,282,913	2,557,220	3,222,722
LIABILITIES				
Current liabilities				
Trade and other payables		41,099	39,378	42,313
Revenue received in advance		1,116	209	3,283
Loans and borrowings	13	201,875	155,000	125,000
Lease liability	14	962	923	864
Employee benefit provisions		2,475	2,042	3,350
Derivative financial instruments		0	671	67
Contingent consideration		327	426.00	368.00
Current taxation		8,700	7,289	13,746
Total current liabilities		256,554	205,938	188,991
Non-current Liabilities				
Loans and borrowings	13	363,823	395,038	389,499
Lease liability	14	41,137	41,792	41,659
Employee benefit provisions		1,585	2,374	1,627
Deferred tax liabilities		124,821	93,042	124,587
Contingent consideration		161	2,710	2,688
Derivative financial instruments		10,646	671	7,403
Total non-current Liabilities		542,173	535,627	567,463
Total liabilities		798,727	741,565	756,453
NET ASSETS		2,484,185	1,815,655	2,466,269

Quayside Holdings Limited and Subsidiaries
Consolidated Statement of Financial Position
As at 31 December 2022

	Unaudited Six months Dec-22 \$000	Unaudited Six months Dec-21 \$000	Audited Full Year Jun 2022 \$000
EQUITY			
Paid up capital	200,011	200,011	200,011
Reserves	1,052,790	695,689	1,048,521
Retained earnings	286,776	284,832	283,597
Total equity attributable to equity holders of the parent	1,539,576	1,180,532	1,532,129
Non controlling interest	944,609	635,123	934,140
TOTAL EQUITY	2,484,185	1,815,655	2,466,269

Quayside Holdings Limited and Subsidiaries
Condensed Consolidated Statement of Cash Flows
For the year ended 31 December 2022

	Unaudited Six months Dec 2022 \$000	Unaudited Six months Dec 2021 \$000	Audited Full Year Jun 2022 \$000
Cash flows from operating activities			
Cash inflows	216,070	206,848	403,793
Cash outflows	(155,872)	(134,614)	(253,490)
Net cash flow from operating activities	60,198	72,234	150,303
Cash flows from investing activities			
Cash inflows	30,362	25,617	90,597
Cash outflows	(68,305)	(15,639)	(120,098)
Net cash flow from investing activities	(37,943)	9,978	(29,501)
Cash flows from financing activities			
Cash inflows	55,179	103,608	110,768
Cash outflows	(54,129)	(155,608)	(227,038)
Net cash flow from financing activities	1,050	(52,000)	(116,270)
Effects of exchange rate changes on cash and cash equivalents	324	-	484
Net increase/(decrease) in cash and cash equivalents	22,981	30,212	5,016
Cash and cash equivalents at the beginning of the year	45,680	40,664	40,664
Cash and cash equivalents at the end of the year	68,661	70,876	45,680
RECONCILIATION OF PROFIT FOR THE PERIOD TO CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period	57,951	73,459	125,865
Add/(subtract) non-cash and non-operating items	17,943	(4,316)	18,568
Add/(subtract) movements in working capital	(15,696)	3,091	5,870
Net cash flow from operating activities	60,198	72,234	150,303

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.



1 Reporting entity (continued)

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:

Group Ownership					
Parent			Type of Business	Ownership	Shareholder/s
Quayside Holdings Ltd (QHL)			Holding Company	100%	Bay of Plenty Regional Council
	Subsidiaries				
	Aqua Curo Limited		Aquaculture	100%	QHL
	Quayside Investment Trust (QIT) *		Trust	100%	QHL
	Quayside Securities Limited (QSL) *		Trust	100%	QHL
	Quayside Properties Limited (QPL)		Regional Benefit Investment	100%	QHL
	Real Asset Subsidiaries				
	Quayside Barnett Place Limited		Real Asset Investment	100%	QHL
	Quayside Mystery Valley Limited		Forestry	100%	QHL
	Quayside Portside Drive Limited		Real Asset Investment	100%	QHL
	Quayside Tauriko Limited		Real Asset Investment	100%	QHL
	Quayside Te Papa Tipu Limited		Real Asset Investment	100%	QHL
	Quayside The Vault Limited		Real Asset Investment	100%	QHL
	Joint Ventures				
	Huakiwi Services Limited		Horticulture (Kiwifruit)	50% 50%	QHL Te Tumu o Paeroa (Maori Trustee)
	Tauranga Commercial Developments Ltd (TCD)		Commercial Property JV	50% 50%	QPL Commercial Fund Investors Limited
	Lakes Commercial Developments Ltd (LCD)		Commercial Property JV	50% 50%	QPL TPB Holdings Limited
		Subsidiary			
	Quayside Unit Trust (QUT) *	Port of Tauranga Ltd	Parent company		54.14% Quayside Unit Trust
		Port of Tauranga Trustee Company Limited	Holding Company		
		Quality Marshalling Limited	Port operations		100% Port of Tauranga
		Timaru Container Terminal Limited	Port operations		100% Port of Tauranga
		Northport Limited	Port - Associate Company		50% Port of Tauranga, 50% Marsden Maritime Holdings
		Prime Port Timaru Limited	Port - Associate Company		50% Port of Tauranga, 50% Timaru District Holdings
		Port Connect Limited	Port operations - Associate Company		50% Port of Tauranga, 50% Ports of Auckland
		Coda Group Limited	Port operations - Associate Company		50% Port of Tauranga, 50% Kotahi
		Ruakura Inland Port LP	Port JV - Associate Company		50% Port of Tauranga, 50% Tainui Group Holdings
Other					
Toi Moana Trust*			Managed by QHL	Trust	Bay of Plenty Regional Council

* QSL is trustee of TMT, QUT and QIT

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 2022.

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 2022.

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 2022.

5 Segment Information

At 31 December 2022 the Group comprised two main business segments. The first segment 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 2022 are as follows:

	Port \$000	Investing \$000	Total \$000
31 December 2022			
Total segment revenue	211,445	35,083	246,528
Inter-segment revenue (1)	-	(30,212)	(30,212)
Revenue (from external customers)	211,445	4,871	216,316
Other income/gains	446	1,546	1,992
Finance income	263	703	966
Finance costs	(9,240)	(1,448)	(10,688)
Depreciation & amortisation	(19,676)	(467)	(20,143)
Other expenditure/losses	(104,176)	(3,760)	(107,936)
Income tax expense	(22,337)	-	(22,337)
Impairment of investment in equity accounted investees	-	(5,458)	(5,458)
Share of profit of equity accounted investees	6,000	(760)	5,240
Net profit after tax	62,725	(4,774)	57,951

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

5 Segment Information (continued)

Balance Sheet – December 2022	Port \$000	Investing \$000	Total \$000
Current assets	104,886	42,996	147,882
Cash & Cash equivalents	30,744	37,917	68,661
Trade and other receivables	72,054	5,080	77,134
Others (2)	2,088	-	2,088
Non-current assets	2,694,396	440,634	3,135,030
Property, plant and equipment	2,391,970	809	2,392,779
Investments	204,405	438,044	642,449
Others (3)	98,021	1,781	99,802
Current liabilities	(231,307)	(25,247)	(256,554)
Trade and other payables	(37,863)	(3,236)	(41,099)
Borrowings current	(180,000)	(21,875)	(201,875)
Others (4)	(13,444)	(136)	(13,580)
Non-current liabilities	(478,055)	(64,118)	(542,173)
Borrowings	(309,221)	(54,602)	(363,823)
Deferred tax liabilities	(116,182)	(8,639)	(124,821)
Others (5)	(52,652)	(877)	(53,529)
Net assets	2,089,920	394,265	2,484,185

(2) Includes inventories (\$2m).

(3) Mainly Includes ROU asset (\$39.7m), derivatives fair value (\$17.4m), goodwill (\$18.4m) and trade and other receivables (\$19.7m).

(4) Mainly includes current income tax payable (\$8.7m) and current provisions (\$2.5m).

(5) Mainly includes lease liability (\$41.1m), derivative liabilities (\$10.7m).

5 Segment Information (continued)

	Port \$000	Investing \$000	Total \$000
31 December 2021			
Total segment revenue	185,794	32,103	217,897
Inter-segment revenue*	-	(27,633)	(27,633)
Revenue (from external customers)	185,794	4,470	190,264
Other income/gains	236	21,394	21,630
Finance income	37	244	281
Finance costs	(8,164)	(709)	(8,873)
Depreciation & amortisation	(19,039)	(489)	(19,528)
Other expenditure/losses	(88,627)	(3,661)	(92,288)
Income tax expense	(19,850)	(1)	(19,851)
Share of profit of equity accounted investees	5,954	3,382	9,336
Net profit after tax	56,341	24,631	80,972
Current assets	75,964	56,384	132,348
Non-current assets	1,997,016	427,855	2,424,871
Current liabilities	(203,841)	(2,097)	(205,938)
Non-current liabilities	(455,751)	(79,876)	(535,627)
Net assets	1,413,388	402,266	1,815,655

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

6 Operating Income

	Six months ended 31 Dec 2022 \$000	Six months ended 31 Dec 2021 \$000
(a) Trading revenue		
Revenue from contracts with customers		
Container terminal revenue	137,583	117,666
Multi cargo revenue	32,559	31,943
Marine services revenue	23,204	19,937
Sale of goods – kiwifruit	542	-
Rental income	19,108	16,979
Other	8,097	25,370
Total trading revenue	221,093	211,895

Included in Other income are investment revaluation gains for the Quayside Group (both unrealised and realised) totalling \$4.3 million (2021: \$2.7 million). For clarity, other losses include \$3.5m of unrealised losses on the financial assets portfolio with a net unrealised result of \$0.8m.

The Quayside equity portfolio delivered a return of 1.35% for the six months (2021: 4.5%).

7 Finance Expenses

	Six months ended 31 Dec 2022 \$000	Six months ended 31 Dec 2021 \$000
Interest expense on borrowing and lease liabilities	(10,762)	(8,867)
Less: interest capitalised to property, plant and equipment	94	37
	(10,668)	(8,830)
Amortisation of interest rate collar premium	(20)	(43)
Total finance expense	(10,688)	(8,873)

8 Dividends

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

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.

	Six Months ended 31 Dec 2022 \$000	Six Months ended 31 Dec 2021 \$000
Ordinary shares		
Dividends (paid 21/10/2021) of \$2,125 per share (2021: \$2,000)	21,250	20,000
	<hr/>	<hr/>
	21,250	20,000
Perpetual preference shares		
Total quarterly dividends paid of 0.0778 cents per share (2021: 0.0778)	886	886
Total quarterly dividends paid of 0.0778 cents per share (2021: 0.0778)	886	886
	<hr/>	<hr/>
	1,771	1,772
Total dividends paid	23,021	21,772

9 Property Plant and Equipment

Acquisitions and Disposals

During the six months ended 31 December 2022, the Port of Tauranga Group acquired assets with a cost of \$17.18 million (2021: \$7.44 million) and disposed of assets with a carrying value of \$0.008 million (2021: \$0.01 million).

10 Biological Assets

Biological assets comprise kiwifruit crops on bearer plants 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.

In December 2022, Quayside Mystery Valley sold its biological assets together with the land for a net purchase price amounting to \$3.6 million.

11 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.

12 Commitments

	Six Months ended 31 Dec 2022 \$000	Six Months ended 31 Dec 2021 \$000
Capital commitments		
Estimated capital commitments contracted for at balance date but not provided for:	159,211	67,654

On 28 September 2020, the Port of Tauranga 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 of Tauranga has committed capital of \$25.0 million to fund the development of the inland port and as at 31 December 2022, has been paid. In addition, if the development costs exceed the initial \$25.0 million capital commitment, construction contingency funding of up to \$2.5 million must be provided to the joint venture.

Quayside Holdings Limited has uncalled capital commitments of \$79.3 million (December 2021: \$32.9) million in relation to equity managed fund investments and \$1.5million (December 2021: \$3.1 million) in relation to equity accounted investees.

In addition to that, Quayside Properties Limited, has outstanding commitments to fund the development of Rangiuru Business Park for an amount of \$60m.

13 Loans and Borrowings

	Six months ended 31 Dec 2022 \$000	Six months ended 31 Dec 2021 \$000
Westpac borrowings	21,875	20,436
Bay of Plenty Regional Council	49,600	49,600
Bay of Plenty Regional Council (LGFA)	5,002	5,002
Commercial Papers	180,000	155,000
Standby revolving cash advance facility	120,000	120,000
Fixed rate bonds	189,221	200,000
Total loans and borrowings	565,698	550,038
Current	201,875	155,000
Non current	363,823	395,038
Total	565,698	550,038

As at 31 December 2022, the Group's current liabilities exceed the Group's current assets.

Despite this fact, the Group does not have any liquidity or working capital concerns. The Port of Tauranga Group has \$260 million (2021: \$260 million) of term standby revolving cash advance facility remains undrawn.

Quayside Holdings Limited (excluding the Port of Tauranga group) is undergoing a capital structure review which will be finalised by April 2023 and will enter negotiations with the Bay of Plenty Regional councils or other counterparties in order to refinance its borrowings. We confirm that the management is confident with the ability of Quayside Holdings to successfully complete the refinancing.

Westpac Banking Corporation

Quayside Holdings Limited has a \$75 million (2021: \$75 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 December 2021 for a further term of 2 years, expiring in December 2023. At 31 December this facility was drawn down to \$22 million (2021: \$20 million).

Bay of Plenty Regional Council

In October 2021, Quayside Holdings Limited renewed the \$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 1 July 2024. As at 31 December this facility was drawn down to \$49.6 million (2021: \$49.6 million).

14 Leases

During the six months ended 31 December 2022, the Port of Tauranga Group had right of use assets additions of \$0.075 (2021: nil) and increases of lease liabilities of \$0.075 million (2021: nil). There have been no disposals or reductions in the right-of-use assets (2021: nil).

During the six months ended 31 December 2022, the Quayside Group had lease additions of \$0.058 million (2021: nil).

15 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 2022, related party transactions for the Quayside Group were as follows:

	Six Months ended 31 Dec 2022 \$000	Six Months ended 31 Dec 2021 \$000
<i>Quayside Group transactions with related parties:</i>		
<i>Transactions with Ultimate Controlling Entity</i>		
Bay of Plenty Regional Council		
Interest paid by Quayside Holdings Limited	861	193
Interest payable by Quayside Holdings Limited	1,224	280
Dividends paid by Quayside Holdings Limited	21,250	20,000
Loan drawn down by Quayside Holdings Limited	-	5,001
Loan payable by Quayside Holdings Limited	54,730	54,601
Subvention paid by Quayside Properties Limited	-	827
 <i>Quayside Group transactions with related parties:</i>		
<i>Transactions with Equity Accounted Investees</i>		
Interest charged by Quayside Holdings Limited	169	2
Capital contributions by Quayside Properties Limited	349	-
Capital distributions received by Quayside Properties Limited	95	-
Loan advanced by Quayside Holdings Limited	5,061	419
Loan payable to Quayside Properties Limited	-	500
Loan repayment received by Quayside Properties Limited	303	-
Interest charged by Quayside Properties Limited	1	8
Interest payable to Quayside Properties Limited	-	8

During the six months ended 31 December 2022, related party transactions for the Port of Tauranga Group were as follows:

Port of Tauranga Group transactions with related parties

Transactions with Equity Accounted Investees

Services provided to Port of Tauranga Limited	270	250
Services provided by Port of Tauranga Limited	2,148	2,488
Accounts receivable by Port of Tauranga Limited	42	143
Accounts payable by Port of Tauranga Limited	53	46
Advances by Port of Tauranga Limited	1,400	1,400
Services provided by Quality Marshalling (Mount Maunganui) Limited	160	553
Services provided to Quality Marshalling (Mount Maunganui) Limited	-	1

	Six Months ended 31 Dec 2022 \$000	Six Months ended 31 Dec 2021 \$000
Accounts receivable by Quality Marshalling (Mount Maunganui) Limited	42	33
Services provided to Timaru Container Terminal Limited	1,414	1,545
Services provided by Timaru Container Terminal Limited	74	103
Accounts receivable by Timaru Container Terminal Limited	-	12
Accounts payable by Timaru Container Terminal Limited	184	104

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

During the six months ended 31 December 2022, 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 2022 \$000	Six Months ended 31 Dec 2021 \$000
Directors		
Directors' fees recognised during the period	647	584
Executive Officers		
Executive officer's salaries and other short-term employee benefits recognised during the period	2,311	2,129
Executive officer's share based payments (equity settled) recognised during the period	343	100
Total	3,301	2,814

16 Subsequent Events

An interim dividend of 6.8 cents per share has been declared subsequent to reporting date by the Port of Tauranga Group.

In mid-February 2023 Cyclone Gabrielle struck the North Island and significant damage was caused to Northland, Auckland and the East Cape in agricultural, horticulture and property sectors. Quayside management has undertaken an initial assessment of potential impact on Quayside assets. As at the approval of financial statement date, we did not identify any material impact on the performance of the Group other than what is currently included in the interim financial statements.

Quayside Holdings Limited and Subsidiaries Directory As at 31 December 2022

Directors holding office at 31 December 2022 were:

Quayside Group

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

Port of Tauranga Group

J C Hoare (Chair)
A M Andrew
D J Bracewell
A R Lawrence
D W Leeder
Sir Robert A McLeod
J B Stevens

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 L Settle

Solicitor

Cooney Lees Morgan
PO Box 143
Tauranga 3110

Registered Office

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