



Eastland Group update **December 2010**

Finances in good fettle

Eastland Group enjoyed a healthy increase in its unaudited financial result for the first half of the financial year to 30 September, 2010.

Revenue for the six months was 17.4% higher at \$36.1 million against \$30.7 million for the same period the previous year. Tax paid profit for the half year was 15% higher at \$4.6 million compared to \$4 million for the same period the previous year.

Assets of the group have grown slightly over the six months with total assets now standing at \$295.3 million. Bank debt is currently at \$100 million with a gearing ratio (bank debt to bank debt plus equity) of 44.6% as at 30 September 2010.

A half-year gross dividend of \$3 million was paid to our shareholder, the Eastland Community Trust. Another dividend of the same amount is forecast before the end of the financial year, equating to a full-year gross dividend of \$6 million – a 5% increase on the previous year.

The strong financial performance has been underpinned by a growing forestry sector, fuelled in the main by strong demands out of Asian economies, in particular, China.

The infrastructure at Eastland Port is under significant pressure from the increased volumes which has led to an acceleration of the port development plan.

Work is underway on a number of projects, both on and off-site, to help accommodate the growing log export volumes, which this year are on target to be greater than 1.3 million tonnes. The aviation businesses were badly affected by the recession but recent efforts by management to sell the existing stock of aircraft, reduce the level of spare parts and improve productivity

has seen a marked improvement in financial performance. The businesses are now well placed to benefit from any uplift in the economy.

Generation volumes from the Waihi Hydro Scheme station have been strong due to a wetter-than-predicted winter, however, electricity prices on the wholesale market have been low, resulting in slightly reduced revenues.

The performance of the geothermal power station, which was bought in January 2010, continues to improve despite some operational issues earlier in the year. It is currently generating at about 96% availability.

Work is well advanced, as per the expenditure considered in the original business case, to drill a new well which once complete will provide a back-up source of geothermal resource for the plant.

Eastland are currently looking at opportunities to develop new sustainable energy generation projects, in particular, hydro and geothermal. The electricity distribution business provided a solid regulated return and the network performed well over the winter months given the number of significant weather events during this period.

The number of faults provided the electrical network contracting business with above forecast workloads.

Gisborne Airport continues to provide a fit-for-purpose facility to service the region's air transport needs. The larger 50-seater Q300 aircraft are still part of Air New Zealand's fleet that service Gisborne, along with the smaller 19-seater 1900D aircraft. The outlook through to year end 31 March 2011 remains positive.

The company is performing well at an operating level. However, there is

some risk around non-cash related accounting adjustments that could be required as a result of recent unforeseen Government changes to the treatment of tax depreciation on buildings and the associated deferred taxation liability. These have the potential to adversely affect the company's audited net profit for the year ended 31 March 2011. ●

Wishing you all happy holidays!

Where has the year gone?

As we draw 2010 to a close, the whole team at Eastland Group would like to extend a warm and heartfelt thank you to all our clients, customers and stakeholders. We wish you all a Merry Christmas and a fun and safe New Year.

Here's to 2011 being even better for our wonderful region.

It's been a year of ups and downs all over the globe but the tenacity and solidarity of Gisborne and the East Coast always stand us in good stead.

The Eastland Group office will be closed for the statutory holidays, operating on reduced staffing levels from Friday, December 24, and back to business as usual from Wednesday, January 5, 2011.

For any network emergencies or faults please call the Network fault centre at any time on 0800 206 207.

Gisborne Airport will be a busy place over the Christmas/New Year period with an influx of family and friends from around the nation and from further afield. Rhythm & Vines brings in thousands to the region, as do other smaller events scheduled.

Airport manager Murray Bell says he expects Air New Zealand will increase the frequency of the larger Q300 aircraft to cater for the many extras heading to the region, and he's expecting a small number of chartered aircraft.

Things will be a little quieter than usual at Eastland Port, with most of the staff on leave between December 23 and January 6 – unless, of course, a ship comes in.

Enjoy your family, the holidays and the region, and we look forward to a prosperous and fun 2011 for all.



Get ready for lift-off

The challenge is out to businesses, families and individuals all over the region – design a winning craft to take out the second annual Birdman competition at the fun and festive Harbour the Madness Day.

The December 27 event, which combines with the more serious harbour swim, is as much fun to watch as it is to be part of. Last year, at the inaugural event, hundreds headed wharveside to be entertained and amazed.

This year Eastland Group are combining their talents – as well as the international aeronautical skills of some of their employees – to produce what they hope will set the bar for other local companies.

With all sorts of prizes up for grabs – including \$500 in radio advertising for the best corporate birdman, and other prizes for best female, best male, longest distance and supreme winner – there are plenty of incentives to get creating.

Organiser Bridgette Penny says the Inner Harbour area becomes a magnet

for fun and entertainment during the busy summer months and she's expecting a cracker this year.

"It's a great area to wander around at any time, but with so much entertainment and excitement during the Birdman we see lots of families coming down to be part of the action," she says.

"The competition was small but successful last year and I'm absolutely confident it will be bigger this year. I heard so many leaving after the competition last year saying they wanted to be involved this time – now is their chance."

Registration is from 3pm at The Works, with the Birdman getting underway at 5pm. That's followed by the Harbour Swim, with individual competitors racing over 2km and two person teams over 1km. The race starts at the boat ramp and

HARBOUR THE MADNESS
Monday 27th December 2010
Gisborne Inner Harbour
Registration 3pm at the Works


A day of crazy harbour-side action!

Including:
GREAT PRIZES UP FOR GRABS!
BIRDMAN COMPETITION 5PM
1KM & 2KM HARBOUR SWIM 6PM

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encompasses the Inner Harbour area as well as the turning basin.

Head to www.eastland.co.nz for more information and registration for both events. 

Te Unga Mai Celebration Rocks

It was a day fitting the occasion – a celebration of the diversity and unity of a very special community.

Te Unga Mai comprised many different facets – from the service near the Cook Landing Monument to waka racing, a sandcastle competition, historical tours and the Mix-Up at the Cut.... all were enjoyed by thousands.

Darryl Monteith, project leader for the Mix-Up – a five-hour free concert, said the aim had been to do something that brought the festival back to the community, to celebrate a real coming together.

"That's just what we had – a coming together to celebrate the beautiful place we live in."

Loads of families turned out to be part of the fun.

Next year the festival falls bang in the middle of the Rugby World Cup and has

already had the recommendation and endorsement of Martin Sneddon, chief executive of Rugby New Zealand 2011. Darryl says that's both good and bad. "It puts the pressure on to produce something quite special," he says, adding that he has no doubt it will all happen.

"The key to success is pulling together a number of different happenings to celebrate Te Unga Mai."

Eastland Group was one of the sponsors this year of the Mix-Up at the Cut.

"We're very grateful for that support," says Darryl. "This wasn't a money-making exercise for anyone – it was about the community coming together and it is great that Eastland Group recognised the potential in the event and that site." ●



A celebration of diversity and unity in a world class setting. Photograph by Te Unga Mai Trust

Innovative new site in the wings

Eastland Group is about to unveil an exciting new website.

Group chief executive Matt Todd says that while they've been happy with the current site and received many positive comments about it, they felt it was time for a refresh.

"We all aspire to have a website and presence that shares information about who we are and interfaces with our customers and stakeholders in a way that is user-friendly, fun, informative and

dynamic," he says.

The existing website dates back to a project initiated in 2003 when the only web presence was a single page for Eastland Network. It's a far cry from what is about to be unveiled.

Designed by Flavour, the website has been designed to keep pace with a world that demands a rapid pace in developing digital media and making content available to mobile devices. The new site contains brief overviews



of each Eastland Group company with individual sub-sites, history, as well as featuring the latest in 3D animations. Keep a look out in the near future at www.eastland.co.nz ●

Gisborne's lifestyle offers perfect balance

South African Dolf Labuschagne may have taken on a new challenging role but he says the new lifestyle that comes with it allows he and his family the space and time to do more together.

Dolf is Eastland Group's new generation manager. It's his job to oversee the diesel, hydro and geothermal interests of the company, including liaising with land owners.

He, wife Sandra and 21-year-old son Wiehan moved to New Zealand from Durban three-and-a-half years ago, to take up a position in Auckland. Perhaps not surprisingly, the traffic in New Zealand's largest city got to him and he started looking to the provinces. "I love it here," he says. "All of a sudden we have the time to do the things we like to do that in Auckland we just never had the chance or time to do."

It was the lifestyle in New Zealand

that sold them on here rather than Australia, and finally they feel they've found it.

Dolf comes from a background in the electronics, electricity and telecommunication industry, including more than 20 years working for Eskom Generation.

"I was attracted by this new job because it is a field I know well and enjoy."

When he's not working, he's likely to be found cruising around in his microlight airplane, working on his golf handicap or watching international rugby.

"I'll support anyone playing against the Wallabies," says the Springbok fan. "I'll always be for the Springboks but the All Blacks – they punch way above their weight and when you consider the size of the talent pool they pull from it is just amazing what they do." 🇳🇿



Happy to go cruising... Eastland Group's new generation manager Dolf Labuschagne and his microlight airplane.

Helping tomorrow's leaders

It's time for the 2010 Eastland Group Tertiary Study Scholarship recipients to down their books and step into the real world for a while.

Part of the \$5,000 annual scholarship is the opportunity of paid holiday work with the group, and three of the four winners are back home working.

Four-time scholarship recipient Ryan Ainsworth has completed his final year of study and is weighing up his options,

including whether to head back to university to start his masters.

Two-time scholarship recipient Mikaere Ngarimu is now working with Eastech as he gains his final hours for his Bachelor of Engineering degree.

First-time recipients, cousins Josh Gardner and Blake Burgess – are working within the group during the holidays – Josh at the port and Blake with the network.

The group has received some exciting applications for the 2011 scholarships, and the winners of those will be announced in the new year.

Eastland Group Tertiary Study Scholarship offers \$5,000 to Eastland region students studying engineering, with a particular focus on civil, mechanical or electrical engineering ●

Grooving to the tunes

Make sure you save the weekend of April 30-May 1 for the Harbour the Beat – Jazz, Blues and Roots Festival.

Work is continuing on securing top national and international acts for the two-day event that runs from 9.30am-2am on Saturday and 9.30am through to 5.30pm on the Sunday.

Organiser Bridgette Penny says it's going to be one not to miss. "There are a lot of people working hard to ensure this is a big success for all," she says. "The Inner Harbour area will be the place to be and with the support of the eateries and bars around this vibrant area it's going to be a winner." Signed up to host musicians and fun for the new festival are Lone Star, The Wharf

Bar and Cafe, the Gisborne Tatapouri Sports Fishing Club, Soho, The Works and The Emerald Hotel. Also offering their full support are Tourism Eastland, the Radio Network and Poverty Bay Blues Inc. Eastland Group is the main sponsor of the event and hopes are high it will become a regular and very popular fixture on the district's social calendar.

The new date coincides with the launch of New Zealand Music Month, and tickets will go on sale in the new year.

HARBOUR THE BEAT
JAZZ, BLUES & ROOTS
FESTIVAL 2011

HARBOUR THE BEAT
JAZZ, BLUES & ROOTS FESTIVAL

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9.30AM - 2AM SATURDAY

9.30AM - 5.30PM SUNDAY

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Time for some TLC

A \$1 million refurbishment of Eastland Port's inner breakwater is one of the key projects in the planning for the new year.

General manager – port, Andrew Gaddum, says the 130-year-old

breakwater has stood the test of time, but is definitely in need of a little TLC. The main breakwater structure will be relevelled, cracks filled and a 20-metre section at the end of the structure sheet piled. The whole breakwater will then be concrete capped.

Andrew expects the project to run through until the end of April. "It's an integral part of the operation of the port."

SAFETY to the fore

Turihaua tug master Yorgo Atsalis is making history – as the only employee to twice win the Eastland Group Quarterly Safety Award.

But you won't catch him shouting it from the crow's nest. Rather this quietly-spoken mariner just gets on with the job.

As tug master, he also helps oversee health and safety for port marine operations. It was his tireless efforts in keeping the port's health and safety systems current while managing to get his team to be part of an ongoing safety culture that won the day. General manager – port, Andrew

Gaddum, says Yorgo's high standard of maintenance of the floating plant is faultless. "He's a great team leader," he says. "His job is busy, as is the paper work that always needs tending to, but he always does his work with a smile and never hesitates to lend a hand." Yorgo was the winner of the inaugural award in 2008.

Community key to Eastland Group

As 2010 draws to a close it is a chance to reflect on the year that has been. Eastland Group has once again been very active out and about in the community, supporting all sorts of organisations, causes and efforts.

Gisborne Speedway is, of course, the group's main sponsorship but there are a raft of other things we are also involved in.

A big ongoing project is the rejuvenation of Kaiti Hill. Conservation is always on the minds of our team and there have been a number of plantings on Titirangi with hundreds of natives carefully put into the ground by Eastland Group employees, family and the wider community. Eastland Group has also supported Gisborne Palliative Care, Plunket, the further education of the district's young

scholars through financial help, the Shepherds' Challenge at the Gisborne Show and lots more. Last summer it was a joint effort that saw Moko the dolphin get his minders. The group is a keen supporter of all things Gisborne, East Coast and Tairāwhiti, and will continue with that ethic for many years to come.

New speedway season gets off with a bang

The 2010 Gisborne Speedway season got off to the biggest bang possible with some truly spectacular fireworks at the opening meet at Eastland Group Raceway.

Nearly 5,000 people lined the bleachers, banks and every vantage point possible – and that's not counting the thousands who enjoyed the display from spots outside the venue – for a glimpse at the Eastland Asphalt-sponsored display. Speedway is Eastland Group's biggest

single sponsorship each year. It is support the club says helps allow it to produce top-class family entertainment for nearly 30,000 people each season. The best drivers in the country are attracted to this award-winning track to do battle, and always leave praising the efforts of a stalwart volunteer crew. This year is the 40th anniversary of the club – being celebrated on January 2. It is one highlight in what promises to be another superb season including the New Zealand Grand Prix for saloon cars. ●



Nearly 5,000 turned out to enjoy a spectacular fireworks display. Photograph by Dave Thomas/The Gisborne Herald

Another stellar year for the port

It's gearing up to be another record-breaking year for Eastland Port as volumes edge towards 1.35 million cubic metres for the calendar year.

General manager – port, Andrew Gaddum, says the continued solid consumption within China and the Russian log tariff



Eastland Port manager Andrew Gaddum

situation is driving the rise. For the last calendar year the port recorded 1.1 million cubic metres. More exciting is that the existing and forecast plantation within the Gisborne and East Coast region means there is plenty of resource to

head offshore as long as the demand is there. But it brings with it challenges, and construction is well underway of the new off-site log storage at Matawhero which will allow another 30,000 tonnes of logs to be stored at any one time. The project is expected to be completed by mid January. "Overall it certainly has been another good year for the port," says Andrew. 🌊

In honour of a great man

Gisborne's godfather of aviation was honoured with a reunion at Gisborne Airport.

Lawson Field, the founder of Fieldair, would have been chuffed to see how many came from all corners of the globe to celebrate his life and achievements – which stretched much farther than just planes.

While the celebration was very much focused on Lawson and his aviation background, it came to the fore that this was a man who spread himself and his talents throughout the district – from farming to horses, flying to photography and plenty of community effort in between.

As part of the reunion, a Beaver fly-in was also organised and included ZK-AZB, the first Beaver Fieldair owned. Smartly painted in the original colours, it was joined by the company's second Beaver purchase. Fieldair was founded in 1949 – then known as the Gisborne Aerial Topdressing Company – and is still going strongly today. In all 180 people registered for the reunion – from former pilots to wives, loader pilots, farmers, early shareholders, former directors,

engineers and more. Some came from as far afield as Canada and Australia. Stories were shared and tales compared as memories came flooding back. Special memorabilia was also brought in for the reunion including a crystal paperweight with original Beaver ZK-AZB featuring inside it. It is thought the Beaver may be one of the oldest of its kind still flying in the world. The reunion played host to around a dozen aircraft, including Beavers and even an air tractor. 🛩️




Mooring poles and seagulls to the fore

There's a funky new logo for the Inner Harbour area.

The logo features the vertical mooring poles that are seen throughout the

harbour with three seagulls edging it even more towards everyday life in the area.

The Inner Harbour is home to a vibrant and innovative collection of bars, eateries, businesses and stores, and is a popular place for so many people for an extensive range of reasons. 



Good old-fashioned fun

It's high-spirited fun for those involved in the Eastland Group Shepherds' Challenge at the Gisborne Show but it carries an underlying message.

Anyone who does well has the perfect combination of skills and tools – a good horse, the trusty huntaway dog and the ability to make the team work together. The challenge is one of the highlights of the show, and this year honours went to the team from Morunga Station at Matawai.

Master of ceremonies Neville Clark describes the challenge as bringing some "good old-fashioned, non-PC fun back".

"We probably do push the boundaries at times, but it's really just replicating a bit of fun from the station – like racing around bareback and having a blast." The event attracts around 10 teams.



Making a somewhat spectacular landing is shepherd Josh McAtemey during the 2010 Eastland Group Shepherds' Challenge at the Gisborne Show. Photograph by Rebecca Grunwell/The Gisborne Herald

It is the second year Eastland Group have sponsored the event. ●

Peas please....


It's full steam ahead at Eastland Group's Cook Stores as the pea and corn season moves into full swing.

Before Christmas, 1,500 tonnes of snap frozen peas will be safely tucked up in storage, with another 8,000 tonnes of corn by the end of April/early May. Both are individual free-flow frozen peas and kernels stored in bins and boxes ranging from 600kg to 1,100kg.

The Discovery area takes 8,600 bins which are stacked four high, throughout the four massive freezers which are kept between -18°C and -20°C. All stores will be filled to near capacity with the Heinz Watties product, with small amounts of ice, honey and miscellaneous produce from other clients.

Cook Stores administrator Dawn Smith-Martyn says from here, the product is transported by road and rail to Hastings or Christchurch for processing.

The three permanent staff at the stores are joined by three casuals to help run the round-the-clock operation throughout the busy season.

As well as freezer space, the team operate the adjacent Endeavour dry goods store which is slightly smaller and holds wood products, packed corn and boats, among other bits and pieces. Eastland Group bought the site off Heinz Watties in 2006, with part of the deal being to provide the services that are needed to operate the cold store. 



Ready for action... storemen and forklift drivers (left) Gene Maynard and Kohi Kingi flank Cook Stores administrator Dawn Smith-Martyn.

So, what do you think?

We'd love to hear from you. Please send your comments to admin@eastland.co.nz

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