ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2010

INCOME STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

		GRO	JP	PARENT COMPANY	
	Note	2010 NZ\$000	2009 NZ\$000	2010 NZ\$000	2009 NZ\$000
Revenue Other income	8	148,054 22	143,619 0	143,538 5,730	143,619 5,013
Operating income		148,076	143,619	149,268	148,632
Contracted services for port operations Contracted services for transport operations Employee expenses Direct fuel and power expenses Maintenance of property, plant and equipment	9	(29,676) (1,239) (18,499) (4,748) (5,068)	(30,536) 0 (16,315) (4,802) (5,715)	(29,676) 0 (17,095) (4,549) (4,733)	(30,536) 0 (16,315) (4,802) (5,715)
Other expenses	10	(7,829)	(6,659)	(7,230)	(6,659)
Operating expenses	-	(67,059)	(64,027)	(63,283)	(64,027)
Results from operating activities		81,017	79,592	85,985	84,605
Depreciation and amortisation Impairment of property, plant and equipment	-	(14,231) (2,352)	(13,125) 0	(13,908) (2,352)	(13,125) 0
		(16,583)	(13,125)	(16,260)	(13,125)
Operating profit before finance costs and taxation		64,434	66,467	69,725	71,480
Finance income Finance expenses	11 11	4,423 (12,392)	6,074 (15,275)	4,423 (12,349)	6,074 (15,275)
Net finance costs		(7,969)	(9,201)	(7,926)	(9,201)
Share of profit from associates	18	8,231	5,078	0	0
Profit before income tax Income tax expense	12	64,696 (26,680)	62,344 (17,159)	61,799 (26,564)	62,279 (17,159)
Profit for the period attributable to shareholders of the Parent Company		38,016	45,185	35,235	45,120
Basic and diluted earnings per share (cents)	23	28.4	33.7		

Supplementary (Non Statutory) Disclosure

Underlying Profit After Tax

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

Underlying profit after tax	5	49,403	45,185	46,622	45,120
Earnings per share (cents)		36.9	33.7		

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2010

	GROL	GROUP		OMPANY	
	2010 NZ\$000	2009 NZ\$000	2010 NZ\$000	2009 NZ\$000	
Profit after tax attributable to shareholders of the Parent Company	38,016	45,185	35,235	45,120	
Other comprehensive income					
Net effective portion of changes in fair value of cash flow hedges	(5,562)	(5,561)	(5,562)	(5,561)	
Net change in fair value of cash flow hedges transferred to profit or loss	2,872	(1,137)	2,872	(1,137)	
Net changes in cash flow hedges transferred to property, plant and equipment	0	(8)	0	(8)	
Net change in share of associates' cash flow hedge reserves	217	(1,123)	0	0	
Asset revaluation, net of tax	25,810	0	25,810	0	
Total comprehensive income	61,353	37,356	58,355	38,414	

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2010

	Sha Capi		Hedg Rese		Revalu Rese		Reta Earn		To	tal
GROUP	2010 NZ\$000	2009 NZ\$000	2010 NZ\$000	2009 NZ\$000	2010 NZ\$000	2009 NZ\$000	2010 NZ\$000	2009 NZ\$000	2010 NZ\$000	2009 NZ\$000
Balance at 1 July	67,966	67,966	(5,407)	2,422	545,636	545,636	34,862	23,186	643,057	639,210
Profit after tax attributable to shareholders of the Parent Company Net effective portion of changes in fair value of cash flow hedges Net change in fair value of cash flow hedges transferred to the income statement Net changes in cash flow hedges transferred to property, plant and	0 0 0	0 0 0	0 (5,562) 2,872 0	0 (5,561) (1,137)	0 0 0	0 0 0	38,016 0 0	45,185 0 0	38,016 (5,562) 2,872	45,185 (5,561) (1,137)
equipment Net change in share of associates' cash flow hedge reserves Asset revaluation, net of tax Transfer to retained earnings on disposal	0 0 0	0 0 0	217 0 0	(8) (1,123) 0 0	0 25,810 (280)	0 0 0	0 0 280	0 0 0	217 25,810 0	(8) (1,123) 0 0
Total comprehensive income	0	0	(2,473)	(7,829)	25,530	0	38,296	45,185	61,353	37,356
Increase in share capital Dividends paid during the year (refer note 22(b))	251 0	0 0	0 0	0 0	0 0	0 0	0 (36,193)	0 (33,509)	251 (36,193)	0 (33,509)
Total transactions with owners in their capacity as owners	251	0	0	0	0	0	(36,193)	(33,509)	(35,942)	(33,509)
Total movements in equity	2 51	0	(2,473)	(7,829)	25,530	0	2,103	11,676	25,411	3,847
Balance at 30 June	68,217	67,966	(7,880)	(5,407)	571,166	545,636	36,965	34,862	668,468	643,057

STATEMENTS OF CHANGES IN EQUITY (continued) FOR THE YEAR ENDED 30 JUNE 2010

	Sha Cap		Hedo Rese		Revalu Rese		Reta Earn		Tot	tal
PARENT COMPANY	2010 NZ\$000	2009 NZ\$000	2010 NZ\$000	2009 NZ\$000	2010 NZ\$000	2009 NZ\$000	2010 NZ\$000	2009 NZ\$000	2010 NZ\$000	2009 NZ\$000
Balance at 1 July	68,247	68,247	(4,554)	2,152	545,636	545,636	29,934	18,323	639,263	634,358
Profit after tax attributable to shareholders of the Parent Company Net effective portion of changes in fair value of cash flow hedges Net change in fair value of cash flow hedges transferred to the income statement	0 0 0	0 0 0	0 (5,562) 2,872	0 (5,561) (1,137)	0 0 0	0 0 0	35,235 0 0	45,120 0 0	35,235 (5,562) 2,872	45,120 (5,561) (1,137)
Net changes in cash flow hedges transferred to property, plant and equipment	0	0	0	(8)	0	0	0	0	0	(8)
Asset revaluation, net of tax	0	0	0	0	25,810	0	0	0	25,810	0
Transfer to retained earnings on disposal	0	0	0	0	(280)	0	280	0	0	0
Total comprehensive income	0	0	(2,690)	(6,706)	25,530	0	35,515	45,120	58,355	38,414
Increase in share capital	315	0	0	0	0	0	0	0	315	0
Cancellation of share capital	(33)	0	0	Ö	0	0	0	0	(33)	0
Dividends paid during the year (refer note 22(b))	Ò	0	0	0	0	0	(36,193)	(33,509)	(36,193)	(33,509)
Total transactions with owners in their capacity as owners	282	0	0	0	0	0	(36,193)	(33,509)	(35,911)	(33,509)
Total movements in equity	282	0	(2,690)	(6,706)	25,530	0	(678)	11,611	22,444	4,905
Balance at 30 June	68,529	68,247	(7,244)	(4,554)	571,166	545,636	29,256	29,934	661,707	639,263

BALANCE SHEETS

AS AT 30 JUNE 2010

		GROUP		PARENT CO	OMPANY
	Note	2010 NZ\$000	2009 NZ\$000	2010 NZ\$000	2009 NZ\$000
Assets					
Property, plant and equipment	13	844,825	815,882	842,914	815,882
Investment properties	14	0	440	0	440
Intangible assets	15	18,609	3,828	3,097	3,828
Advances and receivables	16	27,705	30,077	27,825	30,077
Investments in subsidiaries	17	0	0	12,447	0
Investments in associates	18	39,746	35,998	32,936	31,936
Total non current assets	-	930,885	886,225	919,219	882,163
Cash and cash equivalents		1,413	3,282	1,390	3,263
Receivables and prepayments	20	23,716	20,733	25,603	20,754
Inventories	21	259	207	213	207
Derivative financial instruments	19	0	207	0	207
Total current assets	-	25,388	24,429	27,206	24,431
Total assets		956,273	910,654	946,425	906,594
Equity					
Share capital	22	68,217	67,966	68,529	68,247
Hedging reserve	22	(7,880)	(5,407)	(7,244)	(4,554)
Revaluation reserve		571,166	545,636	571,166	545,636
Retained earnings		36,965	34,862	29,256	29,934
Total equity attributable to shareholders of the Parent Company	_	668,468	643,057	661,707	639,263
Liabilities					
Loans and borrowings	24	199,118	210,500	198,500	210,500
Deferred consideration	7	3,000	0	3,000	0
Derivative financial instruments	19	9,111	6,358	9,111	6,358
Provisions	25	4,890	1,166	4,496	1,166
Deferred tax liabilities	26	49,294	34,638	49,469	34,638
Total non current liabilities	-	265,413	252,662	264,576	252,662
Loans and borrowings	24	823	266	0	0
Derivative financial instruments	19	1,095	429	1,095	429
Trade and other payables	27	12,477	7,872	11,124	7,872
Provisions	25	1,906	1,134	1,901	1,134
Income tax payable	<u>-</u>	6,091	5,234	6,022	5,234
Total current liabilities	-	22,392	14,935	20,142	14,669
Total liabilities		287,805	267,597	284,718	267,331
Total equity and liabilities	-	956,273	910,654	946,425	906,594

For and on behalf of the Board of Directors who authorised these financial statements for issue on 19 August 2010.

Chairman Director

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2010

		GRO	UP	PARENT CO	OMPANY
	Note	2010 NZ\$000	2009 NZ\$000	2010 NZ\$000	2009 NZ\$000
Cash flows from operating activities Cash was provided from:					
Receipts from customers Interest received Dividends received		148,127 1,891 0	145,859 1,845 0	143,611 1,891 5,708	145,859 1,845 5,013
		150,018	147,704	151,210	152,717
Cash was applied to: Payments to suppliers and employees Taxes paid Interest paid		(64,143) (17,535) (12,285)	(66,462) (11,644) (14,373)	(59,903) (17,535) (12,262)	(66,462) (11,644) (14,373)
		(93,963)	(92,479)	(89,700)	(92,479)
Net cash inflow from operating activities		56,055	55,225	61,510	60,238
Cash flows from investing activities Cash was provided from:		000	0	200	0
Proceeds from sale of property, plant and equipment		280	0	280	0
Proceeds from sale of investment property Finance lease payments received Receipts from associate companies		392 4,342 5,708	0 4,322 6,410	392 4,342 0	0 4,322 1,397
		10,722	10,732	5,014	5,719
Cash was applied to: Cash outflow for property, plant and equipment		(9,527)	(38,533)	(9,290)	(38,533)
Cash outflow for intangibles Interest capitalised on property, plant and equipment		(4,038) (20)	(251) (431)	(4,023) (20)	(251) (431)
Payments under finance leases Advances to subsidiaries		(270) 0	0 0	0 (201)	0
Purchase of subsidiaries Purchase of associate	7 7	(5,952) (1,000)	0	(5,952) (1,000)	0
		(20,807)	(39,215)	(20,486)	(39,215)
Net cash used in investing activities		(10,085)	(28,483)	(15,472)	(33,496)

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2010

	GROUP		PARENT CO	OMPANY	
	2010 NZ\$000	2009 NZ\$000	2010 NZ\$000	2009 NZ\$000	
Cash flows from financing activities Cash was provided from:					
Increase in borrowings	0	8,300	0	8,300	
Proceeds from issue of new shares	85	85	315	92	
	85	8,385	315	8,392	
Cash was applied to: Dividends paid Repayment of borrowings Repurchase of shares	(36,193) (11,731) 0	(33,509) 0 0	(36,193) (12,000) (33)	(33,509) 0 0	
	(47,924)	(33,509)	(48,226)	(33,509)	
Net cash used in financing activities	(47,839)	(25,124)	(47,911)	(25,117)	
Net increase/(decrease) in cash held Add opening cash brought forward	(1,869) 3,282	1,618 1,664	(1,873) 3,263	1,625 1,638	
Ending cash carried forward	1,413	3,282	1,390	3,263	
Cash balances in balance sheet					
Cash and cash equivalents	1,413	3,282	1,390	3,263	
Ending cash carried forward	1,413	3,282	1,390	3,263	

RECONCILIATION OF SURPLUS AFTER TAXATION TO CASH FLOWS FROM OPERATING ACTIVITIES

FOR THE YEAR ENDED 30 JUNE 2010

Reported surplus after taxation 2010 NZ\$000 2010 NZ\$000 2010 NZ\$000 2010 NZ\$000 2009 NZ\$000 NZ\$00		GRO	JP	PARENT COMPANY		
Items classified as investing/financing activities: Finance lease interest revenue (2,267) (2,524) (2,267) (2,524) Finance lease interest expense 29						
Sectivities: Finance lease interest revenue (2,267) (2,524) (2,267) (2,524) (2,267) (2,524	Reported surplus after taxation	38,016	45,185	35,235	45,120	
Finance lease interest expense 29 0 0 0 0 0 0 0 0 0	5 5					
Net gain on sale of investment property (22) 0 (22) 0 dd/(less) non cash items and non operating items: Depreciation 13,369 12,387 13,154 12,387 Amortisation expense 862 738 754 738 Increase/(decrease) in deferred taxation 8,218 (322) 8,173 (322) expense 87 (14) 155 (14) 155 Fair value losses/(gains) on derivative of financial instruments not hedge accounted Ineffective portion of change in fair value of a cash flow hedge (149) 155 (149) 155 Change in fair value of fair value hedge (22) (1,157) (22) (1,157) Change in fair value of fair value hedged 22 1,157 22 1,157 Change in fair value of fair value hedged 305 305 305 305 Increase/(decrease) in non current profit (305) 305 305 305 Increase in long service leave provision 77 170 77 170 Share of surpluses retained by associates (8,231)						
Add/(less) non cash items and non operating items: (2,260) (2,524) (2,289) (2,524) Depreciation 13,369 12,387 13,154 12,387 Amortisation expense 862 738 754 738 Increase/(decrease) in deferred taxation 8,218 (322) 8,173 (322) expense Fair value losses/(gains) on derivative (14) 155 (14) 155 financial instruments not hedge accounted (149) 155 (149) 155 financial instruments not hedge accounted (149) 155 (149) 155 cash flow hedge (22) (1,157) (22) (1,157) Change in fair value of fair value hedged 22 1,157 22 1,157 risk Increase/(decrease) in non current profit (305) 305 (305) 305 sharing and bonus provision 77 170 77 170 Increase in long service leave provision 77 170 77 170 Share of surpluses retained by associates			-	-	-	
Depreciation	Not gain on one of invocations property			` '		
Depreciation						
Increase/(decrease) in deferred taxation expense Fair value losses/(gains) on derivative (14) 155 (14) (14) (15) (14) (14) (15) (14) (15) (14) (14) (15) (14) (14) (14) (15) (14) (14) (14) (14) (14) (15) (14) (14) (15) (14) (14) (15) (14) (14) (15) (14) (14) (15) (14) (15) (14) (14) (15)		13,369	12,387	13,154	12,387	
expense Fair value losses/(gains) on derivative financial instruments not hedge accounted Ineffective portion of change in fair value of cash flow hedge Change in fair value of fair value hedge Change in fair value of fair value hedged Change in fair value of fair value hedged Change in fair value of fair value hedged 22 1,157 22 1,157 risk Increase/(decrease) in non current profit (305) 305 (305) 305 sharing and bonus provision Increase in long service leave provision Share of surpluses retained by associates (8,231) (5,078) 0 0 Impairment of property, plant and equipment Interest on contingent consideration 77 170 77 170 77 170 8,2352 0 2,352 0 2,352 0 Add/(less) movements in working capital: Change in receivables and prepayments Change in inventories (125) 3,398 28 3,398 28 3,398 Change in income tax payable 3 3,398 242 (6) 242 242 242 Change in income tax payable Add/(less) movements in working capital: Change in trade and other payables (125) 3,398 28 3,398 28 3,398 28 3,398 28 3,398 29 3,3						
Fair value losses/(gains) on derivative financial instruments not hedge accounted lateral instruments not hedge accounted lateral instruments not hedge accounted lateral instruments not hedge (149) 155 (149) 155 cash flow hedge Change in fair value of fair value hedge Change in fair value of fair value hedged 22 (1,157) (22) (1,157) Change in fair value of fair value hedged 7 change in fair value hedged 8 change in fair value of fair value hedged 19 change in fair value of fair value hedged 19 change in fair value of fair value hedged 19 change in fair value of fair value hedged 19 change in non current profit 100 change in non current profit 100 change in fair value of fair value hedged 10 change in fair value of fair value hedged 10 change in fair value of fair value hedged 10 change in fair value of fair value hedged 10 change in fair value of fair value hedged 10 change in fair value of fair value hedged 10 change in fair value of fair value hedged 10 change in fair value of fair value hedged 10 change in fair value of fair value hedged 10 change in fair value of fair value hedged 10 change in fair value of fair value hedged 10 change in fair value of fai	· ·	8,218	(322)	8,173	(322)	
Ineffective portion of change in fair value of cash flow hedge	Fair value losses/(gains) on derivative	(14)	155	(14)	155	
cash flow hedge Change in fair value of fair value hedge (22) (1,157) (22) (1,157) Change in fair value of fair value hedged 22 1,157 22 1,157 risk Increase/(decrease) in non current profit (305) 305 (305) 305 sharing and bonus provision Increase in long service leave provision 77 170 77 170 Share of surpluses retained by associates (8,231) (5,078) 0 0 Impairment of property, plant and equipment 2,352 0 2,352 0 Interest on contingent consideration 63 0 63 0 Interest on contingent consideration 63 0 63 0 Add/(less) movements in working capital: Change in receivables and prepayments (125) 3,398 28 3,398 Change in inventories (5) 242 (6) 242 Change in inventories (5) 242 (6) 242 Change in trade and other payables 2,563 (5,507)		(4.45)		(1.15)		
Change in fair value of fair value hedged (22) (1,157) (22) (1,157) Change in fair value of fair value hedged risk 22 1,157 22 1,157 risk Increase/(decrease) in non current profit (305) 305 (305) 305 sharing and bonus provision 77 170 77 170 Share of surpluses retained by associates (8,231) (5,078) 0 0 Impairment of property, plant and equipment 2,352 0 2,352 0 Interest on contingent consideration 63 0 63 0 Add/(less) movements in working capital: Change in receivables and prepayments (125) 3,398 28 3,398 Change in inventories (5) 242 (6) 242 Change in income tax payable 857 5,841 788 5,841 Change in trade and other payables 2,563 (5,507) 2,882 (5,507) Change in current provisions 767 80 767 80		(149)	155	(149)	155	
risk Increase/(decrease) in non current profit Increase/(decrease) in non current profit Increase in long service leave provision Increase in long service leave		(22)	(1,157)	(22)	(1,157)	
Increase (decrease) in non current profit sharing and bonus provision Increase in long service leave provision 77 170 77 170 77 170 170 Share of surpluses retained by associates (8,231) (5,078) 0 0 0 0 0 0 0 0 0	· · · · · · · · · · · · · · · · · · ·	22	1,157	22	1,157	
Increase in long service leave provision 77 170 77 170 Share of surpluses retained by associates (8,231) (5,078) 0 0 Impairment of property, plant and equipment 2,352 0 2,352 0 Interest on contingent consideration 63 0 63 0 Add/(less) movements in working capital: Change in receivables and prepayments (125) 3,398 28 3,398 Change in inventories (5) 242 (6) 242 Change in income tax payable 857 5,841 788 5,841 Change in trade and other payables 2,563 (5,507) 2,882 (5,507) Change in current provisions 767 80 767 80	Increase/(decrease) in non current profit	(305)	305	(305)	305	
Share of surpluses retained by associates Impairment of property, plant and equipment Interest on contingent consideration (8,231) (5,078) 0 0 Impairment of property, plant and equipment Interest on contingent consideration 2,352 0 2,352 0 16,242 8,510 24,105 13,588 Add/(less) movements in working capital: (125) 3,398 28 3,398 Change in receivables and prepayments (125) 3,398 28 3,398 Change in inventories (5) 242 (6) 242 Change in income tax payable 857 5,841 788 5,841 Change in trade and other payables 2,563 (5,507) 2,882 (5,507) Change in current provisions 767 80 767 80 4,057 4,054 4,459 4,054		77	170	77	170	
equipment Interest on contingent consideration 63 0 63 0 Add/(less) movements in working capital: Change in receivables and prepayments (125) 3,398 28 3,398 Change in inventories (5) 242 (6) 242 Change in income tax payable 857 5,841 788 5,841 Change in trade and other payables 2,563 (5,507) 2,882 (5,507) Change in current provisions 767 80 767 80 4,057 4,054 4,459 4,054	Share of surpluses retained by associates		-		_	
Add/(less) movements in working capital: Change in receivables and prepayments Change in inventories Change in income tax payable Change in trade and other payables Change in trade and other payables Change in current provisions Cha		2,352	0	2,352	0	
Add/(less) movements in working capital: Change in receivables and prepayments (125) 3,398 28 3,398 Change in inventories (5) 242 (6) 242 Change in income tax payable 857 5,841 788 5,841 Change in trade and other payables 2,563 (5,507) 2,882 (5,507) Change in current provisions 767 80 767 80 4,057 4,054 4,459 4,054		63	0	63	0	
Change in receivables and prepayments (125) 3,398 28 3,398 Change in inventories (5) 242 (6) 242 Change in income tax payable 857 5,841 788 5,841 Change in trade and other payables 2,563 (5,507) 2,882 (5,507) Change in current provisions 767 80 767 80 4,057 4,054 4,459 4,054		16,242	8,510	24,105	13,588	
Change in inventories (5) 242 (6) 242 Change in income tax payable 857 5,841 788 5,841 Change in trade and other payables 2,563 (5,507) 2,882 (5,507) Change in current provisions 767 80 767 80 4,057 4,054 4,459 4,054	Add/(less) movements in working capital:					
Change in income tax payable 857 5,841 788 5,841 Change in trade and other payables 2,563 (5,507) 2,882 (5,507) Change in current provisions 767 80 767 80 4,057 4,054 4,459 4,054					,	
Change in trade and other payables 2,563 (5,507) 2,882 (5,507) Change in current provisions 767 80 767 80 4,057 4,054 4,459 4,054		` '				
Change in current provisions 767 80 767 80 4,057 4,054 4,459 4,054						
Net cash flows from operating activities 56,055 55,225 61,510 60,238		4,057	4,054	4,459	4,054	
	Net cash flows from operating activities	56,055	55,225	61,510	60,238	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

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 is an issuer in terms of the Financial Reporting Act 1993.

The financial statements for the Port of Tauranga Limited comprise the Port of Tauranga Limited and its subsidiaries and the Group's interest in associates (referred to as the "Group").

2 Basis of Preparation

(a) Statement of Compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRSs), and other applicable financial reporting standards as appropriate for profit-oriented entities. The financial statements also comply with International Financial Reporting Standards (IFRS), the Companies Act 1993, the Port Companies Act 1988 and the Financial Reporting Act 1993.

The financial statements were approved by the Board of Directors on 19 August 2010.

(b) Basis of Measurement

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, investment property and land, buildings, harbour improvements, and wharves and hardstanding.

The methods used to measure fair values are discussed further in note 4.

(c) Functional and Presentation Currency

These financial statements are presented in New Zealand Dollars (\$), which is the Group's functional currency. All financial information presented in New Zealand Dollars has been rounded to the nearest thousand.

(d) Use of Estimates and Judgements

The preparation of financial statements 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have a significant effect on the amount recognised in the financial statements, are detailed below:

- valuation of land, buildings, harbour improvements, and wharves and hardstanding (refer note 4(a) and 13);
- valuation of financial instruments (refer note 4(c) and 4(d));
- contingent consideration (refer note 7);
- intangible assets (refer note 15);
- lease classification and accounting for arrangements containing a lease (refer note 16 and note 24); and
- provisions (refer note 25).

3 Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating polices of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable, are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method. The consolidated financial statements include the Group's share of the income and expenses of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences, until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity investee, the carrying amount of that interest (including any long term investments) is reduced to nil and the recognition of further losses is discontinued, except to the extent that the Group has an obligation or has made payments on behalf of the investee.

In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment and not tested for impairment separately.

(iii) Transactions Eliminated on Consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Business Combinations

With effect from 1 July 2009, the Group applies the acquisition method for all business combinations. The consideration transferred in an acquisition includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and the fair value of contingent consideration. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at fair value at acquisition date, irrespective of the extent of minority interest. The Group measures goodwill as the fair value of consideration transferred, less the fair value of the net identifiable assets and liabilities assumed at acquisition date. If the cost of the acquisition is less than the fair value of the net identifiable assets transferred, the difference is recognised directly in the income statement. Transaction costs that the Group incurs in connection with a business combination, such as legal fees, due diligence fees, and other professional and consulting fees, are expensed as incurred.

For business combinations occurring before 1 July 2009, the Group applied the purchase method for all business combinations and all transaction costs were considered part of the consideration.

(c) Foreign Currency

Transactions in foreign currencies are translated into the functional currency of Group entities at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges.

(d) Financial Instruments

(i) Non Derivative Financial Instruments

Non derivative financial instruments comprise investments in equity and debt securities, receivables, cash and cash equivalents, borrowings, deferred consideration and payables.

Non derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through the profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining substantially all risks and rewards of the asset. Ordinary purchases and sales of financial assets are accounted for at trade date, the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations as specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Accounting for finance income and expense is discussed in note 3(n).

Held-to-Maturity Investments

If the Group has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and Receivables and Other Liabilities

Subsequent to initial recognition, other non derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

Investments in Equity Securities

Investments in equity securities of subsidiaries and associates are measured at cost in the separate financial statements of the Parent Company.

Investments in Capital Notes

Investments in capital notes held by the Group are classified as held-to-maturity.

Receivables

Receivables are stated at their cost less impairment losses.

Loans and Borrowings

Subsequent to initial recognition, loans and borrowings are measured at amortised cost using the effective interest method.

Trade and Other Payables

Trade and other payables are stated at cost.

(ii) Derivative Financial Instruments and Hedging Activities

The Group uses derivative financial instruments to hedge its exposure to foreign exchange, commodity and interest rate risks arising from operational, financing and investment activities. In accordance with its Treasury Policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments qualifying for hedge accounting are classified as non current if the maturity of the instrument is greater than 12 months from reporting date and current if the instrument matures within 12 months from reporting date. Derivatives accounted for as trading instruments are classified as current.

Derivative financial instruments are recognised initially at fair value and transaction costs are expensed immediately. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the income statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the hedging relationship (see below).

Cash Flow Hedges

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in the cash flow hedge reserve to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in the income statement.

If the hedging instrument no longer meets the criteria for hedge accounting, expires, or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in the cash flow hedge reserve remains there until the highly probable forecast transaction, upon which the cash flow hedge was based, occurs. When the hedged item is a non financial asset, the amount recognised in the cash flow hedging reserve is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in the cash flow hedging reserve is transferred to the income statement in the same period that the hedged item affects the income statement.

Fair Value Hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(e) Property, Plant and Equipment

(i) Recognition and Measurement

The Group has five classes of property, plant and equipment:

- freehold land
- freehold buildings
- harbour improvements
- wharves and hardstanding
- plant and equipment

Land, buildings, harbour improvements, and wharves and hardstanding are measured at fair value, based on periodic valuations by external independent valuers. Revaluations are performed with sufficient regularity to ensure that the carrying value of an asset does not differ materially from its fair value.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revalued assets are credited to the revaluation reserve in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in the income statement, the increase is first recognised in the income statement. Decreases that reverse previous increases of the same asset, are first charged against the revaluation reserve attributable to the asset, all other decreases are charged to the income statement.

Upon disposal or derecognition, any revaluation reserve relating to the particular asset being disposed or derecognised is transferred to retained earnings.

Capital and maintenance dredging are held as harbour improvements within property, plant and equipment. Capital dredging has an indefinite useful life and is not depreciated. Maintenance dredging is depreciated over three years.

Plant and equipment are stated at historical cost less depreciation and impairment losses.

The cost of purchased property, plant and equipment is the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service. Cost also includes transfers from the cash flow hedge reserve of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

The cost of assets constructed by the Group includes the cost of all materials used in construction, associated borrowing costs, direct labour on the project and an appropriate proportion of variable and fixed overheads. The Group capitalises borrowing costs where they are directly attributable to the acquisition, construction or production of a qualifying asset. A qualifying asset is deemed as having expenditure exceeding \$500,000 and takes a substantial period, greater than six months, to complete and prepare the asset for its intended use. Costs cease to be capitalised as soon as the asset is ready for productive use.

Land and buildings held by Port of Tauranga Limited to provide a port facility to facilitate trade and commerce will be accounted for as property, plant and equipment, notwithstanding that certain land and buildings are leased to port customers and operators.

Land and buildings that are not integral or associated with port operations and are leased with the principal objective of earning rentals and/or for capital appreciation, are accounted for as investment properties (refer note 3(f)).

(ii) Subsequent Costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured.

All repairs and maintenance costs attributable to property, plant and equipment, are charged to the income statement during the financial period in which they are incurred.

(iii) Depreciation

Depreciation is provided on a straight line basis on all property, plant and equipment, other than freehold land and capital dredging (included within harbour improvements), at rates calculated to allocate the assets' cost or valuation less estimated residual value, over their estimated useful lives.

Major useful lives are:

Freehold Buildings

Freehold buildings	33	to	100	years

Harbour Improvements

Maintenance dredging 3 years

Wharves and Hardstanding

Wharves	10	to	60	years
Wharf rocks	150	to	200	years
Wharf piles	60	to	130	years
Basecourse			50	years
Asphalt			15	years

Plant and Equipment

Gantry cranes	10	to	40	years
Floating plant	10	to	25	years
Other plant and equipment	5	to	25	years
Electronic equipment	3	to	5	years

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

(f) Investment Properties

Land and buildings that are not integral or associated with port activities and are leased with the principal objective to earn rental and/or capital appreciation, are accounted for as investment properties.

Subsequent to initial recognition at cost, investment properties are revalued to fair value with any change therein recognised in the income statement. These properties are not depreciated.

(g) Intangible Assets

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

Goodwill is measured at cost less accumulated impairment losses.

(ii) Other Intangible Assets

Other intangible assets acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

(iv) Amortisation

Amortisation is recognised in the income statement on a straight line basis over the useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Rail services agreement 10 to 15 years Computer software 1 to 10 years

(h) Leased Assets

(i) Where the Group is the Lessee

Leases, in terms of which the Group assumes substantially all the risks and rewards of ownership, are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

(ii) Where the Group is the Lessor

When assets are leased under a finance lease, where the lessee effectively receives substantially all the risks and benefits of ownership of the leased items, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

Assets leased under operating leases are included in investment property or property, plant and equipment, in the balance sheet, as appropriate.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of inventories is determined on a first-in first-out basis, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

(j) Impairment of Assets

The carrying amounts of the Group's property, plant and equipment, intangibles and investments in associates and receivables, are reviewed at each reporting date to determine whether there is any objective evidence of impairment.

With respect to goodwill, it is tested for impairment at least annually.

Property, Plant and Equipment, Intangibles and Investments in Associates

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment of individual assets for which it is not possible to estimate the recoverable amount, these assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit and then to reduce the carrying amount of the other assets in the cash generating unit on a pro-rata basis.

Impairment losses directly reduce the carrying amount of assets and are recognised in the income statement, unless the asset is carried at a revalued amount in which case it is treated as a revaluation decrease. An impairment loss in respect of goodwill is not reversed.

Receivables

The recoverable amount of receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate. Receivables with a short duration are not discounted.

(k) Employee Benefits

(i) Long Term Employee Benefits

The Group grants employees certain one-off annual leave entitlements upon reaching certain long service targets. The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to reporting date, using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on New Zealand Government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

(ii) Short Term Benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(I) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(m) Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of GST, rebates and discounts. Revenue is recognised as follows:

(i) Port Services

Port services revenue is recognised when the related service is performed. If at reporting date, the service is in progress, then the portion performed is recognised in the current year.

(ii) Rental Income

Rental income from property is recognised in the income statement on a straight line basis over the term of the lease. Lease incentives provided are recognised as an integral part of the total lease income, over the term of the lease.

(iii) Transport Operations

Transport operations revenue is recognised when the service is performed. If at reporting date, the service is in progress, then the portion performed is recognised in the current year.

(n) Finance Income and Expense

Finance income comprises interest income on funds invested, finance lease interest, foreign currency gains, and gains on hedging instruments that are recognised in the income statement. Interest income is recognised as it accrues, using the effective interest method. Finance lease interest is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

Finance expenses comprise interest expense on borrowings, finance lease interest expense, unwinding of the discount of provisions, foreign currency losses, impairment losses recognised on financial assets (except for trade receivables), and losses on hedging instruments that are recognised in the income statement. Except as described in note 3(e)(i), all borrowing costs are recognised in the income statement using the effective interest method.

(o) Lease Payments

Payments made under finance leases are allocated between the liability and finance charges, using the effective interest method, so as to achieve a constant periodic rate of interest on the finance balance outstanding. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Payments made under operating leases are recognised in the income statement on a straight line basis over the term of the lease. Lease incentives are recognised as an integral part of the total lease expense, over the term of the lease.

(p) Income Tax Expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised directly in other comprehensive income or equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes, and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting or taxable profit; and differences relating to investments in subsidiaries and jointly controlled entities, to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(q) Earnings Per Share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the period.

(r) Operating Segments

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 three main reportable segments, being:

- Port Operations consists of providing and managing port services, and cargo handling facilities through the Port of Tauranga. The Port's terminal 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's property assets.
- Transport Services consists of the road transport and freight handling activities, of Tapper Transport Limited and Tapper SIP Limited.

The three 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 included in Other, and primarily relate to Port head office functions.

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

(s) Group Financial Guarantees

Where the Parent Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Group, the Parent Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Parent Company treats the guarantee contract as a contingent liability, until such time as it becomes probable that the Parent Company will be required to make a payment under guarantee.

(t) New Standards Adopted and Pronouncements Not Yet Adopted

The following new standards and amendments to standards have been adopted for the financial year commencing 1 July 2009.

• NZ IAS 1 Presentation of Financial Statements (Revised). The revised standard prohibits the presentation of items of income and expenses (that is "non owner changes in equity") in the statement of changes in equity, requiring "non owner changes in equity" to be presented separately from owner changes in equity. All "non owner changes in equity" are required to be shown in a performance statement.

Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

The Group has elected to present two statements: an income statement and a statement of comprehensive income. The financial statements have been prepared under the revised disclosure requirements.

- NZ IAS 23 Borrowing Costs. This standard requires the capitalisation
 of borrowing costs directly attributable to the acquisition, construction or
 production of a qualifying asset as part of the cost of that asset. As this
 is consistent with the Group's existing accounting policies, the adoption
 of this standard does not have a material impact on the Group's or the
 Parent Company's financial statements.
- NZ IFRS 3 Business Combinations (Revised). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. All payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent

payments classified as a liability subsequently remeasured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non controlling interest in the acquiree at fair value or at the non controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed. The Group has applied NZ IFRS 3 (revised) prospectively to all business combinations from 1 July 2009.

- NZ IFRS 7 Financial Instruments Disclosures (Amendment). The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy.
- NZ IFRS 8 Operating Segments. NZ IFRS 8 replaces NZ IAS 14 Segment Reporting. It requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in three reportable segments being presented. Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. Furthermore, the Group has early adopted the amendment to NZ IFRS 8 (effective 1 January 2010) that clarifies that entities only need to disclose information about segment assets if that information is regularly reviewed by the CODM.

Certain new standards, amendments and interpretations issued by the International Accounting Standards Board (IASB) and the Accounting Standards Review Board (ASRB) in New Zealand, have been published, which will be mandatory for use in accounting periods beginning on or after 1 July 2010. A future standard, not yet effective but applicable to Port of Tauranga, is:

NZ IFRS 9 Financial Instruments (effective from 1 January 2013). The new standard replaces part of NZ IAS 39 Financial Instruments Recognition and Measurement. The new standard requires two primary measurement categories for financial assets: amortised cost and fair value, with classification depending upon the entity's business model, and the contractual cash flow characteristics of the financial asset. Management is currently in the process of evaluating the potential effect of adoption of NZ IFRS 9, but the standard is not expected to materially affect the Group's financial statements.

4 Determination of Fair Values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Land, Buildings, Harbour Improvements, and Wharves and Hardstanding

All land, buildings, harbour improvements, and wharves and hardstanding, were revalued at fair value for non specialised assets and depreciated replacement cost for specialised assets. The latest valuation was carried out by independent valuers at 30 June 2010, who have appropriate recognised professional qualifications and recent experience in the location and category of assets being valued (refer note 13).

(b) Trade Receivables and Payables

The nominal value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short term nature.

(c) Derivatives

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. The fair value of fuel swaps is calculated as the present value of estimated future cash flows, based on forward commodity prices and forward exchange rates at the reporting date.

(d) Non Derivative Financial Assets and Liabilities (Including Capital Notes, Deferred Consideration, Finance Lease Assets and Finance Lease Liabilities)

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, and discounted at the market rate of interest at reporting date.

5 Underlying Profit After Tax (Non Statutory) Disclosure

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

	GROUP		PARENT COMPANY	
	2010 \$000	2009 \$000	2010 \$000	2009 \$000
Reported profit before tax Impairment of property, plant and equipment	64,696 2,352	62,344 0	61,799 2,352	62,279 0
Underlying profit before tax	67,048	62,344	64,151	62,279
Reported tax expense Tax effect of one-off and non operational items	(26,680) 9,035	(17,159) 0	(26,564) 9,035	(17,159) 0
Tax expense on underlying profit	(17,645)	(17,159)	(17,529)	(17,159)
Underlying profit after tax	49,403	45,185	46,622	45,120

The key differences between the underlying profit and the reported profit is the impairment of property, plant and equipment relating to the revaluation of assets, tax changes due to the effect of the change in the depreciation rates for buildings and the change in company tax rate to 28% in the 2011/2012 reporting period (refer note 12 for further discussion regarding the tax changes). The above items are not considered part of normal operations.

6 Segmental Reporting

Due to the significant shared cost base of the Port, 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".

Performance of the Transport Services segment is assessed based on profit after taxation. The CODM does not review assets and liabilities in accessing the Transport Services segment's performance.

The Group segment results are as follows:

2010	Port Operations NZ\$000	Property Services NZ\$000	Other NZ\$000	Unallocated (1) NZ\$000	Transport Services (2) NZ\$000	Group NZ\$000
Total segment revenue (external)	127,546	15,990	0	0	4,518	148,054
Share of profit from associates	0	0	0	8,231	0	8,231
Interest income	0	0	4,226	0	0	4,226
Other finance income	0	0	197	0	0	197
Other income	0	22	0	0	0	22
Interest expense	0	0	0	(12,310)	(43)	(12,353)
Depreciation and amortisation expense	0	0	0	(13,908)	(323)	(14,231)
Other unallocated expenditure	0	0	0	(65,672)	(3,778)	(69,450)
Income tax expense	0	0	0	(26,564)	(116)	(26,680)
Total segment result	127,546	16,012	4,423	(110,223)	258	38,016

Operating costs are not allocated to individual business segments within the Parent Company. This segment commenced on 1 April 2010.

2009	Port Operations NZ\$000	Property Services NZ\$000	Other NZ\$000	Unallocated (1) NZ\$000	Group NZ\$000
Total segment revenue (external)	129,643	13,976	0	0	143,619
Share of profit from associates	0	0	0	5,078	5,078
Interest income	0	0	4,369	0	4,369
Other finance income	0	0	1,705	0	1,705
Interest expense	0	0	0	(13,808)	(13,808)
Depreciation and amortisation expense	0	0	0	(13,125)	(13,125)
Other unallocated expenditure	0	0	0	(65,494)	(65,494)
Income tax expense	0	0	0	(17,159)	(17,159)
Total segment result	129,643	13,976	6,074	(104,508)	45,185

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

Revenue derived from major customers, and the relevant operating segments is disclosed in note 33(c).

7 Business Combination

On 1 April 2010 the Group acquired control over the Tapper Transport Group (Tapper Group). The purchased investment comprises 100% ownership of Tapper Transport Limited, an Auckland-based wharf cartage operator, 100% ownership of Tapper SIP Limited, a newly incorporated inland freight centre, and 37.5% ownership of Cubic Transport Services Limited, a domestic transport operator.

The acquisition enables the Group to take advantage of the Tapper Group's warehousing and distribution services which are in close proximity to MetroPort. The acquisition is expected to provide the Group with an increased share of the Auckland import and export freight market through access to the Tapper Group's customer base and by providing competitive freight-based solutions to both new and existing customers.

In the three months to 30 June 2010, the Tapper Group contributed revenue of \$4,518,000 and profit of \$296,000. If the acquisition had occurred on 1 July 2009, management estimates that consolidated revenue of the Group would have increased by \$18,673,000 and consolidated profit for the Group for the period would have increased by \$1,242,000. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 July 2009.

The following tables summarise the major classes of consideration transferred to acquire the interests and assets, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	Tapper Transport
Investments in subsidiaries	Group NZ\$000
Consideration transferred Cash	F 052
Deferred consideration Contingent consideration (refer note 25)	5,952 3,000 3,495
Total consideration transferred (refer note 17)	12,447
Fair value of identifiable assets acquired and liabilities assumed Property, plant and equipment (refer note 13) Intangible software assets (refer note 15) Inventories Trade and other receivables Investment in associates Deferred tax assets Loans and borrowings Provisions Trade and other payables Total net identifiable assets Total goodwill (refer note 15)	1,639 51 47 2,561 8 221 (1,560) (399) (1,675) 893
Investments in associate	Cubic Transport Services Limited NZ\$000
Consideration transferred Cash	1,000
Total consideration transferred	1,000
Fair value of identifiable assets acquired and liabilities assumed Investment in associates	24
Total net identifiable assets	24
Total goodwill (refer note 18)	976

(a) Deferred Consideration

An amount of \$3,000,000 has been retained by the Group as a "Warranty Retention Fund" to satisfy any potential claims that may arise subsequent to acquisition, which could have a material impact on the value of the investment purchased by the Group. An amount of \$2,000,000 will be held for a period of two years from the date of settlement and \$1,000,000 shall be held for a period of four years from the date of settlement. While any Warranty Retention Fund remains owing to the vendors, interest shall be paid on the amount owing for the first two years at a rate of 7% per annum and for the last two years, at such rate as both parties agree.

(b) Contingent Consideration

The Group has agreed to pay the vendors of Tapper Group additional payments of up to \$4,000,000, including an interest component of \$505,000, contingent upon the realisation of certain profit forecasts over a two year earn-out period. Upon acquisition, 100% of this contingent consideration has been recognised, as the full payment is considered to be highly probable based on projected earnings. EBITDA for the Tapper Group (excluding Cubic Transport Services Limited) is projected to increase by over 30% in year one and over 15% in year two above an agreed purchase price EBITDA of \$2,500,000. This contingent payment has been discounted using a 7% interest rate in line with the interest rate agreed on deferred consideration.

(c) Goodwill

Goodwill recognised as a result of this acquisition is attributable mainly to the Tapper Group's existing customer base, skilled work force and the synergies expected to be achieved from integrating the Tapper Group into the Group's existing business activities. None of the goodwill is expected to be deductible for income tax purposes.

(d) Transactions Separate from the Business Combination

The Group also purchased the Hercules/OnTap cargo tracking software system and all the rights relating to this software in Australasia from Point Software Limited. The purchase price of \$4,000,000 for this software was based on an independent valuation. The Hercules/OnTap cargo tracking software system is the core operating system used by the Tapper Group. Subsequent to acquisition, the software and rights have been sold to Tapper Transport Limited (refer note 29).

The Group incurred acquisition-related costs of \$84,976 relating to external legal fees, tax fees and due diligence costs. These costs have been included in other expenses in the Group's income statement.

8 Operating Income

	GROUP		PARENT COMPANY	
_	2010 NZ\$000	2009 NZ\$000	2010 NZ\$000	2009 NZ\$000
Revenue Port services income	127,546	129,643	127,548	129,643
Rental income Rental income from investment	15,985 5	13,972 4	15,985 5	13,972 4
properties Transport services income	4,518	0	0	0
Total revenue	148,054	143,619	143,538	143,619
Other income				
Dividend income from associates (refer note 18)	0	0	5,708	5,013
Gain on sale of investment property	22	0	22	0
Bad debts recovered	0	0	0	0
Total other income	22	0	5,730	5,013
Operating income	148,076	143,619	149,268	148,632

9 Employee Benefit Expense

	GROUP		PARENT COMPANY	
	2010	2009	2010	2009
	NZ\$000	NZ\$000	NZ\$000	NZ\$000
Wages and salaries	17,379	15,263	16,030	15,263
ACC levy	382	390	337	390
Kiwisaver contribution	634	581	625	581
Medical subsidy	104	81	103	81
Total	18,499	16,315	17,095	16,315

10 Other Expenses

The following items of expenditure are included in other expenses:

	GROUP		PARENT COMPANY	
_	2010 NZ\$000	2009 NZ\$000	2010 NZ\$000	2009 NZ\$000
Operating lease payments	1,268	516	919	516
Directors' fees	391	386	391	386
Movement in provision for impairment of trade receivables	(3)	0	0	0
Bad debts written off – net Auditors fees:	1	6	1	6
Audit fees paid to principal auditor Fees paid for other services provided by the principal auditor:	146	88	106	88
Accounting advice	27	9	27	9

11 Financial Income and Expense

	GROUP		PARENT CO	MPANY
	2010 NZ\$000	2009 NZ\$000	2010 NZ\$000	2009 NZ\$000
Interest income on capital notes Interest on finance lease Interest income on bank deposits Profit on commodity derivatives Profit on currency derivatives Change in fair value of derivatives not hedge accounted	1,793 2,267 166 12 0 14	1,793 2,524 52 0 548 0	1,793 2,267 166 12 0 14	1,793 2,524 52 0 548
Ineffective portion of changes in fair value of cash flow hedges Change in fair value of fair value hedge Change in fair value of hedged risk	149 0 22	0 1,157 0	149 0 22	0 1,157 0
Finance income	4,423	6,074	4,423	6,074
Interest expense on borrowings Less: Interest capitalised to property, plant and equipment	(12,237) 20	(14,239) 431	(12,223) 20	(14,239) 431
	(12,217)	(13,808)	(12,203)	(13,808)
Interest on finance leases Interest on warranty provision Interest on contingent consideration Ineffective portion of changes in fair value of cash flow hedges	(29) (44) (63) 0	0 0 0 (155)	0 (44) (63) 0	0 0 0 (155)
Change in fair value of fair value hedged risk Loss on currency derivatives	0 (17)	(1,157) 0	0 (17)	(1,157) 0
Change in fair value of derivatives not hedge accounted Change in fair value of fair value hedge	0 (22)	(155) 0	0 (22)	(155) 0
Finance expense	(12,392)	(15,275)	(12,349)	(15,275)
Net finance costs	(7,969)	(9,201)	(7,926)	(9,201)

12 Income TaxComponents of Tax Expense

	GROUP		PARENT COMPANY	
_	2010 NZ\$000	2009 NZ\$000	2010 NZ\$000	2009 NZ\$000
Profit before tax for the period	64,696	62,344	61,799	62,279
Income tax on the surplus for the period at 30.0 cents	19,409	18,703	18,540	18,684
Tax effect of amounts which are non deductible/(taxable) in calculating taxable income:				
Prior period adjustment	(238)	0	(238)	0
Share of associates after tax income Benefit of imputation credits received	(2,469) 0	(1,523) 0	0 (1,712)	0 (1,504)
Tax effect of change to depreciation rate of buildings from 1 April 2011	10,542	0	10,542	0
Tax rate change adjustment from 1 April 2011	(592)	0	(592)	0
Other	28	(21)	24	(21)
Income tax expense	26,680	17,159	26,564	17,159
	GRO	UP	PARENT CO	OMPANY
	2010 NZ\$000	2009 NZ\$000	2010 NZ\$000	2009 NZ\$000
The income tax expense is represented by:				
Current tax expense Tax payable in respect of the current period	18,711	17,503	18,640	17,503
Adjustment for prior period	(249)	(22)	(249)	(22)
Total current tax expense	18,462	17,481	18,391	17,481
Deferred tax expense Adjustment for prior period	11	0	11	0
Origination/reversal of temporary differences	(1,743)	(322)	(1,788)	(322)
Tax effect of change to depreciation rate of buildings from 1 April 2011	10,542	0	10,542	0
Tax rate change adjustment from 1 April 2011	(592)	0	(592)	0
Total deferred tax expense (refer note 26)	8,218	(322)	8,173	(322)
Income tax expense	26,680	17,159	26,564	17,159

On 20 May 2010, the New Zealand Government announced its 2010 budget. The legislation was substantively enacted on 21 May 2010 and received Royal Assent on 27 May 2010. The company tax rate will reduce from 30% to 28% from the start of the 2011/2012 reporting period. The effect of this change has been reflected in these financial statements, being a reduction in tax expense and a corresponding movement in deferred tax of \$592,000.

In addition, the ability to claim tax depreciation deductions on buildings with an estimated useful life of 50 years or more will be removed from the start of the 2011/2012 income tax year. The Parent Company and the Group have reviewed the assets that may be included in this category and have provided for all such buildings that meet the IRD's definition of buildings and this has resulted in an increase to tax expense and a movement in deferred tax of \$10,542,000 in the Parent Company and Group for the year ended 30 June 2010.

Income tax recognised in other comprehensive income:

	GROUP		PARENT COMPANY	
-	2010 NZ\$000	2009 NZ\$000	2010 NZ\$000	2009 NZ\$000
Revaluation of property, plant and equipment	10,676	0	10,676	0
Cash flow hedges	(1,096)	(2,878)	(1,096)	(2,878)
Tax effect of changes to tax rate from 1 April 2011	(2,922)	Ó	(2,922)	Ó
Total	6,658	(2,878)	6,658	(2,878)

Imputation Credit Account

	GROUP		PARENT COMPANY	
-	2010 NZ\$000	2009 NZ\$000	2010 NZ\$000	2009 NZ\$000
Balance as at 1 July Income tax payments for the period Imputation credits attached to dividends received in the period	17,445 17,166 2,542	19,472 11,634 2,297	17,445 17,166 2,542	19,472 11,634 2,297
Imputation credits attached to dividends paid for the period	(15,745)	(15,958)	(15,745)	(15,958)
Balance as at 30 June	21,408	17,445	21,408	17,445

13 Property, Plant and Equipment

GROUP	Freehold Land NZ\$000	Freehold Buildings NZ\$000	Wharves and Hardstanding NZ\$000	Harbour Improvements NZ\$000	Plant and Equipment NZ\$000	Work in Progress NZ\$000	Total NZ\$000
Gross carrying amount:							
Balance at 1 July 2008	443,821	63,653	143,723	92,761	86,520	4,956	835,434
Additions	0	0	0	0	67	38,896	38,963
Transfers from work in progress	4,374	5,823	3,241	2,831	982	(17,251)	0
Transfer to finance lease debtor	0	0	0	0	0	(176)	(176)
Balance at 30 June 2009	448,195	69,476	146,964	95,592	87,569	26,425	874,221
Balance at 1 July 2009	448,195	69,476	146,964	95.592	87.569	26,425	874,221
Tapper Transport Limited assets	0	0	0	0	1,639	0	1,639
acquired on acquisition (refer note 7) Additions	1,562	0	0	108	487	7.644	9,801
Disposals	(280)	0	0	0	0	7,044	(280)
Transfers from investment property	70	0	0	0	0	0	70
Transfers from work in progress	8,581	370	3,186	0	18,153	(30,290)	0
Transfer between classes	345	(918)	573	0	0	0	0
Revaluation	(17,464)	30	11,886	12,348	0	0	6,800
Balance at 30 June 2010	441,009	68,958	162,609	108,048	107,848	3,779	892,251
Accumulated depreciation and impairment:							
Balance at 1 July 2008	0	(1,503)	(5,176)	(850)	(38,423)	0	(45,952)
Depreciation expense	0	(1,735)	(5,389)	(1,225)	(4,038)	0	(12,387)
Balance at 30 June 2009	0	(3,238)	(10,565)	(2,075)	(42,461)	0	(58,339)
Balance at 1 July 2009	0	(3,238)	(10,565)	(2,075)	(42,461)	0	(58,339)
Depreciation expense	0	(1,906)	(5,607)	(891)	(4,965)	0	(13,369)
Revaluation	0	5,144	16,172	2,966	0	0	24,282
Balance at 30 June 2010	0	0	0	0	(47,426)	0	(47,426)
Carrying amounts:							
Net book value as at 30 June 2009	448,195	66,238	136,399	93,517	45,108	26,425	815,882
Net book value as at 30 June 2010	441,009	68,958	162,609	108,048	60,422	3,779	844,825

PARENT COMPANY	Freehold Land NZ\$000	Freehold Buildings NZ\$000	Wharves and Hardstanding NZ\$000	Harbour Improvements NZ\$000	Plant and Equipment NZ\$000	Work in Progress NZ\$000	Total NZ\$000
Gross carrying amount:							
Balance at 1 July 2008	443,821	63,653	143,723	92,761	86,520	4,956	835,434
Additions	0	0	0	0	67	38,896	38,963
Transfers from work in progress	4,374	5,823	3,241	2,831	982	(17,251)	0
Transfer to finance lease debtor	0	0	0	0	0	(176)	(176)
Balance at 30 June 2009	448,195	69,476	146,964	95,592	87,569	26,425	874,221
Balance at 1 July 2009	448,195	69,476	146,964	95,592	87,569	26,425	874,221
Additions	1,562	0	0	108	0	7,644	9,314
Disposals	(280)	0	0	0	0	0	(280)
Transfers from investment property	70	0	0	0	0	0	70
Transfers from work in progress	8,581	370	3,186	0	18,153	(30,290)	0
Transfer between classes	345	(918)	573	0	0	0	0
Revaluation	(17,464)	30	11,886	12,348	0	0	6,800
Balance at 30 June 2010	441,009	68,958	162,609	108,048	105,722	3,779	890,125
Accumulated depreciation and impairment:							
Balance at 1 July 2008	0	(1,503)	(5,176)	(850)	(38,423)	0	(45,952)
Depreciation expense	0	(1,735)	(5,389)	(1,225)	(4,038)	0	(12,387)
Balance at 30 June 2009	0	(3,238)	(10,565)	(2,075)	(42,461)	0	(58,339)
Balance at 1 July 2009	0	(3,238)	(10,565)	(2,075)	(42,461)	0	(58,339)
Depreciation expense	0	(1,906)	(5,607)	(891)	(4,750)	0	(13,154)
Revaluation	0	5,144	16,172	2,966	0	0	24,282
Balance at 30 June 2010	0	0	0	0	(47,211)	0	(47,211)
Carrying amounts:							
Net book value as at 30 June 2009	448,195	66,238	136,399	93,517	45,108	26,425	815,882
Net book value as at 30 June 2010	441,009	68,958	162,609	108,048	58,511	3,779	842,914

Valuation Information

All land, buildings, harbour improvements, and wharves and hardstanding have been revalued to fair value for non specialised assets and Depreciated Replacement Cost (DRC) for specialised assets. The valuation was carried out as at 30 June 2010 and increased the value of the property, plant and equipment, by \$31.082 million for the Group (\$31.082 million for the Parent Company) in 2010.

The wharves, hardstanding and harbour improvements, were valued by our engineers and Opus International Consultants Limited, in accordance with NZ IAS 16 and with relevant Property Institute of New Zealand (PINZ) standards and guidelines, notably PS3 and GN3.2: Valuations for Financial Reporting Purposes in New Zealand.

Wharves, hardstanding and harbour improvements assets owned by Port of Tauranga Limited are classified as specialised assets and have accordingly been valued on a depreciated replacement cost basis. The significant assumptions applied in the valuation of these assets are:

- Replacement unit cost: replacement unit costs were calculated taking into account:
 - Port of Tauranga Limited's historic cost data including any recent competitively tendered construction works.
 - Published cost information.
 - The Opus construction cost database.
 - Long run price trends.
 - Historic costs adjusted for changes in price levels, using the Statistics Capital Goods Price Index S2GC Other Construction.
 - An allowance of 15% has been included for costs directly attributable to bringing assets into working condition.
 - An allowance of between 2 6.5% has been included for the cost of capital held over construction period.
- Depreciation: the calculated remaining lives of assets were reviewed, taking into account:
 - Reported condition, performance and utilisation of the asset.
 - Future use of the asset.
 - Planned replacement programme.

- · Expected changes in technology.
- Residual values.
- No restriction of title: valuation is made on the assumption that having no legal title to the Tauranga harbour foreshore does not impact on the value of Port of Tauranga assets.

The valuation of land and buildings was carried out by registered valuers, Mr L T Green and Mr J F Coulson of Hills Haden Limited, in accordance with NZ IAS 16 and relevant Property Institute of New Zealand (PINZ) standards and guidelines.

The significant assumptions applied in the valuation of land and buildings are:

- Highest and best use of land: this has been determined by reference to zoning by the Tauranga City Council District Plan. Most of the land owned by Port of Tauranga Limited is zoned port business with a small portion of land at Mount Maunganui and Sulphur Point having industrial business zoning.
- Current market expectations: this is based on yield and recent local sales.
- Market value of buildings: this is made on a depreciated replacement cost basis
 with that assessment compared against actual or likely market rental capitalised
 at an appropriate rate of return between 7.50% and 9.25%.
- Current occupancy rates of premises: 95% of buildings available for external rental are occupied.
- No restriction of title: valuation is made on the assumption that having no legal title to the Tauranga harbour foreshore does not impact on the value of Port of Tauranga assets.

For each revalued class of property, plant and equipment, the carrying amount that would have been recognised, had the assets been carried under the cost model, would be:

	GROUP		PARENT COMPANY	
	2010	2009	2010	2009
	Carrying	Carrying	Carrying	Carrying
	Amount	Amount	Amount	Amount
	NZ\$000	NZ\$000	NZ\$000	NZ\$000
Freehold land	64,377	53,867	64,377	53,867
Freehold buildings	40,422	42,836	40,422	42,836
Wharves and hardstanding	55,409	54,901	55,409	54,901
Harbour improvements	24,335	25,059	24,335	25,059
Total	184,543	176,663	184,543	176,663

Restriction on Title

An area of 8,000 square metres of land located between the Sulphur Point wharves and the Parliamentary approved reclamation does not have formal title. Actions are being taken to resolve the issue and obtain title. The resolution lies with the Government.

Occupation of Foreshore

Port of Tauranga holds consent to occupy areas of the Coastal Marine Area to enable the Parent Company to manage and operate port related commercial undertakings that it acquired under the Port Companies Act 1988. The consented area includes a 10 metre radius around navigation aids and a strip from 30 to 60 metres wide along the extent of the wharf areas at both Sulphur Point and Mount Maunganui.

Operating Leases

Included in the Group financial statements are land, buildings, and plant and equipment, leased to customers under operating leases.

GROUP	2010	2010	2009	2009
	Cost/	Accumulated	Cost/	Accumulated
	Valuation	Depreciation	Valuation	Depreciation
	NZ\$000	NZ\$000	NZ\$000	NZ\$000
Land	180,376	0	178,161	0
Buildings	47,290	0	44,546	(1,862)
Plant and equipment	47	(26)	0	0
Total	227,713	(26)	222,707	(1,862)
PARENT COMPANY	2010	2010	2009	2009
	Cost/	Accumulated	Cost/	Accumulated
	Valuation	Depreciation	Valuation	Depreciation
	NZ\$000	NZ\$000	NZ\$000	NZ\$000
Land Buildings	180,376 47,290	0	178,161 44,546	(1,862)
Total	227,666	0	222,707	(1,862)

14 Investment Properties

	GROUP		PARENT COMPANY	
	2010	2009	2010	2009
	NZ\$000	NZ\$000	NZ\$000	NZ\$000
Balance at beginning of period	440	440	440	440
Disposal during the period	(370)	0	(370)	0
Transferred to fixed assets	(70)	0	(70)	0
Balance at end of period	0	440	0	440

15 Intangible Assets

GROUP	Goodwill NZ\$000	Computer Software NZ\$000	Rail Services Agreement NZ\$000	Total NZ\$000
Cost:				
Balance at 1 July 2008 Additions	0 0	3,539 251	10,000 0	13,539 251
Balance at 30 June 2009	0	3,790	10,000	13,790
Intangible assets acquired on acquisition of Tapper Transport Limited (refer note 7)	0	51	0	51
Goodwill recognised on acquisition of Tapper Group (refer note 7)	11,554	0	0	11,554
Additions	0	4,038	0	4,038
Balance at 30 June 2010	11,554	7,879	10,000	29,433
Accumulated amortisation and impairment:				
Balance at 1 July 2008 Amortisation expense	0 0	(2,574) (400)	(6,650) (338)	(9,224) (738)
Balance at 30 June 2009	0	(2,974)	(6,988)	(9,962)
Amortisation expense	0	(523)	(339)	(862)
Balance at 30 June 2010	0	(3,497)	(7,327)	(10,824)
Carrying amounts:				
Net book value 30 June 2009	0	816	3,012	3,828
Net book value 30 June 2010	11,554	4,382	2,673	18,609

PARENT COMPANY	Computer Software NZ\$000	Rail Services Agreement NZ\$000	Total NZ\$000
Cost: Balance at 1 July 2008 Additions	3,539 251	10,000 0	13,539 251
Balance at 30 June 2009	3,790	10,000	13,790
Additions Disposals	4,023 (4,000)	0 0	4,023 (4,000)
Balance at 30 June 2010	3,813	10,000	13,813
Accumulated amortisation and impairment: Balance at 1 July 2008 Amortisation expense	(2,574) (400)	(6,650) (338)	(9,224) (738)
Balance at 30 June 2009	(2,974)	(6,988)	(9,962)
Amortisation expense	(415)	(339)	(754)
Balance at 30 June 2010	(3,389)	(7,327)	(10,716)
Carrying amounts:			
Net book value 30 June 2009	816	3,012	3,828
Net book value 30 June 2010	424	2,673	3,097

Computer Software

Computer software assets are stated at cost, less accumulated amortisation and impairment.

Rail Services Agreement

Port of Tauranga Limited has paid \$10,000,000 to KiwiRail (previously Toll NZ Limited) for expanded services and obligations over a 10 year period, relating to a seven-day-a-week rail link to MetroPort Auckland. During 2008, the term of this agreement was extended for an additional five year period until 2018.

Goodwill

Goodwill relates to goodwill arising on the acquisition of subsidiaries and the new transport services cash generating unit, refer to note 7.

Goodwill was tested for impairment as at 30 June 2010, based upon the value in use of cash generating units to which the goodwill relates. Value in use was determined by discounting five year future cash flows, generated from the continuing use of the units. The calculation of value in use was based upon the following key assumptions:

- Cash flows were projected using two year management forecasts and are consistent with past experience.
- The anticipated annual profit growth included in the cash flow projections for the years 2011 to 2015 have been based upon expected growth levels and forecasted business activities. In the first year, profit was projected using the same rate of growth experienced in the previous two years, reflecting current trading conditions. In year two, a 15% growth rate was applied, followed by an assumed 5% growth rate out to year five. This 5% growth rate is consistent with past experience.
- Terminal cash flows were estimated using a constant growth rate of 2% after year five.
- A pre-tax discount rate of 12% was applied in determining the recoverable amount of the units. The discount rate was estimated based on past experience and the weighted average cost of capital of the Parent Company.

The values assigned to the key assumptions represent management's assessment of future trends in the transport industry and are based on both external sources and internal sources (historical data).

16 Advances and Receivables

	GROUP		PARENT COMPANY	
_	2010 NZ\$000	2009 NZ\$000	2010 NZ\$000	2009 NZ\$000
Advances to subsidiary (refer note 29) Capital notes (refer note (a)) Finance lease – gross receivable (refer note (b))	0 16,599 14,996	0 16,599 19,338	120 16,599 14,996	0 16,599 19,338
Finance lease – unearned finance income (refer note (b))	(3,890)	(5,860)	(3,890)	(5,860)
Total	27,705	30,077	27,825	30,077

(a) Capital Notes

C3 Limited (previously Toll Owens Limited) have issued 16,599,000 \$1.00 capital notes to both the Parent Company and Asciano Limited (previously Toll New Zealand Limited). The notes are unsecured and carry no voting rights. Interest is receivable at the rate of 10.80% (2009: 10.80%). The notes can be converted into ordinary shares of the Parent Company on 31 December 2010 (unless earlier redemption is agreed by both parties or rolled for another three years). All or part of the notes can be converted, however, they must be equal amounts converted for each party unless a lesser amount is agreed to by the lesser party. The shareholders intention is to roll-over these capital notes for an additional three year period on 31 December 2010. As such, these notes are treated as non current.

(b) Finance Lease Receivable

In August 2003 Port of Tauranga Limited entered into an agreement with Genesis Power for the importation of coal for the Huntly power station. As part of this agreement, a coal conveyor system was constructed by the Port and Genesis Power agreed to lease this conveyor system for a 15 year period. Genesis Power were also granted an option to extend the lease for an additional 15 year period, for a nominal rental of \$1. As Genesis Power effectively receives substantially all the risks and benefits of ownership of the conveyor system, the lease is treated as a finance lease by Port of Tauranga Limited. The effective interest rate on the finance lease receivable is 14.32% (2009: 14.32%).

2010 NZ\$000 2009 NZ\$000 2010 NZ\$000 2000 NZ\$000 Gross receivables from finance lease Current portion	00
	42
Current nortion	42
Not later than one year (refer note 20) 4,342 4,342 4,342 4,342 4,342	-
Non current portion Later than one year and not later than five years 14,996 19,338 14,996 19,338	38
Total gross receivables from finance lease 19,338 23,680 19,338 23,680 23,680	30
Unearned finance income	
Current portion Not later than one year (refer note 20) (1,970) (2,267) (1,970) (2,267)	7)
Non current portion Later than one year and not later than five years (3,890) (5,860) (3,890) (5,860)	0)
Total unearned finance income (5,860) (8,127) (5,860) (8,12	7)
GROUP PARENT COMPANY	
2010 2009 2010 200 NZ\$000 NZ\$000 NZ\$000 NZ\$00	
Present values of minimum lease receipts	
Not later than one year 4,103 4,090 4,103 4,090 Later than one year and not later than five years 11,996 14,711 11,996 14,711	
Total net present value of minimum 16,099 18,801 16,099 18,801 lease receipts	01

The applicable discount rates used in determining the net present value of minimum lease payments were 7.84% (2009: 8.31%).

17 Investment in Subsidiaries

Investment in Subsidiaries Comprises:

INTEREST HELD BY GROUP

Name of Entity	2010	2009	Balance
	%	%	Date
Port of Tauranga Trustee Company Limited	100.00	100.00	30 June
Tapper Transport Limited Tapper SIP Limited	100.00	0	30 June
	100.00	0	30 June

The principal activity of Port of Tauranga Trustee Company Limited is to hold shares in trust for employees. The Company has no trading activities and the issued and paid up capital is \$2. The Company is incorporated in New Zealand.

The principal activity of Tapper Transport Limited is to operate an Auckland-based road transport and logistics company. The company was acquired on 1 April 2010, and is incorporated in New Zealand (refer note 7).

The principal activity of Tapper SIP Limited is to operate an Auckland-based inland freight centre. The company was acquired on 1 April 2010, had no trading activities during the year ended 30 June 2010, and is incorporated in New Zealand (refer note 7).

	GROUP		PARENT COMPANY	
	2010 NZ\$000	2009 NZ\$000	2010 NZ\$000	2009 NZ\$000
Opening investment at cost	0	0	0	0
Acquisition of subsidiaries (refer note 7)	0	0	12,447	0
Closing investment at cost	0	0	12,447	0

18 Investments in Associates

	GROUP		PARENT COMPANY	
	2010 NZ\$000	2009 NZ\$000	2010 NZ\$000	2009 NZ\$000
Investments in associates				
Ordinary shares at cost	0	0	32,936	31,936
	0	0	32,936	31,936
Balance at beginning of period	35,998	37,056	0	0
Share of after tax surplus	8,231	5,078	0	0
Share of hedging reserve	217	(1,123)	0	0
Distributions from associates	(5,708)	(5,013)	0	0
Acquisition of associates (refer note 7)	1,008	0	0	0
	39,746	35,998	0	0
Balance at end of period	39,746	35,998	32,936	31,936

Included within the carrying value is:

	GROUP		
	2010 NZ\$000	2009 NZ\$000	
Goodwill Opening balance Goodwill on acquisition of associates (refer note 7)	13,027 976	13,027 0	
Closing balance	14,003	13,027	

Summary financial information for associate companies, not adjusted for the percentage ownership of the Group is:

	Total	Total
	2010	2009
	NZ\$000	NZ\$000
Current assets	29,754	21,887
Non current assets	140,939	142,485
Total assets	170,693	164,372
		_
Current liabilities	(55,615)	(11,068)
Non current liabilities	(37,495)	(81,308)
Total liabilities	(93,110)	(92,376)
Revenues	116,119	107,071
Expenses	(99,632)	(96,915)
Profit/(loss)	16,487	10,156

All associate companies are incorporated in New Zealand.

C3 Limited

Port of Tauranga Limited has a 50% shareholding in C3 Limited (2009: 50%), with Asciano Limited (previously Toll NZ Limited), holding the remaining 50%.

C3 Limited operates marshalling and stevedoring operations in 13 New Zealand ports.

Northport Limited

Port of Tauranga Limited has a 50% shareholding in the port at Marsden Point which trades as Northport Limited (2009: 50%), with Northland Port Corporation (NZ) Limited (NPC) holding the remaining 50%.

Northport Limited also has a 50% shareholding in North Tugz Limited (2009: 50%), with Ports of Auckland Limited holding the remaining 50%. North Tugz Limited has been established to undertake the marine services within the Whangarei Harbour including Marsden Point.

MetroBox Auckland Limited

Port of Tauranga Limited has a 50% shareholding in MetroBox Auckland Limited (MetroBox) (2009: 50%), with KiwiRail (previously Toll NZ Limited) holding the remaining 50%.

MetroBox is located alongside MetroPort and fits with the Group's strategic objective of developing a "freight village" in South Auckland, with MetroPort giving customers the ability to select from a range of container handling services.

Cubic Transport Services Limited

During the year Port of Tauranga purchased a 37.5% shareholding in Cubic Transport Services Limited (Cubic), with Quadrant Pacific Limited holding 37.5% and PGB Trustee Limited holding the remaining 25%.

Cubic is a domestic transport operator and involved in managing and distributing cargo throughout New Zealand using road, rail and coastal shipping (on behalf of freight forwarders).

Interport Logistics Limited

Tapper Transport Limited has a 50% shareholding in Interport Logistics Limited with NZL Group Limited holding the remaining 50%. The investment was acquired as part of the purchase of the Tapper Group. The Company was put into liquidation on 8 July 2010. The expected proceeds on liquidation are \$8,000.

19 Derivative Financial Instruments

	GROUP		UP PARENT CO	
	2010 NZ\$000	2009 NZ\$000	2010 NZ\$000	2009 NZ\$000
Current assets Foreign currency derivatives – fair value hedges	0	133	0	133
Fuel commodity derivatives – cash flow hedges	0	74	0	74
Total assets	0	207	0	207
Current liabilities Foreign currency derivatives – not designated as hedges	0	(14)	0	(14)
Interest rate derivatives – cash flow hedges	(1,095)	(415)	(1,095)	(415)
	(1,095)	(429)	(1,095)	(429)
Non current liabilities Interest rate derivatives – cash flow hedges	(9,111)	(6,358)	(9,111)	(6,358)
Total liabilities	(10,206)	(6,787)	(10,206)	(6,787)

For additional information about the Group's use of derivatives refer to note 33.

20 Receivables and Prepayments

	GROUP		PARENT CO	OMPANY
	2010 NZ\$000	2009 NZ\$000	2010 NZ\$000	2009 NZ\$000
Trade receivables Receivables from associates and related parties Less:	18,718 186	16,545 136	16,444 113	16,545 136
Provision for impairment trade receivables	(7)	0	0	0
	18,897	16,681	16,557	16,681
Advances to associates Advances to subsidiary (refer note 29) Prepayments and sundry receivables Finance lease – gross receivable (refer note 16) Finance lease – unearned finance	1,785 0 662 4,342 (1,970)	1,785 0 192 4,342 (2,267)	1,785 4,601 288 4,342 (1,970)	1,785 21 192 4,342 (2,267)
income (refer note 16) Total				
IUlai	23,716	20,733	25,603	20,754

Current trade and other receivables are non interest-bearing and receipt is normally on 30 day terms, therefore the carrying value of debtors and other receivables approximate their fair value.

The ageing of trade receivables at reporting date was:

	GROUP		PARENT COMPANY	
	2010 NZ\$000	2009 NZ\$000	2010 NZ\$000	2009 NZ\$000
Not past due Past due 0 – 30 days Past due 30 – 60 days Past due 60 – 90 days More than 90 days	16,930 1,714 51 19	15,473 1,061 7 1 3	15,321 1,097 19 3 4	15,473 1,061 7 1
Total	18,718	16,545	16,444	16,545

Impairment for trade receivables is calculated as a percentage of individual overdue debts which, based on historical performance and individual investigation, are unlikely to be collected.

Movements in the provision for impairment of receivables were as follows:

	GROUP		PARENT COMPANY	
	2010 NZ\$000	2009 NZ\$000	2010 NZ\$000	2009 NZ\$000
Opening balance Balance acquired on acquisition of Tapper Transport Limited	0 10	0 0	0	0 0
Reversed during the period	(3)	0	0	0
Closing balance 30 June 2010	7	0	0	0

21 Inventories

	GROUP		PARENT COMPANY	
	2010 2009 NZ\$000 NZ\$000		2010 NZ\$000	2009 NZ\$000
Inventory of parts and consumables	259	207	213	207

Included in inventories at 30 June 2010 was \$173,000 of straddle parts (2009: \$172,000 of straddle and crane parts) purchased for planned maintenance of machinery in the following financial year.

22 Capital and Reserves

(a) Share Capital

	GRO	DUP	PARENT COMPANY		
	2010	2009	2010	2009	
Ordinary shares issued Balance as at 1 July Shares issued during year Shares cancelled during the year	133,986,876 42,740 0	133,986,876 0 0	134,034,876 50,320 (5,600)	134,034,876 0 0	
Balance as at 30 June	134,029,616	133,986,876	134,079,596	134,034,876	

All shares are fully paid and have no par value. All shares rank equally with one vote attached to each fully paid ordinary share.

During the year 42,000 shares (2009: 0 shares) at \$5.85 per share (2009: \$0 per share) and 740 shares at \$6.25 per share were issued to staff from the Port of Tauranga Trustee Company Limited.

During the year 50,320 shares (2009: 0 shares) at \$6.25 per share (2009: \$0 per share) were issued to the Port of Tauranga Trustee Company Limited as part of the 2010 Employee Share Ownership Plan. An amount of 5,600 shares (2009: 0 shares) at \$5.85 per share (2009: \$0 per share), representing shares forfeited by staff members leaving the Employee Share Ownership Plan, and beneficially held by the Port of Tauranga Trustee Company Limited, were repurchased by the Parent Company and cancelled.

(b) Dividends

The following dividends were declared and paid during the period:

	GROUP		PARENT CO	MPANY
_	2010 NZ\$000	2009 NZ\$000	2010 NZ\$000	2009 NZ\$000
Final 2009 dividend paid 18.0 cents per share (2008: 16.0 cps)	24,126	21,446	24,126	21,446
Interim 2010 dividend paid 9.0 cents per share (2009: 9.0 cps)	12,067	12,063	12,067	12,063
Total	36,193	33,509	36,193	33,509

The dividends are fully imputed. Supplementary dividends of \$507,221 (2009: \$546,350) were paid to shareholders not tax resident in New Zealand, for which the Group received a foreign tax credit entitlement.

A final dividend of 20 cents per share (\$26,815,919) has been approved subsequent to balance date. The final dividend was not approved until after year end, therefore it has not been accrued in the current year financial statements.

(c) Hedging Reserve

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments, related to hedged transactions that have not yet occurred.

(d) Revaluation Reserve

The revaluation reserve relates to the revaluation of land, buildings, wharves and hardstanding, and harbour improvements.

23 Basic and Diluted Earnings Per Share

Group

The calculation of basic earnings per share at 30 June 2010 was based on the profit attributable to ordinary shareholders of \$38,016,000 (2009: \$45,185,000) and a weighted average number of ordinary shares outstanding of 134,008,246 (2009: 133,986,876).

There are no dilutive potential ordinary shares (2009: 0).

24 Loans and Borrowings

This note provides information about the contractual terms of the Group's interestbearing loans and borrowings. For additional information about the Group's exposure and sensitivity to interest rate risk, refer note 33.

	GROUP		PARENT CO	OMPANY
_	2010 NZ\$000	2009 NZ\$000	2010 NZ\$000	2009 NZ\$000
Non current liabilities				
Standby revolving cash advance facility (refer note (a))	198,500	210,500	198,500	210,500
Advances (refer note (d))	101	0	0	0
Finance lease liabilities (refer note (e))	517	0	0	0
	199,118	210,500	198,500	210,500
Current liabilities				
Overdraft facility (refer note (b))	178	0	0	0
Advances (refer note (d))	0	266	0	0
Finance lease liabilities (refer note (e))	645	0	0	0
<u>-</u>	823	266	0	0
Total _	199,941	210,766	198,500	210,500

(a) Standby Revolving Cash Advance Facility Agreement

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

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

(b) Overdraft Facility

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

(c) Multi Option Facility Agreement

The Parent Company has a \$5 million (2009: \$10 million) multi option financing facility with the Bank of New Zealand Limited, which is primarily used for short term working capital requirements. At 30 June 2010 this facility was undrawn (2009: \$0). This facility expires on 31 December 2010 (2009: 31 December 2009). The Parent Company has the option to roll-over this facility for the period of one year, by giving notice to the Bank of New Zealand prior to the expiry of the facility. This facility is secured by way of a ships' mortgage over certain floating plant assets and by a general security agreement over the land and building assets over the port (2009: unsecured and lent against a negative pledge deed).

(d) Advances

Advances are contributions by employees to the Employee Share Ownership Plan (ESOP), refer to note 32.

(e) Finance Lease Liabilities

	GRO	DUP	PARENT COMPANY		
	2010 NZ\$000	2009 NZ\$000	2010 NZ\$000	2009 NZ\$000	
Gross payables under finance leases					
Current portion Not later than one year	729	0	0	0	
Non current portion Later than one year and not later than five years	567	0	0	0	
Total non current portion	567	0	0	0	
Total gross payables under finance leases	1,296	0	0	0	
Total finance charges on finance leases					
Current portion Not later than one year	(84)	0	0	0	
Non current portion Later than one year and not later than five years	(50)	0	0	0	
Total non current portion	(50)	0	0	0	
Total future finance charges on finance leases	(134)	0	0	0	
	GRO	GROUP		OMPANY	
	2010 NZ\$000	2009 NZ\$000	2010 NZ\$000	2009 NZ\$000	
Present values of minimum lease payments Not later than one year Later than one year and not later than five years	683 477	0	0	0	
Total net present value of minimum lease payments	1,160	0	0	0	

The weighted average effective interest rate implicit in the leases is 10.57%. The applicable discount rates used in determining the net present value of minimum lease payments were 7.09%.

Finance lease liabilities relate to finance leases acquired as part of the acquisition of Tapper Transport Limited during the year ended June 2010. The leases consist of plant and equipment leases.

(f) Fair Values of Loans and Borrowings

The amortised cost of loans and borrowings is assumed to closely approximate fair value as debt facilities are repriced every 90 days.

(g) Terms and Debt Repayment Schedule

Terms and conditions of outstanding loans are as follows:

			GROUP		PARENT COMPANY	
	Nominal Interest Rate	Year of Maturity	2010 NZ\$000	2009 NZ\$000	2010 NZ\$000	2009 NZ\$000
Standby revolving cash advance facility — tranche 1	BKBM + 0.44%	2013	148,500	0	148,500	0
Standby revolving cash advance facility — tranche 2	BKBM + 0.44%	2015	50,000	0	50,000	0
Standby revolving cash advance facility — tranche 1	BKBM + 0.44%	2010	0	210,500	0	210,500
Overdraft facility	ODR + 1.5%	2010	178	0	0	0
Advances	0%	2012	101	0	0	0
Advances	0%	2009	0	266	0	0
Total			198,779	210,766	198,500	210,500

The standby revolving cash advance facility was refinanced on 30 June 2010. The refinancing agreement pricing under the new facility does not change until the expiration of the original facility on 31 December 2010.

BKBM

BKBM refers to the bank bill bid settlement rate as displayed on the Reuters Screen on page BKBM. The Group generally borrows funds on a 90 day term.

ODR

ODR refers to the Bank of New Zealand's prevailing market connect overdraft base rate.

25 Provisions

	GROU	JP	PARENT COMPANY		
	2010 NZ\$000	2009 NZ\$000	2010 NZ\$000	2009 NZ\$000	
Non current liabilities					
Employee benefits – long service leave provisions					
Balance at beginning of period Additional provision Unused amounts reversed Utilised during the period	861 155 (24) (54)	691 211 (8) (33)	861 155 (24) (54)	691 211 (8) (33)	
Balance at end of period	938	861	938	861	
Employee benefits – profit sharing and bonuses					
Balance at beginning of period Additional provision Transferred to current	305 220 (525)	0 305 0	305 220 (525)	0 305 0	
Balance at end of period	0	305	0	305	
Contingent consideration Balance at beginning of period Recognised on acquisition of Tapper Group (refer note 7) Unwind of discount	0 3,495 63	0 0	0 3,495 63	0 0	
Balance at end of period	3,558	0	3,558	0	
Other	394	0	0	0	
Total non current provisions	4,890	1,166	4,496	1,166	

	GROUP		PARENT CO	OMPANY
	2010 NZ\$000	2009 NZ\$000	2010 NZ\$000	2009 NZ\$000
Current liabilities				
Employee benefits – profit sharing and bonuses				
Balance at beginning of period	1,134	1,054	1,134	1,054
Additional provision	1,381	1,134	1,376	1,134
Utilised during the period	(1,134)	(1,054)	(1,134)	(1,054)
Transferred from non current	525	Ó	525	Ó
Total current provisions	1.906	1.134	1.901	1.134

Uncertainties for provisions relate to the probabilities of staff reaching the required vesting period to actually qualify for long service leave. Probability factors for reaching long service leave entitlements are based on historic staff retention information.

26 Deferred Taxation

	Ass	ets	Liabilities		Ne	et
GROUP	2010 NZ\$000	2009 NZ\$000	2010 NZ\$000	2009 NZ\$000	2010 NZ\$000	2009 NZ\$000
Deferred tax (asset)/liability Property, plant and equipment	0	0	49,294	32,099	49,294	32,099
Intangible assets Finance lease receivables Derivatives	0 0 (2,918)	0 0 (1,912)	171 3,821 0	149 4,666 0	171 3,821 (2,918)	149 4,666 (1,912)
Provisions and accruals Finance lease payables	(1,107) 0	(364)	0 33	0	(1,107) 33	(364)
Total	(4,025)	(2,276)	53,319	36,914	49,294	34,638
	Recognise Income St		Recog in Eq			
GROUP	2010 NZ\$000	2009 NZ\$000	2010 NZ\$000	2009 NZ\$000		
Property, plant and equipment Intangible assets	9,587 25	(540) (58)	7,624 0	0 0		
Finance lease receivables Derivatives	(845) (40)	(487) (290)	0 (966)	0 (2,878)		
Provisions and accruals Finance lease payables	(519) 10	1,053 0	` Ó 0	0		
Total	8,218	(322)	6,658	(2,878)		
	Asse	ets	Liabilities		Net	
PARENT COMPANY	2010 NZ\$000	2009 NZ\$000	2010 NZ\$000	2009 NZ\$000	2010 NZ\$000	2009 NZ\$000
Deferred tax (asset)/liability Property, plant and equipment	0	0	49,309	32,099	49,309	32,099
Intangible assets Finance lease receivables	0 0	0 0	79 3,821	149 4,666	79 3,821	149 4,666
Derivatives Provisions and accruals	(2,918) (822)	(1,912) (364)	0 0	0 0	(2,918) (822)	(1,912) (364)
Total	(3,740)	(2,276)	53,209	36,914	49,469	34,638
	Recognised in the Income Statement		Recog in Eq			
PARENT COMPANY	2010 NZ\$000	2009 NZ\$000	2010 NZ\$000	2009 NZ\$000		
Property, plant and equipment Intangible assets	9,586 (70)	(540) (58)	7,624 0	0 0		
Finance lease receivables Derivatives Provisions and accruals	(845) (40) (458)	(487) (290) 1,053	(966) 0	0 (2,878) 0		
Total	8,173	(322)	6,658	(2,878)		
	_					

27 Trade and Other Payables

	GRO	UP	PARENT COMPANY		
_	2010	2009	2010	2009	
	NZ\$000	NZ\$000	NZ\$000	NZ\$000	
Accounts payable Accruals Payables due to associates and related parties	1,857	882	969	882	
	9,379	6,059	8,915	6,059	
	1,241	931	1,240	931	
Total	12,477	7,872	11,124	7,872	

No payables are denominated in currencies other than the functional currency (2009: \$0).

Trade and other payables are non interest-bearing and are normally settled on 30 day terms, therefore the carrying value of trade and other payables approximates their fair value.

28 Operating Lease Obligations

	GRO	JP	PARENT COMPANY	
-	2010 NZ\$000	2009 NZ\$000	2010 NZ\$000	2009 NZ\$000
Obligations payable after balance date on non cancellable operating leases are as follows:				
Within one year	2,514	812	1,022	812
One year to two years	2,258	709	997	709
Two years to five years	4,326	1,037	1,047	1,037
Greater than five years	2,642	859	1,989	859
Total	11,740	3,417	5,055	3,417

29 Related Party Transactions

Related party transactions with subsidiaries and associates:

, -	2010 NZ\$000	2009 NZ\$000
C3 Limited Services provided to Port of Tauranga Limited Services provided by Port of Tauranga Limited Accounts receivable by Port of Tauranga Limited (capital notes)	9,676 1,370 16,599	9,195 1,331 16,599
Northport Limited Services provided by Port of Tauranga Limited	17	19
MetroBox Auckland Limited Advances by Port of Tauranga Limited	1,785	1,785
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	221	21
Tapper Transport Limited Purchase of Hercules/OnTap cargo tracking software from Port of Tauranga Limited (refer note 7)	4,000	0
Services provided by Port of Tauranga Limited Advances by Port of Tauranga Limited	4 4,500	8 0
Cubic Transport Services Limited Services provided to Tapper Transport Limited Services provided by Tapper Transport Limited	27 903	105 924
Interport Logistics Limited Services provided by Tapper Transport Limited	2	58

During the year, the Group entered into transactions with companies in which Group Directors hold directorships. These transactions have occurred on normal commercial terms.

No interest is charged on advances to associates and is repayable on demand.

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

Controlling Entity

Quayside Securities Limited owns 54.96% of the ordinary shares in Port of Tauranga Limited.

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

Transactions with Key Management Personnel

The Group does not provide any non cash benefits to Directors and executive officers in addition to their Directors' fees or salaries.

	GRO	JP	PARENT CO	OMPANY
_	2010 NZ\$000	2009 NZ\$000	2010 NZ\$000	2009 NZ\$000
Short term employee benefits Directors' fees Executive salaries and other short term employee benefits	391 2,216	386 2,029	391 2,216	386 2,029
Commitments				
	GROU	JP	PARENT CO	OMPANY
-	2010 NZ\$000	2009 NZ\$000	2010 NZ\$000	2009 NZ\$000
Capital commitments Estimated capital commitments for the Group contracted for at balance date	5,850	1,997	5,850	1,997

31 Contingent Liabilities

but not provided for

30

At 30 June 2010 there were \$0 contingent liabilities (30 June 2009: \$0).

32 Employee Share Ownership Plan

The Parent Company has an Employee Share Ownership Plan (ESOP), in terms of section DC12 of the Income Tax Act 2004. At balance date the ESOP held 0.03% of the Parent Company's share capital in ordinary shares (2009: 0.04% of the Parent Company's share capital).

To finance the plan the ESOP borrows from the Parent Company interest free, repayable over three years. The ESOP has no external funding. The ESOP has a non beneficial interest in all shares allocated to employees, and a beneficial interest in shares which have not been allocated.

Neither the Parent Company nor its related parties have rights to acquire shares held by the plan.

Employees are able to subscribe for shares up to a value of \$2,340 once every three years.

The value of shares issued is set at 90% of the average market price of the share on the day of issue.

At balance date the Parent Company held 49,980 shares (2009: 48,000), and of these, 49,980 (2009: 42,800) were allocated to employees and have been paid up to \$68,485 (2009: \$264,477), and \$243,730 (2009: \$21,120) remains to be paid. This is to be repaid over a three year term. No shares are subject to options.

The Trustees of the ESOP are appointed by the Directors of the Parent Company.

The shares held by the ESOP carry the same voting rights as other issued ordinary shares. Voting rights attaching to the shares held by Trustees are to be exercised by the Trustees at their discretion in the case of a vote on a poll, or on any particular resolution.

33 Financial Instruments

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, currency risk and commodity risk).

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Group's overall financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's financial risk management framework. The Audit Committee is responsible for developing and monitoring the Group's financial risk management policies, and reports regularly to the Board of Directors on its activities.

The Group's financial risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Financial risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit Committee oversees how management monitors compliance with the Group's financial risk management policies and procedures and reviews the adequacy of the financial risk management framework in relation to the risks faced by the Group.

The Group held the following financial instruments at reporting date:

GROUP 2010	Designated at Fair Value NZ\$000	Assets Held for Trading Through the Income Statement NZ\$000	Loans and Receivables NZ\$000	Held to Maturity NZ\$000	Other Amortised Cost NZ\$000	Total Carrying Amount NZ\$000	Fair Value NZ\$000
CINOGI 2010	ΙΨΖΦΟΟΟ	ΝΣφοσο	142φ000	ΙΨΣΦΟΟΟ	1424000	1424000	1424000
Assets Advances and receivables, including capital notes	0	0	11,106	16,599	0	27,705	28,936
Total non current assets	0	0	11,106	16,599	0	27,705	28,936
Cash and cash equivalents	0	0	1,413	0	0	1,413	1,413
Trade and other receivables	0	0	23,716	0	0	23,716	25,447
Total current assets	0	0	25,129	0	0	25,129	26,860
Total assets	0	0	36,235	16,599	0	52,834	55,796
Liabilities							
Loans and borrowings	0	0	0	0	199,118	199,118	199,284
Deferred	0	0	0	0	3,000	3,000	3,083
consideration Derivative financial instruments	9,111	0	0	0	0	9,111	9,111
Total non current liabilities	9,111	0	0	0	202,118	211,229	211,478
Loans and borrowings	0	0	0	0	823	823	655
Derivative financial	1,095	0	0	0	0	1,095	1,095
instruments Trade and other payables	0	0	0	0	12,477	12,477	12,477
Total current liabilities	1,095	0	0	0	13,300	14,395	14,227
Total liabilities	10,206	0	0	0	215,418	225,624	225,705

		Assets Held for					
	Designated	Trading Through			Other	Total	
	at Fair	the Income	Loans and	Held to	Amortised	Carrying	Fair
GROUP 2009	Value NZ\$000	Statement NZ\$000	Receivables NZ\$000	Maturity NZ\$000	Cost NZ\$000	Amount NZ\$000	Value NZ\$000
GROUP 2009	ΝΖΦΟΟΟ	ΝΖΦΟΟΟ	ΝΖΦΟΟΟ	ΝΖΦΟΟΟ	ΝΖΦΟΟΟ	ΝΖΦΟΟΟ	ΝΖΦΟΟΟ
Assets							
Advances and	0	0	13,478	16,599	0	30,077	32,219
receivables, including							
capital notes							
Total non current	0	0	13,478	16,599	0	30,077	32,219
assets							
Cash and cash	0	0	3,282	0	0	3,282	3,282
equivalents	U	U	3,202	U	U	3,202	3,202
Trade and other	0	0	20,733	0	0	20,733	22,748
receivables							
Derivative financial	207	0	0	0	0	207	207
instruments							
Total current assets	207	0	24,015	0	0	24,222	26,237
Total current assets Total assets	207 207	0 0	24,015 37,493	0 16,599	0 0	24,222 54,299	26,237 58,456
Total assets			,				,
Total assets	207	0	37,493	16,599	0	54,299	58,456
Total assets Liabilities Loans and borrowings	207	0	37,493	16,599	0 210,500	54,299 210,500	58,456 210,500
Total assets	207	0	37,493	16,599	0	54,299	58,456
Total assets Liabilities Loans and borrowings Derivative financial instruments	0 6,358	0 0	37,493 0 0	16,599 0 0	210,500 0	54,299 210,500 6,358	58,456 210,500 6,358
Total assets Liabilities Loans and borrowings Derivative financial	207	0	37,493	16,599	0 210,500	54,299 210,500	58,456 210,500
Total assets Liabilities Loans and borrowings Derivative financial instruments Total non current	0 6,358	0 0	37,493 0 0	16,599 0 0	210,500 0	54,299 210,500 6,358	58,456 210,500 6,358
Total assets Liabilities Loans and borrowings Derivative financial instruments Total non current liabilities Loans and borrowings	0 6,358 6,358	0 0 0	37,493 0 0	16,599 0 0	210,500 0 210,500 266	54,299 210,500 6,358 216,858	58,456 210,500 6,358 216,858
Total assets Liabilities Loans and borrowings Derivative financial instruments Total non current liabilities Loans and borrowings Derivative financial	0 6,358 6,358	0 0 0	37,493 0 0	16,599 0 0	210,500 0 210,500	54,299 210,500 6,358 216,858	58,456 210,500 6,358 216,858
Total assets Liabilities Loans and borrowings Derivative financial instruments Total non current liabilities Loans and borrowings Derivative financial instruments	0 6,358 6,358 0 415	0 0 0	37,493 0 0	0 0 0	210,500 0 210,500 266 0	54,299 210,500 6,358 216,858 266 429	210,500 6,358 216,858 266 429
Total assets Liabilities Loans and borrowings Derivative financial instruments Total non current liabilities Loans and borrowings Derivative financial instruments Trade and other	0 6,358 6,358	0 0 0	37,493 0 0	16,599 0 0	210,500 0 210,500 266	54,299 210,500 6,358 216,858	58,456 210,500 6,358 216,858
Total assets Liabilities Loans and borrowings Derivative financial instruments Total non current liabilities Loans and borrowings Derivative financial instruments Trade and other payables	0 6,358 6,358 0 415	0 0 0 0	37,493 0 0 0	16,599 0 0	210,500 0 210,500 266 0 7,872	54,299 210,500 6,358 216,858 266 429 7,872	58,456 210,500 6,358 216,858 266 429 7,872
Total assets Liabilities Loans and borrowings Derivative financial instruments Total non current liabilities Loans and borrowings Derivative financial instruments Trade and other	0 6,358 6,358 0 415	0 0 0	37,493 0 0	0 0 0	210,500 0 210,500 266 0	54,299 210,500 6,358 216,858 266 429	210,500 6,358 216,858 266 429
Total assets Liabilities Loans and borrowings Derivative financial instruments Total non current liabilities Loans and borrowings Derivative financial instruments Trade and other payables Total current	0 6,358 6,358 0 415	0 0 0 0	37,493 0 0 0	16,599 0 0	210,500 0 210,500 266 0 7,872	54,299 210,500 6,358 216,858 266 429 7,872	58,456 210,500 6,358 216,858 266 429 7,872

PARENT COMPANY 2010	Designated at Fair Value NZ\$000	Loans and Receivables NZ\$000	Held to Maturity NZ\$000	Other Amortised Cost NZ\$000	Total Carrying Amount NZ\$000	Fair Value NZ\$000
Assets Advances and receivables, including capital notes	0	11,226	16,599	0	27,825	29,056
Total non current assets	0	11,226	16,599	0	27,825	29,056
Cash and cash equivalents	0	1,390	0	0	1,390	1,390
Receivables and prepayments	0	25,603	0	0	25,603	27,334
Total current assets	0	26,993	0	0	26,993	28,724
Total assets	0	38,219	16,599	0	54,818	57,780
Liabilities						
Loans and borrowings	0	0	0	198,500	198,500	198,500
Deferred consideration	0	0	0	3,000	3,000	3,083
Derivative financial instruments	9,111	0	0	0	9,111	9,111
Total non current liabilities	9,111	0	0	201,500	210,611	210,694
Derivative financial instruments	1,095	0	0	0	1,095	1,095
Trade and other payables	0	0	0	11,124	11,124	11,124
Total current liabilities	1,095	0	0	11,124	12,219	12,219
Total liabilities	10,206	0	0	212,624	222,830	222,913

PARENT COMPANY 2009	Designated at Fair Value NZ\$000	Assets Held for Trading Through the Income Statement NZ\$000	Loans and Receivables NZ\$000	Held to Maturity NZ\$000	Other Amortised Cost NZ\$000	Total Carrying Amount NZ\$000	Fair Value NZ\$000
Assets Advances and receivables, including capital notes	0	0	13,478	16,599	0	30,077	32,219
Total non current assets	0	0	13,478	16,599	0	30,077	32,219
Cash and cash equivalents	0	0	3,263	0	0	3,263	3,263
Receivables and prepayments	0	0	20,754	0	0	20,754	22,769
Derivative financial instruments	207	0	0	0	0	207	207
Total current assets	207	0	24,017	0	0	24,224	26,239
Total assets	207	0	37,495	16,599	0	54,301	58,458
Liabilities Loans and borrowings Derivative financial instruments	0 6,358	0 0	0	0 0	210,500 0	210,500 6,358	210,500 6,358
Total non current liabilities	6,358	0	0	0	210,500	216,858	216,858
Derivative financial instruments	415	14	0	0	0	429	429
Trade and other payables	0	0	0	0	7,872	7,872	7,872
Total current liabilities	415	14	0	0	7,872	8,301	8,301
Total liabilities	6,773	14	0	0	218,372	225,159	225,159

(a) Fair Value Estimation

The fair value of finance lease receivables, finance lease payables and capital notes, are based upon the net present value of interest and capital payments over their term. The applicable discount rates used in determining the fair value of finance lease receivables, finance lease payables and capital notes, were 7.84% (2009: 8.31%), 7.09% (2009: not applicable) and 6.42% (2009: 6.79%), respectively.

The fair value of deferred consideration is based upon the net present value of the anticipated future cash outflows. The applicable discount rate used in determining the fair value of deferred consideration was 5.92% (2009: not applicable).

Further information on the basis for determining fair values is disclosed in note 4.

(b) Fair Value Hierarchy

The following table analyses financial instruments classified as either designated at fair value or held for trading through the income statement, 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).

GROUP AND PARENT COMPANY 2010	Level 1 NZ\$000	Level 2 NZ\$000	Level 3 NZ\$000	Total NZ\$000
Liabilities per the balance sheet	0	40.000	0	40.000
Interest rate derivative liabilities	0	10,206	0	10,206
Total liabilities	0	10,206	0	10,206
GROUP AND PARENT COMPANY 2009	Level 1 NZ\$000	Level 2 NZ\$000	Level 3 NZ\$000	Total NZ\$000
Assets per the balance sheet				
Foreign currency derivative assets	0	133	0	133
Fuel commodity derivative assets	0	74	0	74
Total assets	0	207	0	207
Lightities per the belongs about				
Liabilities per the balance sheet Interest rate derivative liabilities	0	6,773	0	6,773
Foreign currency derivative liabilities	0	14	0	14
Total liabilities	0	6,787	0	6,787

There were no transfers between fair value hierarchies during 2010 (2009: 0).

(c) Credit Risk

Counterparty credit risk is the risk of losses (realised or unrealised) arising from a counterparty failing to meet its contractual obligations. Financial instruments which potentially subject the Group to credit risk, principally consist of bank balances, receivables from customers and derivative instruments.

Exposure to Credit Risk

The carrying amount of financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at reporting date was:

	GROUP		PARENT CO	OMPANY
	2010	2009	2010	2009
	NZ\$000	NZ\$000	NZ\$000	NZ\$000
Advances and receivables Receivables and prepayments Derivative financial instruments Cash and cash equivalents	27,705	30,077	27,825	30,077
	23,716	20,733	25,603	20,754
	0	207	0	207
	1,413	3,282	1,390	3,263
Total	52,834	54,299	54,818	54,301

The only significant concentration of credit risk at reporting date relates to the finance lease receivables for the Genesis equipment lease and capital notes issued by an associate company, C3 Limited. Management are satisfied with the credit quality of both these debtors and does not anticipate any non performance.

The Group only transacts in treasury activity (including investment, borrowing and derivative transactions) with Board approved counterparties. Unless otherwise approved by the Board, counterparties are required to be New Zealand registered banks with a Standard & Poor's credit rating of A+ or above. The Group continuously monitors the credit quality of the financial institutions that are counterparties and does not anticipate any non performance.

The Group adheres to a credit policy that requires that each new customer is analysed individually for credit worthiness before the Group's standard payment terms and conditions are offered. Customer payment performance is constantly monitored with customers not meeting creditworthiness being required to transact with the Group on cash terms. The Group generally does not require collateral.

The nature of the Group's business means that the top ten customers account for 52.6% of total Group revenue (2009: 59.3%).

The following table sets out revenue attributable to sales transactions with single customers amounting to 10% or more of the Group's revenues, and the operating segments that this revenue is attributed to:

GROUP 2010	Port Operations NZ\$000	Property Services NZ\$000	Total NZ\$000	%_
Customer 1 Customer 2	18,278 16,356	0 30	18,278 16,386	12.3 11.1
Total	34,634	30	34,664	23.4
GROUP 2009	Port Operations NZ\$000	Property Services NZ\$000	Total NZ\$000	%_
Customer 1	25,307	0	25,307	17.6
Total	25,307	0	25,307	17.6

The Group is satisfied with the credit quality of these debtors and does not anticipate any non performance.

(d) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient cash and borrowing facilities available to meet its liabilities when due, under both normal and adverse conditions. The Group's cash flow requirements and the utilisation of borrowing facilities are continuously monitored, and it is required that committed bank facilities are maintained at a minimum of 10% above maximum forecast usage.

Funding risk is the risk that arises when either the size of borrowing facilities or the pricing thereof is not able to be replaced on similar terms, at the time of review with the Parent Company's banks. To minimise funding risk it is Board policy to spread the facilities' renewal dates and the maturity of individual loans. Where this is not possible, extensions to, or the replacement of, borrowing facilities are required to be arranged at least six months prior to each facility's expiry.

The following table sets out the contractual cash outflows for all financial liabilities (including estimated interest payments) and derivatives:

GROUP 2010	Balance Sheet NZ\$000	Contractual Cash Flows NZ\$000	6 Months or Less NZ\$000	6 – 12 Months NZ\$000	1-2 Years NZ\$000	2-5 Years NZ\$000	More Than 5 Years NZ\$000
Non derivative financial liabilities							
Loans and borrowings	199,941	237,926	5,119	4,844	9,476	166,983	51,504
Deferred consideration	3,000	3,516	106	104	2,178	1,128	0
Trade and other payables	12,477	12,477	12,477	0	0	0	0
-	215,418	253,919	17,702	4,948	11,654	168,111	51,504
Derivatives							
Interest rate derivatives outflow	10,206	11,724	2,405	1,862	2,579	4,171	707
<u>-</u>	10,206	11,724	2,405	1,862	2,579	4,171	707
Total	225,624	265,643	20,107	6,810	14,233	172,282	52,211

GROUP 2009	Balance Sheet NZ\$000	Contractual Cash Flows NZ\$000	6 Months or Less NZ\$000	6 – 12 Months NZ\$000	1 – 2 Years NZ\$000	2-5 Years NZ\$000	More Than 5 Years NZ\$000
Non derivative financial liabilities							
Loans and borrowings	210,766	221,030	3,706	3,384	213,940	0	0
Trade and other payables	7,872	7,872	7,872	0	0	0	0
_	218,638	228,902	11,578	3,384	213,940	0	0
Derivatives							
Interest rate derivatives outflow	7,548	8,295	2,156	2,565	2,916	568	90
Forward exchange contracts:							
Outflow	0	1,427	1,427	0	0	0	0
Inflow	(119)	(1,546)	(1,546)	0	0	0	0
_	7,429	8,176	2,037	2,565	2,916	568	90
Total _	226,067	237,078	13,615	5,949	216,856	568	90
PARENT COMPANY 2010	Balance Sheet NZ\$000	Contractual Cash Flows NZ\$000	6 Months or Less NZ\$000	6 – 12 Months NZ\$000	1 – 2 Years NZ\$000	2-5 Years NZ\$000	More Than 5 Years NZ\$000
Non derivative financial liabilities							
Loans and borrowings	198,500	236,351	4,536	4,520	9,120	166,671	51,504
Deferred consideration	3,000	3,516	106	104	2,178	1,128	0
Trade and other payables	11,124	11,124	11,124	0	0	0	0
_	212,624	250,991	15,766	4,624	11,298	167,799	51,504
Derivatives							
Interest rate derivatives outflow	10,206	11,724	2,405	1,862	2,579	4,171	707
_	10,206	11,724	2,405	1,862	2,579	4,171	707
Total	222,830	262,715	18,171	6,486	13,877	171,970	52,211

PARENT COMPANY 2009	Balance Sheet NZ\$000	Contractual Cash Flows NZ\$000	6 Months or Less NZ\$000	6 – 12 Months NZ\$000	1 – 2 Years NZ\$000	2-5 Years NZ\$000	More Than 5 Years NZ\$000
Non derivative financial liabilities Loans and borrowings Trade and other	210,500 7,872	220,764 7,872	3,440 7,872	3,384 0	213,940 0	0 0	0
payables	218,372	228,636	11,312	3,384	213,940	0	0
Derivatives Interest rate derivatives outflow Forward exchange	7,548	8,295	2,156	2,565	2,916	568	90
contracts: Outflow Inflow	0 (119)	1,427 (1,546)	1,427 (1,546)	0	0	0	0
_	7,429	8,176	2,037	2,565	2,916	568	90
Total	225,801	236,812	13,349	5,949	216,856	568	90

The following table indicates the periods in which the cash flows associated with derivatives that are cash flow hedges are expected to occur and also impact on the income statement:

GROUP AND PARENT COMPANY 2010	Balance Sheet NZ\$000	Contractual Cash Flows NZ\$000	6 Months or Less NZ\$000	6 – 12 Months NZ\$000	1 – 2 Years NZ\$000	2-5 Years NZ\$000	More Than 5 Years NZ\$000
Interest rate swaps Liabilities	(10,206)	(11,724)	(2,405)	(1,862)	(2,579)	(4,171)	(707)
Total	(10,206)	(11,724)	(2,405)	(1,862)	(2,579)	(4,171)	(707)

GROUP AND PARENT COMPANY 2009	Balance Sheet NZ\$000	Contractual Cash Flows NZ\$000	6 Months or Less NZ\$000	6 – 12 Months NZ\$000	1 – 2 Years NZ\$000	2-5 Years NZ\$000	More Than 5 Years NZ\$000
Interest rate swaps							
Assets	775	1,121	0	0	0	268	853
Liabilities	(7,548)	(8,295)	(2,156)	(2,565)	(2,916)	(568)	(90)
-	(6,773)	(7,174)	(2,156)	(2,565)	(2,916)	(300)	763
Commodity contracts							
Assets	74	76	29	47	0	0	0
Total	(6,699)	(7,098)	(2,127)	(2,518)	(2,916)	(300)	763

(e) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and commodity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Group uses derivative financial instruments such as interest rate swaps and foreign currency options to hedge certain risk exposures. All derivative transactions are carried out within the guidelines set out in the Group's Treasury Policy which have been approved by the Board of Directors. Generally the Group seeks to apply hedge accounting in order to manage volatility in the income statement.

(i) Interest Rate Risk

Interest rate risk is the risk of financial loss, or impairment to cash flows in current or future periods, due to adverse movements in interest rates on borrowings or investments. The Group uses interest rate derivatives to manage its exposure to variable interest rate risk by converting variable rate debt to fixed rate debt.

At reporting date, the interest rate profile of the Group and Parent Company's interest-bearing financial assets/(liabilities) were:

Carrying Amount

	GROUP		PARENT C	COMPANY	
	2010 NZ\$000	2009 NZ\$000	2010 NZ\$000	2009 NZ\$000	
Fixed rate instruments Finance lease receivables	42 470	45 552	42 470	4E EE9	
Capital notes	13,478 16,599	15,553 16,599	13,478 16,599	15,553 16,599	
Finance lease payables	(1,162)	0	0	0	
Deferred consideration	(3,000)	0	(3,000)	0	
Interest rate derivatives	(10,206)	(6,773)	(10,206)	(6,773)	
Total	15,709	25,379	16,871	25,379	
Variable rate instruments					
Standby revolving cash advance facility	(198,500)	(210,500)	(198,500)	(210,500)	
Overdraft facility	(178)	0	0	0	
Cash balances	1,413	3,282	1,390	3,263	
Total	(197,265)	(207,218)	(197,110)	(207,237)	

Sensitivity Analysis

If, at reporting date, bank interest rates had been 100 basis points higher/lower, with all other variables held constant, the result would increase/(decrease) post tax profit or loss and the cash flow hedge reserve by the amounts shown below. The analysis is performed on the same basis for 2009.

	Pro or Lo		Cash Hedge R	
GROUP	100 bp Increase NZ\$000	100 bp Decrease NZ\$000	100 bp Increase NZ\$000	100 bp Decrease NZ\$000
Variable rate instruments Interest rate swaps	(1,392) 991	1,392 (991)	0 4,677	0 (5,007)
30 June 2010	(401)	401	4,677	(5,007)
Variable rate instruments Interest rate swaps	(1,450) 852	1,450 (852)	0 3,905	0 (4,165)
30 June 2009	(598)	598	3,905	(4,165)
	Profit or Loss			
			Cash Hedge R	
PARENT COMPANY				
PARENT COMPANY Variable rate instruments Interest rate swaps	or Le 100 bp Increase	100 bp Decrease	Hedge R 100 bp Increase	100 bp Decrease
Variable rate instruments	or Long to the state of the sta	100 bp Decrease NZ\$000	Hedge F 100 bp Increase NZ\$000	100 bp Decrease NZ\$000
Variable rate instruments Interest rate swaps	or Lo 100 bp Increase NZ\$000 (1,390) 991	100 bp Decrease NZ\$000 1,390 (991)	Hedge F 100 bp Increase NZ\$000 0 4,677	100 bp Decrease NZ\$000 0 (5,007)

(ii) Currency Risk

Foreign currency risk is the risk arising from the variability of the NZD currency values of the Group's assets, liabilities and operating cash flows, caused by changes to foreign exchange rates.

The Group does not have any material exposure to currency risk except for the one-off purchases of assets (eg plant and machinery) denominated in foreign currencies. It is Group policy that foreign exchange exposures on imported goods must be hedged by way of foreign exchange forward contracts or options to a minimum of 50% at the time the exposure is known with certainty on all transactions in excess of NZ\$200.000.

At 30 June 2010, the Group had no foreign currency derivative contracts outstanding. At 30 June 2009, the Group had entered into forward contracts to purchase EUR\$665,000 as a fair value hedge of a capital commitment and SGD\$95,000 for a non hedge accounted capital commitment.

(iii) Commodity Price Risk

The Group manages commodity price risks through the use of negotiated supply contracts and commodity derivatives. The negotiated supply contracts are for the purpose of receipt in accordance with the Group's expected usage requirements only and are not accounted for as financial instruments.

The Group uses commodity derivatives and fuel swap agreements, to reduce the impact of price changes on fuel costs in accordance with Group policy. Up to 75% of the next twelve months' operating fuel costs may be hedged via commodity derivatives. At 30 June 2010, the Group had no commodity derivative contracts outstanding. At 30 June 2009, the Group had hedged 7,548 barrels with a fair value of \$74,000.

(f) Capital Management

The Board's policy is to maintain a strong capital base, which the Group defines as total shareholders' equity, so as to maintain investor, creditor and market confidence, and to sustain the future business development of the Group. The Board endeavours to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group has established policies in capital management, including the specific requirements that interest cover is to be maintained at a minimum of three times and that the [debt/(debt + equity)] ratio is to be maintained at a 40% maximum. It is also Group policy that the dividend payout is maintained between a level of between 75% and 100% of surplus after tax.

The Group and Parent are required to comply with certain financial covenants in respect of external borrowings namely that: interest cover is to be maintained at a minimum of 2.5 times; shareholders' funds as a percentage of total tangible assets must exceed 45% at all times; and total tangible assets and earnings before interest and taxes (EBIT) for the Parent must at all times exceed 85% of total tangible assets and EBIT respectively for the Group.

There have been no changes in the Group's approach to capital management during the year.

The Port of Tauranga Limited has complied with all capital management policies and covenants during the reporting periods as follows:

	GROUP	
	2010	2009
Port of Tauranga Group policies		
Interest cover (times)	6.3	5.4
Debt ratio	23%	25%
Dividend payout ratio (excluding special dividends and the impact of tax changes as a percentage of net profit after tax)	81%	80%
Bank covenants		
Interest cover (times)	6.3	5.4
Shareholders funds as a percentage of tangible assets	71%	71%
Parent Company EBIT as percentage of Group EBIT	96%	100%
Parent Company tangible assets as a percentage of Group tangible assets	101%	100%