

PORT OF TAURANGA LIMITED AND SUBSIDIARIES
INTERIM REPORT

CONSOLIDATED INCOME STATEMENTS
For the six months ended 31 December 2013

	(Unaudited) Six Months Ended 31 December 2013 Group NZ\$000	(Unaudited) Six Months Ended 31 December 2012 Group NZ\$000	(Audited) Year Ended 30 June 2013 Group NZ\$000
Revenue	137,110	118,489	244,011
Other income	1	100	136
Operating income	137,111	118,589	244,147
Contracted services for port operations	(22,440)	(25,080)	(49,127)
Contracted services for transport operations	(2,679)	(2,535)	(4,507)
Employee benefit expenses	(22,211)	(15,033)	(32,927)
Direct fuel and power expenses	(6,491)	(4,397)	(9,951)
Maintenance of property, plant and equipment	(7,947)	(3,710)	(9,905)
Other expenses	(8,599)	(7,859)	(14,631)
Operating expenses	(70,367)	(58,614)	(121,048)
Results from operating activities	66,744	59,975	123,099
Depreciation and amortisation	(11,138)	(8,584)	(18,558)
Operating profit before finance costs and taxation	55,606	51,391	104,541
Finance income	647	1,358	2,123
Finance expenses (refer note 7)	(7,293)	(11,412)	(17,987)
Net finance costs	(6,646)	(10,054)	(15,864)
Gain on sale of associate	0	38,335	38,214
Share of profit from equity accounted investees	4,059	6,367	10,360
Profit before income tax	53,019	86,039	137,251
Income tax expense	(13,677)	(11,830)	(25,128)
Profit for the period	39,342	74,209	112,123
Attributable to:			
Owners of the Parent Company	39,342	74,218	112,132
Non controlling interest	0	(9)	(9)
Profit for the period	39,342	74,209	112,123
Basic and diluted earnings per share attributable to ordinary equity holders of the Parent Company (cents)	29.3	55.3	83.6

SUPPLEMENTARY (NON STATUTORY) DISCLOSURE
Underlying Profit After Tax

Underlying profit after tax is presented to allow readers to make a more meaningful comparison of the Group's profit after removing one-off and non operational items.

Underlying profit after tax (refer note 5)	39,342	39,193	77,228
Underlying earnings per share (cents)	29.3	29.2	57.6

These statements are to be read in conjunction with the notes on pages XX to XX.

PORT OF TAURANGA LIMITED AND SUBSIDIARIES
INTERIM REPORT

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the six months ended 31 December 2013

	(Unaudited) Six Months Ended 31 December 2013 Group NZ\$000	(Unaudited) Six Months Ended 31 December 2012 Group NZ\$000	(Audited) Year Ended 30 June 2013 Group NZ\$000
Profit for the period	39,342	74,209	112,123
Other comprehensive income			
Effective portion of changes in fair value of cash flow hedges, net of tax	2,961	(1,597)	1,902
Change in fair value of cash flow hedges transferred to the income statements, net of tax	1,412	4,809	6,607
Changes in cash flow hedges transferred to property, plant and equipment, net of tax	(58)	512	696
Share of net change in cash flow hedge reserves of equity accounted investees	244	107	264
Share of net change in revaluation reserves of equity accounted investees	0	0	1,366
Total comprehensive income	43,901	78,040	122,958
Attributable to:			
Owners of the Parent Company	43,901	78,049	122,967
Non controlling interest	0	(9)	(9)
Total comprehensive income	43,901	78,040	122,958

These statements are to be read in conjunction with the notes on pages XX to XX.

PORT OF TAURANGA LIMITED AND SUBSIDIARIES
INTERIM REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the six months ended 31 December 2013

	Share Capital Group NZ\$000	Hedging Reserve Group NZ\$000	Revaluation Reserve Group NZ\$000	Retained Earnings Group NZ\$000	Non Controlling Interest Group NZ\$000	Total Group NZ\$000
Balance at 30 June 2012	68,421	(16,471)	597,547	84,489	(112)	733,874
Profit for the period	0	0	0	74,218	(9)	74,209
Total other comprehensive income	0	3,831	0	0	0	3,831
Total comprehensive income	0	3,831	0	74,218	(9)	78,040
Increase in share capital	278	0	0	0	0	278
Dividends paid during the period (refer note 8)	0	0	0	(36,211)	0	(36,211)
Total transactions with owners in their capacity as owners	278	0	0	(36,211)	0	(35,933)
Acquisition of non controlling interest without change in control	0	0	0	0	121	121
Total change in ownership interest in subsidiaries	0	0	0	0	121	121
Balance at 31 December 2012	68,699	(12,640)	597,547	122,496	0	776,102
Profit for the period	0	0	0	37,914	0	37,914
Total other comprehensive income	0	5,638	1,358	8	0	7,004
Total comprehensive income	0	5,638	1,358	37,922	0	44,918
Decrease in share capital	(318)	0	0	0	0	(318)
Dividends paid during the period	0	0	0	(26,824)	0	(26,824)
Total transactions with owners in their capacity as owners	(318)	0	0	(26,824)	0	(27,142)
Balance at 30 June 2013	68,381	(7,002)	598,905	133,594	0	793,878
Profit for the period	0	0	0	39,342	0	39,342
Total other comprehensive income	0	4,559	0	0	0	4,559
Total comprehensive income	0	4,559	0	39,342	0	43,901
Increase in share capital	7	0	0	0	0	7
Dividends paid during the period (refer note 8)	0	0	0	(34,870)	0	(34,870)
Total transactions with owners in their capacity as owners	7	0	0	(34,870)	0	(34,863)
Balance at 31 December 2013	68,388	(2,443)	598,905	138,066	0	802,916

These statements are to be read in conjunction with the notes on pages XX to XX.

PORT OF TAURANGA LIMITED AND SUBSIDIARIES
INTERIM REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at 31 December 2013

	(Unaudited) 31 December 2013 Group NZ\$000	(Unaudited) 31 December 2012 Group *Restated NZ\$000	(Audited) 30 June 2013 Group NZ\$000	(Audited) 1 July 2012 Group *Restated NZ\$000
Assets				
Property, plant and equipment (refer note 10)	965,042	914,042	946,929	889,036
Intangible assets	43,133	16,543	42,637	16,897
Advances and receivables	0	3,714	1,857	21,943
Investments in equity accounted investees	69,610	47,724	49,915	61,993
Total non current assets	1,077,785	982,023	1,041,338	989,869
Cash and cash equivalents	8,626	39,115	37,218	9,244
Receivables and prepayments	39,567	35,647	33,234	34,256
Inventories	1,163	539	710	509
Derivative financial instruments	0	0	81	0
Total current assets	49,356	75,301	71,243	44,009
Total assets	1,127,141	1,057,324	1,112,581	1,033,878
Equity				
Share capital	68,388	68,699	68,381	68,421
Hedging reserve	(2,443)	(12,640)	(7,002)	(16,471)
Revaluation reserve	598,905	597,547	598,905	597,547
Retained earnings	138,066	122,496	133,594	84,489
Total equity attributable to owners of the Parent Company	802,916	776,102	793,878	733,986
Non controlling interest	0	0	0	(112)
Total equity	802,916	776,102	793,878	733,874
Liabilities				
Loans and borrowings (refer note 11)	131,084	666	79,767	55,077
Deferred consideration	500	0	500	1,000
Derivative financial instruments	3,265	16,116	8,692	20,827
Provisions	1,186	1,275	1,298	2,487
Deferred tax liabilities	48,767	46,650	48,458	45,533
Total non current liabilities	184,802	64,707	138,715	124,924
Loans and borrowings (refer note 11)	110,629	192,234	146,312	140,961
Deferred consideration	1,500	1,000	1,500	0
Derivative financial instruments	143	962	812	1,421
Trade and other payables	19,045	16,435	19,561	19,750
Provisions	2,505	2,749	3,657	3,992
Provision for tax	5,601	3,135	8,146	8,956
Total current liabilities	139,423	216,515	179,988	175,080
Total liabilities	324,225	281,222	318,703	300,004
Total equity and liabilities	1,127,141	1,057,324	1,112,581	1,033,878

* Refer note 11(b).

These statements are to be read in conjunction with the notes on pages XX to XX.

PORT OF TAURANGA LIMITED AND SUBSIDIARIES
INTERIM REPORT

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the six months ended 31 December 2013

	(Unaudited) Six Months Ended 31 December 2013 Group NZ\$000	(Unaudited) Six Months Ended 31 December 2012 Group NZ\$000	(Audited) Year Ended 30 June 2013 Group NZ\$000
Cash flows from operating activities			
Cash inflows	132,850	121,305	249,104
Cash outflows	(99,123)	(94,770)	(165,710)
Net cash inflow from operating activities	33,727	26,535	83,394
Cash flows from investing activities			
Cash inflows	6,549	77,837	83,646
Cash outflows	(48,907)	(35,170)	(105,525)
Net cash inflow from/(used in) investing activities	(42,358)	42,667	(21,879)
Cash flows from financing activities			
Cash inflows	51,088	413	30,000
Cash outflows	(71,049)	(39,744)	(63,541)
Net cash used in financing activities	(19,961)	(39,331)	(33,541)
Net increase/(decrease) in cash and cash equivalents	(28,592)	29,871	27,974
Add opening cash brought forward	37,218	9,244	9,244
Ending cash carried forward	8,626	39,115	37,218
RECONCILIATION OF PROFIT FOR THE PERIOD TO CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period	39,342	74,209	112,123
Adjustments for non cash and non operating items			
Finance lease interest revenue	(445)	(716)	(1,233)
Depreciation and amortisation expense	11,138	8,584	18,558
Decrease in deferred taxation expense	(1,369)	(331)	(917)
Share of surpluses retained by equity accounted investees	(4,059)	(6,367)	(10,360)
Gain on disposal of associate	0	(38,335)	(38,214)
Other	(1,286)	200	787
	3,979	(36,965)	(31,379)
Add/(less) movements in working capital	(9,594)	(10,709)	2,650
Net cash flows from operating activities	33,727	26,535	83,394

These statements are to be read in conjunction with the notes on pages XX to XX.

NOTES TO THE INTERIM FINANCIAL STATEMENTS**For the six months ended 31 December 2013****1 REPORTING ENTITY**

Port of Tauranga Limited (the "Parent Company") is a company incorporated and domiciled in New Zealand, registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange ("NZX"). The Parent Company, which is designated as profit-orientated for financial reporting purposes, is an issuer in terms of the Financial Reporting Act 1993.

The unaudited interim financial statements (the "financial statements") for Port of Tauranga Limited comprise the Port of Tauranga Limited, its subsidiaries, and the Group's interest in equity accounted investees (together referred to as the "Group").

2 BASIS OF PREPARATION

These 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 information required for full annual financial statements and should be read in conjunction with the annual financial statements and related notes included in Port of Tauranga Limited's Annual Report for the year ended 30 June 2013.

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 2013. In addition, the following new standards were applied during the period:

NZ IFRS 12 Disclosures of Interests in Other Entities

NZ IFRS 12 sets out the required disclosures for entities reporting under the two new standards, NZ IFRS 10 Consolidated Financial Statements and NZ IFRS 11 Joint Arrangements, and replaces the disclosure requirements previously found in NZ IAS 28 Investments in Associates and Joint Ventures. The Group has applied these three new standards from 1 July 2013, however the changes have had no effect on any of the amounts recognised or the information disclosed in relation to the Group's investments in the interim financial statements.

NZ IFRS 13 Fair Value Measurement

NZ IFRS 13 establishes a single framework for measuring fair value when such measurements are required or permitted by other standards. It also replaces and expands the disclosure requirements about fair value measurement in other standards, including NZ IFRS 7 Financial Instruments: Disclosures. Those disclosures which are specifically required in interim financial statements have been applied by the Group in the current period. Specifically, the Group has included additional disclosures relating to the fair value of financial instruments (refer note 15). In accordance with the transitional provisions of NZ IFRS 13, the Group has applied the new fair value measurement guidance prospectively, and has therefore not provided any comparative information for the new disclosures. Notwithstanding the above, the change has had no significant impact on the measurements of the Group's assets and liabilities.

There are no amendments or revisions to NZ IFRS that have had a material impact on these interim financial statements.

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 2013.

5 UNDERLYING PROFIT AFTER TAX (NON STATUTORY DISCLOSURE)

	Six Months Ended 31 December 2013 Group NZ\$000	Six Months Ended 31 December 2012 Group NZ\$000
Reported profit after tax	39,342	74,209
Gain on sale of associate	0	(38,335)
Loss on termination of interest rate swaps	0	4,610
Tax impact of termination of interest rate swaps	0	(1,291)
Underlying profit after tax	39,342	39,193

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

6 SEGMENT INFORMATION

The Group determines and presents operating segments based on the information that is internally provided to the Chief Executive, who is the Group's Chief Operating Decision Maker (CODM), as defined by NZ IFRS 8 Operating Segments.

The Group operates in four main reportable segments, being:

- Port Operations – consists of providing and managing port services, and cargo handling facilities through the Port of Tauranga Limited and the Timaru Container Terminal Limited. Port terminals and bulk operations have been aggregated together within the Port Operations segment, due to the similarities in economic characteristics, customers, nature of products and processes, and risks.
- Property Services – consists of managing and maintaining the Port of Tauranga Limited's property assets.
- Forestry Services – consists of the stevedoring, marshalling and scaling activities of Quality Marshalling Limited.
- Transport Services – consists of the road transport and freight handling activities, of Tapper Transport Limited, Tapper SIP Limited and MetroPack Limited.

The four main business segments are managed separately as they provide different services to customers and have their own operational and marketing requirements.

The remaining activities of the Group are not allocated to individual business segments.

The Group operates in one geographical area, that being New Zealand.

Due to the significant shared cost base of the Port activities, operating costs, measures of profitability, assets and liabilities are aggregated and are not reported to the CODM at a segment level, but rather at a port level, as all business decisions are made at a "whole port level".

PORT OF TAURANGA LIMITED AND SUBSIDIARIES
INTERIM REPORT

Six Months Ended 31 December 2013	Port Operations Group NZ\$000	Property Services Group NZ\$000	Unallocated (1) Group NZ\$000	Transport Services Group NZ\$000	Forestry Services (2) Group NZ\$000	Group NZ\$000
Total segment revenue (external)	95,086	10,680	0	18,951	12,393	137,110
Other income and expenditure:						
Share of profit from equity accounted investees	0	0	4,059	0	0	4,059
Interest income	0	0	633	8	6	647
Other income	0	0	1	0	0	1
Interest expense	0	0	(6,242)	(64)	(1,008)	(7,314)
Depreciation and amortisation expense	0	0	(9,283)	(1,123)	(732)	(11,138)
Other unallocated expenditure	0	0	(46,784)	(15,452)	(8,110)	(70,346)
Income tax expense	0	0	(12,311)	(652)	(714)	(13,677)
Total other income and expenditure	0	0	(69,927)	(17,283)	(10,558)	(97,768)
Total segment result	95,086	10,680	(69,927)	1,668	1,835	39,342

(1) Operating costs are not allocated to individual business segments within the Parent Company.

(2) This segment commenced on 1 February 2013.

Six Months Ended 31 December 2012	Port Operations Group NZ\$000	Property Services Group NZ\$000	Unallocated (1) Group NZ\$000	Transport Services Group NZ\$000	Group NZ\$000
Total segment revenue (external)	96,349	9,772	0	12,368	118,489
Other income and expenditure:					
Share of profit from equity accounted investees	0	0	6,367	0	6,367
Interest income	0	0	1,347	0	1,347
Other finance income	0	0	11	0	11
Other income	0	100	38,335	0	38,435
Interest expense	0	0	(11,140)	(40)	(11,180)
Depreciation and amortisation expense	0	0	(7,900)	(684)	(8,584)
Other unallocated expenditure	0	0	(48,921)	(9,925)	(58,846)
Income tax expense	0	0	(11,350)	(480)	(11,830)
Total other income and expenditure	0	100	(33,251)	(11,129)	(44,280)
Total segment result	96,349	9,872	(33,251)	1,239	74,209

(1) Operating costs are not allocated to individual business segments within the Parent Company.

PORT OF TAURANGA LIMITED AND SUBSIDIARIES
INTERIM REPORT

7 FINANCE EXPENSES

	Six Months Ended 31 December 2013 Group NZ\$000	Six Months Ended 31 December 2012 Group NZ\$000
Interest expense on borrowings	7,368	6,971
Less:		
Interest capitalised to property, plant and equipment	(208)	(510)
	7,160	6,461
Loss on termination of interest rate swaps	0	4,610
Interest on finance leases	64	40
Interest on deferred consideration	90	35
Interest on contingent consideration	0	34
Ineffective portion of changes in fair value of cash flow hedges	(21)	232
Total finance expenses	7,293	11,412

8 DIVIDENDS

The following dividends were paid by the Group:

	Six Months Ended 31 December 2013 Group NZ\$000	Six Months Ended 31 December 2012 Group NZ\$000
Final dividend of 26.0 cents per share (2012: 27.0 cps)	34,870	36,211

9 BUSINESS COMBINATIONS

During the period the Group has made a number of acquisitions. The Group has yet to finalise the accounting for these business combinations and at reporting date the amounts reflected below are provisional.

(a) Acquisition of Priority Logistics Group

On 1 July 2013 Tapper Transport Limited purchased Priority Logistics Group (Priority Logistics), a transport and logistics group based in Mount Maunganui.

Priority Logistics has a fleet of 35 trucks and warehouses providing transport and logistical solutions for containers, loose container load freight centred in the Bay of Plenty, and bulk liquid distribution throughout the North Island.

In the six months to 31 December 2013 Priority Logistics contributed revenue of \$5.977 million and profit of \$0.507 million.

The following table summarises the major classes of consideration transferred, and the recognised amounts of assets acquired, and liabilities assumed at acquisition date:

	NZ\$000
Consideration transferred	
Cash	10,000
Total consideration transferred	10,000
Fair value of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	9,239
Employee liabilities	(137)
Total net identifiable assets	9,102
Total goodwill	898

The Group incurred acquisition costs of \$26,455 relating to external legal fees. These costs have been included in other expenses in the Income Statements.

Contingent Consideration

The Group has agreed to pay the vendors of Priority Logistics additional payments of up to \$1,000,000 contingent upon the realisation of certain profit forecasts over a two year period. Upon acquisition, no contingent consideration has been recognised as it is considered unlikely that these earnout targets will be achieved.

(b) Purchase of the Container Terminal Assets of PrimePort Timaru

On 29 November 2013 Timaru Container Terminal Limited, a newly incorporated 100% subsidiary of Port of Tauranga Limited, purchased the container terminal assets of PrimePort Timaru and took over existing terminal operations. The major assets acquired included mobile harbour cranes and the forklift fleet.

Operating the Timaru Container Terminal fits strategically with Port of Tauranga's vision of becoming New Zealand's hub port. It will allow South Island exporters and importers to benefit from the large number of international services that call at Tauranga, share the significant freight savings that will come with the arrival in New Zealand of the next generation of large ships and benefit from Port of Tauranga's container terminal expertise and world class productivity.

In the period since acquisition the Timaru Container Terminal Limited contributed revenue of \$0.418 million and after-tax profit of \$0.011 million.

The following table summarises the major classes of consideration transferred to acquire the assets and liabilities assumed at the acquisition date:

	NZ\$000
Consideration transferred	
Cash	2,062
Total consideration transferred	2,062
Fair value of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	2,072
Employee liabilities	(10)
Total net identifiable assets	2,062
Total goodwill	0

The Group incurred acquisition costs of \$16,052 relating to external legal fees. These costs have been included in other expenses in the Income Statements.

Transactions Separate from the Business Combination

Commencing 1 December 2013, Timaru Container Terminal Limited entered into a Lease Agreement with PrimePort Timaru Limited for the lease of the container terminal at the Port of Timaru. The initial lease term is for 15 years, with two ten-year rights of renewal.

(c) Purchase of 50% Interest in PrimePort Timaru Limited

On 29 November 2013 Port of Tauranga Limited acquired a 50% shareholding in PrimePort Timaru Limited, as part of a strategic alliance to facilitate coastal shipping and to promote the development of port services in Timaru.

	NZ\$000
Consideration transferred	
Purchase of shares for cash	19,611
Legal fees and due diligence expenses	160
Total consideration transferred	19,771
Fair value of identifiable assets	19,501
Total goodwill	270

10 PROPERTY, PLANT AND EQUIPMENT**Acquisitions and Disposals**

During the six months ended 31 December 2013, the Group acquired assets with a cost of \$28.857 million (six months ended 31 December 2012: \$33.534 million). Included in the current year are \$11.311 million (six months ended 31 December 2012: nil) of assets acquired as part of business combinations (refer note 9).

During the six months ended 31 December 2013, the Group disposed of assets with a carrying value of \$0.389 million (six months ended 31 December 2012: \$0.040 million).

PORT OF TAURANGA LIMITED AND SUBSIDIARIES
INTERIM REPORT

11 LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings.

	31 December 2013 Group NZ\$000	31 December 2012 Group *Restated NZ\$000	30 June 2013 Group NZ\$000	1 July 2012 Group *Restated NZ\$000
Non current liabilities				
Standby revolving cash advance facility	80,000	0	79,000	55,000
Advances from employees	233	78	71	0
Fixed-rate bond (refer note 11(a))	50,000	0	0	0
Finance lease liabilities	851	588	696	77
Total non current liabilities	131,084	666	79,767	55,077
Current liabilities				
Commercial papers (refer note 11(b))	110,000	145,000	146,000	140,000
Standby revolving cash advance facility	0	45,000	0	0
Multi option facility	0	2,000	0	0
Advances from employees	0	0	0	286
Advance from associate	0	0	74	325
Finance lease liabilities	629	234	238	350
Total current liabilities	110,629	192,234	146,312	140,961
Total loans and borrowings	241,713	192,900	226,079	196,038

* Refer note 11(b).

(a) Fixed Rate Bond

On 29 October 2013 the Parent issued a six year \$50 million fixed rate bond bearing a fixed interest rate of 5.865% per annum. Interest is payable every six months on 29 April and 29 October and the bond has a final maturity in October 2019. The Group incurred costs of \$0.109 million in connection with the issuance of the bond which were capitalised. These costs are being amortised equally over the term of the bond. An amortisation expense of \$3,185 has been recognised as part of the interest expense during the period.

(b) Reclassification of Comparatives

In previous years, acting on professional advice, commercial papers have been classified as non current liabilities on the basis that they are an integral component of the Parent Company's standby revolving cash advance facility and are interchangeable with bank borrowings. Commercial paper debt had been treated as a term liability for financial reporting purposes because in the event that commercial papers could not be issued, the Parent Company has the contractual right to draw down on fully committed term banking facilities.

PORT OF TAURANGA LIMITED AND SUBSIDIARIES
INTERIM REPORT

During the period ended 30 June 2013 the Directors received new professional advice that on a strictly technical analysis, commercial papers as an instrument within the facility are current liabilities. As such they have been reclassified as current liabilities. The comparatives have been restated to conform with disclosure requirements at the reporting date. The commercial paper programme is fully backed by committed and undrawn term bank facilities.

12 RELATED PARTY TRANSACTIONS

During the period the Parent Company has had the following transactions with related parties:

	Six Months Ended 31 December 2013 NZ\$000	Six Months Ended 31 December 2012 NZ\$000
Port of Tauranga Trustee Company Limited		
Advances to Port of Tauranga Trustee Company Limited for employees in Share Ownership Plan by Port of Tauranga Limited	181	122
Tapper Transport Limited		
Services provided by Port of Tauranga Limited	18	3
Advances by Port of Tauranga Limited	11,651	2,900
Accounts receivable by Port of Tauranga Limited	8	2
MetroPack Limited		
Advances by Port of Tauranga Limited	700	700
Advances by Tapper Transport Limited	500	700
Services provided by Port of Tauranga Limited	0	13
Accounts receivable by Port of Tauranga Limited	0	(3)
Services provided by Tapper Transport Limited	630	104
Services provided to Tapper Transport Limited	243	374
Accounts receivable by Tapper Transport Limited	109	105
Accounts payable by Tapper Transport Limited	51	21
Factored debtors payable by Tapper Transport Limited	212	236
Quality Marshalling Limited		
Advances by Port of Tauranga Limited	6,753	0
Services provided by Port of Tauranga Limited	1,366	0
Accounts receivable by Port of Tauranga Limited	285	0
Timaru Container Terminal Limited		
Advances by Port of Tauranga Limited	2,871	0
Services provided by Port of Tauranga Limited	23	0
Accounts receivable by Port of Tauranga Limited	23	0
Northport Limited		
Services provided by Port of Tauranga Limited	15	8
Accounts receivable by Port of Tauranga Limited	4	3

PORT OF TAURANGA LIMITED AND SUBSIDIARIES
INTERIM REPORT

	Six Months Ended 31 December 2013 NZ\$000	Six Months Ended 31 December 2012 NZ\$000
MetroBox Limited (previously MetroBox Auckland Limited)		
Advances by Port of Tauranga Limited	1,785	1,785
Services provided to Tapper Transport Limited	18	24
Accounts payable by Tapper Transport Limited	3	6
PrimePort Timaru Limited		
Services provided to Timaru Container Terminal Limited	177	0
Accounts payable by Timaru Container Terminal Limited	178	0
Cubic Transport Services Limited		
Services provided to Tapper Transport Limited	10	0
Services provided by Tapper Transport Limited	321	511
Accounts receivable by Tapper Transport Limited	36	87
Accounts payable by Tapper Transport Limited	2	0

The Group holds the following investments in the above entities:

Related Party	31 December 2013 % Ownership	31 December 2012 % Ownership
Port of Tauranga Trustee Company Limited	100.00	100.00
Tapper Transport Limited	100.00	100.00
MetroPack Limited	100.00	100.00
Quality Marshalling (Mount Maunganui) Limited (purchased 31 January 2013)	100.00	0
Timaru Container Terminal Limited (incorporated 3 September 2013)	100.00	0
Tapper SIP Limited	100.00	100.00
Northport Limited	50.00	50.00
MetroBox Limited (previously MetroBox Auckland Limited)	50.00	50.00
PrimePort Timaru Limited (purchased 29 November 2013)	50.00	0
Cubic Transport Services Limited	37.50	37.50

During the six months ended 31 December 2013 the Group entered into transactions with companies in which Group Directors hold directorships. These directorships have not resulted in the Group having a significant influence over the operations, policies, or key decisions of these companies.

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

PORT OF TAURANGA LIMITED AND SUBSIDIARIES
INTERIM REPORT

Controlling Entity

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

Quayside Securities Limited is beneficially owned by Bay of Plenty Regional Council, the Ultimate Controlling Party. Transactions with the Ultimate Controlling Party during the period include services provided to Port of Tauranga Limited \$10,000 (six months ended 31 December 2012: \$15,000) and accounts payable by Port of Tauranga Limited nil (six months ended 31 December 2012: \$1,000).

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 December 2013 Group NZ\$000	Six Months Ended 31 December 2012 Group NZ\$000
Short term employee benefits		
Directors' fees	266	238
Executive salaries	2,159	1,658

13 COMMITMENTS

	Six Months Ended 31 December 2013 Group NZ\$000	Six Months Ended 31 December 2012 Group NZ\$000
Capital commitments		
Estimated capital commitments for the Group contracted for at the reporting date but not provided for	55,029	53,004

Capital commitments at 31 December 2013 relate to the purchase of Gateside Industrial Park in Auckland, two tugs, a container crane, a number of small items of operational plant, and a contribution to the Nga Matarae Trust.

14 SUBSEQUENT EVENTS

Port of Tauranga Limited has signed a conditional agreement with the Selwyn District Council to purchase 15 hectares of land in the Izone Industrial Park at Rolleston for development as an intermodal freight hub. The Izone development is a 180 hectare industrial park 12 kilometres south of Christchurch, with excellent road and rail connections, which has been established to cater for manufacturing, warehousing and logistics businesses. Port of Tauranga is planning to establish an intermodal freight hub to receive, pack and distribute containerised cargo. The proposed purchase amounts to \$15 million.

Port of Tauranga Limited, KiwiRail Limited and Specialised Container Services (Auckland) Limited have signed a heads of agreement to expand the services of MetroBox Limited (previously MetroBox Auckland Limited) to an additional site at Southdown, Auckland. The arrangement will see the restructure of the ownership of MetroBox Limited, which is currently jointly owned by Port of Tauranga Limited and KiwiRail Limited with the parties holding 50% each. The shareholding in the restructured entity is proposed to be 37.5%, 37.5%, and 25.0% owned by Port of Tauranga Limited, Specialised Container Services (Auckland) Limited, and KiwiRail Limited respectively. The changes are expected to take place before 31 March 2014.

15 FINANCIAL INSTRUMENTS**Financial Instruments Carried at Fair Value****(a) Fair Value Hierarchy**

The following table analyses financial instruments classified as either designated at fair value or held for trading through the income statements, by valuation method. The different levels have been defined as follows:

- *Level 1:* quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2:* inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices), or indirectly (ie as derived from prices).
- *Level 3:* inputs for the asset or liability that are not based on observable market data (unobservable outputs).

PORT OF TAURANGA LIMITED AND SUBSIDIARIES
INTERIM REPORT

GROUP	Level 1 NZ\$000	Level 2 NZ\$000	Level 3 NZ\$000	Total NZ\$000
Assets per the statements of financial position				
Derivative financial instrument assets	0	0	0	0
Total assets	0	0	0	0
Liabilities per the statements of financial position				
Derivative financial instrument liabilities	0	(3,408)	0	(3,408)
Total liabilities	0	(3,408)	0	(3,408)

There have been no transfers between levels during the period.

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

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty where appropriate.

(b) Fair Values

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