

From: [Official Information](#)
To: [REDACTED]
Cc: [Official Information](#)
Subject: Final response - LGOIMA 451197 - [REDACTED] - Hamilton Airport/ Annual accounts
Date: Tuesday, 28 January 2025 8:38:10 am
Attachments: [image001.png](#)
[image002.jpg](#)
[image003.jpg](#)
[WRAL Annual Report FY2013.pdf](#)
[WRAL Annual Report FY2014.pdf](#)
[WRAL Annual Report FY2015.pdf](#)
[WRAL Annual Report FY2016.pdf](#)

Kia ora,

We refer to your information request below. Hamilton City Council provides the following response.

Your request:

Below are the links provided for WRAL annual report 2023-2024. Please provide the annual reports for the period 2013 to 2022.

Our response:

WRAL publishes annual reports on its website – you can locate copies of annual reports for financial years 2017 to 2022 here - <https://www.hamiltonairport.co.nz/annual-reports/>

Please see the additional financial years 2013 to 2016 that are not available on the website attached.

You have the right to seek an investigation and review by the Ombudsman of this decision. Information about how to make a complaint is available at www.ombudsman.parliament.nz or freephone 0800 802 602.

Ngaa mihi

Keeley Faulkner

Official Information Advisor & Legal Support Officer

Legal services

Governance & Assurance Team | Partnerships, communication & Maaori

Email: officialinformation@hcc.govt.nz



Hamilton City Council | Private Bag 3010 | Hamilton 3240 | www.hamilton.govt.nz

[Like us on Facebook](#) [Follow us on Twitter](#)

This email and any attachments are strictly confidential and may contain privileged information. If you are not the intended recipient, please delete the message and notify the sender. You should not read, copy, use, change, alter, disclose or deal in any manner whatsoever with this email or its attachments without written authorisation from the originating sender. Hamilton City Council does not accept any liability whatsoever in connection with this email and any attachments including

in connection with computer viruses, data corruption, delay, interruption, unauthorised access or unauthorised amendment. Unless expressly stated to the contrary the content of this email, or any attachment, shall not be considered as creating any binding legal obligation upon Hamilton City Council. Any views expressed in this message are those of the individual sender and may not necessarily reflect the views of Hamilton City Council.

I support flexibility at work. While it suits me to send this email now, I don't expect a response outside of your own working hours.

From: [REDACTED]
Sent: Monday, 23 December 2024 2:23 pm
To: Official Information <officialinformation@hcc.govt.nz>
Subject: Hamilton Airport/ Annual accounts

Good afternoon, Below are the links provided for WRAL annual report 2023-2024. Please provide the annual reports for the period 2013 to 2022.

Kind Regards



The information contained in this electronic mail message is confidential and may be legally privileged. It is intended solely for the addressee. Access to this internet electronic mail message by anyone else is unauthorised. If you are not the intended recipient, any disclosure, copying, distribution or any action taken or omitted to be taken in reliance on it is prohibited and may be unlawful. If you are the intended recipient the author requires you obtain his permission prior to forwarding it via email or printing and distributing it to any other parties. Commercial & Industrial Consultants Limited accepts no responsibility for any effect this email message or attachments has on the recipient network or computer system.

From: Official Information <officialinformation@hcc.govt.nz>
Sent: Thursday, 5 December 2024 1:08 pm
To: [REDACTED]
Cc: Official Information <officialinformation@hcc.govt.nz>
Subject: Final response - LGOIMA 441449 - [REDACTED] - Agreement between HCC and Hamilton Airport

Kia ora,

We refer to your information request below. Hamilton City Council provides the following response.

Your request:

We understand that Hamilton Airport is owned by HCC, Waipa and Waikato District Councils. These will be referred to as the "Councils".

Please provide the following:

- (1) *All shareholder agreement between the "Councils" and the airport*
- (2) *All reporting requirement between the "Councils" and the airports*
- (3) *Any and all contracts between the "Councils" and the Airport.*

Our response:

The Waikato Regional Airport Limited Group (comprising Hamilton Airport, Hamilton and Waikato Tourism, Titanium Park Limited and Waikato Regional Airport Hotel Limited) operates as a limited liability company, with the following five local council shareholders:

Council	Shareholding
Hamilton City Council	50.00%
Matamata-Piako District Council	15.63%
Waikato District Council	15.63%
Waipā District Council	15.63%
Ōtorohanga District Council	3.13%

Waikato Regional Airport Limited (WRAL) is a Council-Controlled Organisation (CCO), as determined by one of more local authorities controlling 50% or more of the voting rights.

This response is related to Hamilton City Council's interest in WRAL:

- Hamilton City Council confirmed its CCO interest in WRAL via the 2024-34 Long-Term Plan. [Refer page 204 Hamilton City Council 2024-2034 Long-Term Plan](#)
- Hamilton City Council requires six monthly reporting from all CCOs, as confirmed in its governance structure, approved by Council. [Refer page 21 of 2022-2025 Triennium Terms of Reference and Delegation for Council and Committees of Council.](#)
- Hamilton City Council manages and monitors its investment in WRAL by reviewing statement of intents and six monthly and annual reports. These documents are publicly available.
 - [WRAL statement of intent \(2024-2025\)](#)
 - [WRAL Annual report \(1 July 2023 – 30 June 2024\)](#)

In addition, WRAL holds a company constitution, which is available on the NZ Companies Office linked [here](#).

Hamilton City Council hold no other contracts with WRAL.

As per the below we have transferred this request to other Councils that have shares in the Airport and they will respond to you directly.

You have the right to seek an investigation and review by the Ombudsman of this decision. Information about how to make a complaint is available at www.ombudsman.parliament.nz or freephone 0800 802 602.

Ngaa mihi

Keeley Faulkner

Official Information Advisor & Legal Support Officer

Legal services

Governance & Assurance Team | Partnerships, communication & Maaori

Email: officialinformation@hcc.govt.nz



Hamilton City Council | Private Bag 3010 | Hamilton 3240 | www.hamilton.govt.nz



[Like us on Facebook](#)



[Follow us on Twitter](#)

This email and any attachments are strictly confidential and may contain privileged information. If you are not the intended recipient, please delete the message and notify the sender. You should not read, copy, use, change, alter, disclose or deal in any manner whatsoever with this email or its attachments without written authorisation from the originating sender. Hamilton City Council does not accept any liability whatsoever in connection with this email and any attachments including in connection with computer viruses, data corruption, delay, interruption, unauthorised access or unauthorised amendment. Unless expressly stated to the contrary the content of this email, or any attachment, shall not be considered as creating any binding legal obligation upon Hamilton City Council. Any views expressed in this message are those of the individual sender and may not necessarily reflect the views of Hamilton City Council.

I support flexibility at work. While it suits me to send this email now, I don't expect a response outside of your own working hours.

From: Official Information <officialinformation@hcc.govt.nz>

Sent: Tuesday, November 19, 2024 9:08 AM

To: [REDACTED]

Cc: Official Information <officialinformation@hcc.govt.nz>

Subject: Transferred request - LGOIMA 441449 - [REDACTED] - Agreement between HCC and Hamilton Airport

Kia ora [REDACTED]

As you are asking about all shares, reports and contracts in regard to the Hamilton Airport, we have transferred this request to the other councils that have shares in the Hamilton Airport. The Councils are Hamilton City Council, Matamata Piako District Council, Waikato District Council, Waipa District Council and Otorohanga District Council.

Currently I have heard back for Waikato District Council and Matamata Piako District Council, and they have accepted the transfer. Once I hear back from the other councils I will inform you.

Hamilton City Council will still be providing a response for this request.

You have the right to seek an investigation and review by the Ombudsman of this decision.

Information about how to make a complaint is available at www.ombudsman.parliament.nz or freephone 0800 802 602.

Ngaa mihi

Keeley Faulkner

Official Information Advisor & Legal Support Officer

Legal services



Hamilton City Council | Private Bag 3010 | Hamilton 3240 | www.hamilton.govt.nz

[Like us on Facebook](#) [Follow us on Twitter](#)

This email and any attachments are strictly confidential and may contain privileged information. If you are not the intended recipient, please delete the message and notify the sender. You should not read, copy, use, change, alter, disclose or deal in any manner whatsoever with this email or its attachments without written authorisation from the originating sender. Hamilton City Council does not accept any liability whatsoever in connection with this email and any attachments including in connection with computer viruses, data corruption, delay, interruption, unauthorised access or unauthorised amendment. Unless expressly stated to the contrary the content of this email, or any attachment, shall not be considered as creating any binding legal obligation upon Hamilton City Council. Any views expressed in this message are those of the individual sender and may not necessarily reflect the views of Hamilton City Council.

I support flexibility at work. While it suits me to send this email now, I don't expect a response outside of your own working hours.

From: Colin Jones <colin@cicl.co.nz>
Sent: Monday, November 18, 2024 10:13 AM
To: Official Information <officialinformation@hcc.govt.nz>
Subject: Agreement between HCC and Hamilton Airport

Good morning. We understand that Hamilton Airport is owned by HCC, Waipa and Waikato District Councils. These will be referred to as the "Councils".

Please provide the following:

1. All shareholder agreement between the "Councils" and the airport
2. All reporting requirement between the "Councils" and the airports
3. Any and all contracts between the "Councils" and the Airport.

Many thanks

Kind Regards



The information contained in this electronic mail message is confidential and may be legally privileged. It is intended solely for the addressee. Access to this internet electronic mail message by anyone else is unauthorised. If you are not the intended recipient, any disclosure, copying, distribution or any action taken or omitted to be taken in reliance on it is prohibited and may be unlawful. If you are the intended recipient the

author requires you obtain his permission prior to forwarding it via email or printing and distributing it to any other parties. Commercial & Industrial Consultants Limited accepts no responsibility for any effect this email message or attachments has on the recipient network or computer system.



Hamilton
International Airport

**Annual Report
2013**

CONTENTS

RESULTS AT A GLANCE	1
CHAIRMAN'S AND GENERAL MANAGERS' ANNUAL REPORT	3
STRATEGIC INTENT	10
1. Deliver sustainable airport operations for the central North Island	11
2. Protect and grow Hamilton International Airport's national and international connectivity according to demand	12
3. Utilise airport property to enable economic development in the region	13
4. Protect and develop airport capability	14
5. Deliver value to our customers	15
6. Enable our people to deliver	16
7. Support regional tourism	17
DIRECTORS	18
MANAGEMENT TEAM	18
FINANCIAL STATEMENTS	19
PERFORMANCE TARGETS	58
STATUTORY INFORMATION	60
AUDIT REPORT	63
FIVE YEAR REVIEW	66
CORPORATE DIRECTORY	67



2013 RESULTS AT A GLANCE

KEY FACTS

\$570K (up 50%)

*Statement of Intent target of \$200k
Total comprehensive income up 50% on 2012*

\$2.31M (down 24%)

Statement of Intent target of \$2.30m

Earnings before interest, tax, depreciation and amortisation down \$737k on 2012

119K

Aircraft movements up sixteen thousand from 2012

295K

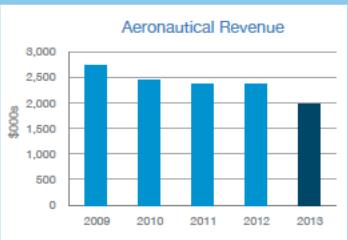
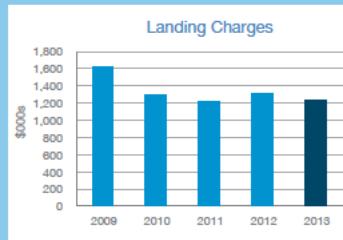
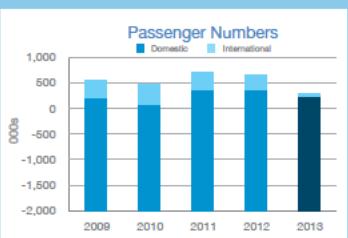
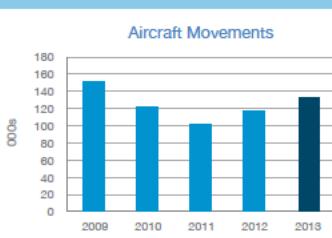
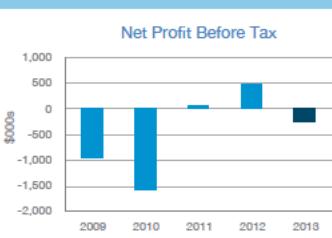
Domestic passenger numbers down 7% on 2012

38K

*International passenger numbers down 70% from 2012
Virgin Australia ceased international services in October 2012*

Achievements/Projects

Acquisition of strategically important aeronautical buildings (Hamilton Aero Maintenance), reduction in core bank debt of \$200k, first full year of online car park booking system operation saving travellers over \$44k (average discount of 25% on standard parking rates), construction of Stage 1 of Titanium Park Central Precinct







CHAIRMAN'S AND GENERAL MANAGERS' ANNUAL REPORT

The aviation industry is renowned for constant change and upheaval, resulting from factors both controllable and uncontrollable. During 2012/13, Hamilton International Airport (HIA) has experienced a series of significant changes and challenges, including the withdrawal of international services last year by Virgin Australia, and declining domestic passenger numbers.

In response to these challenges, a new strategic plan for HIA has been developed by the Board and Executive to ensure that the airport grows and remains a valuable economic contributor to the region. This plan, whilst largely reconfirming the strategic imperatives that had previously been adopted, specifically provides for the protection of the financial stability of the Company. Furthermore, the key growth opportunities that the Company has identified are clearly articulated and focused upon. The Statement of Intent agreed with the shareholders for the 2013/14 year is based upon this plan.

In line with the Company's strategic plan, management is focused on five key objectives:

- Ensuring a safe and compliant airfield
- Continued development of both domestic and potential international scheduled services
- Development of relationships with key stakeholders, both nationally and internationally
- Identification of international freight opportunities
- Property development, working with our Titanium Park Joint Venture partners

In December 2012, Chris Doak, the Chief Executive since 2007, left the employ of the Company. The Board reviewed the management structure of the business and appointed George Clark as General Manager – Commercial and Simon Hollinger as General Manager – Operations to lead the Company.



JOHN BIRCH - Chairman



FINANCIAL PERFORMANCE

Total Comprehensive Income for the year was \$570,000 (exceeding the achievement in 2011/12 of \$378,000). This compares with the target of \$200,000 as stated in the airport's 2012/13 Statement of Intent.

Operating income was adversely affected by two key factors, being Virgin Australia's discontinuation of international services in October last year, and declining passenger numbers on the Air New Zealand domestic routes from Hamilton (down 9.3% on the previous year). These circumstances have also had a detrimental effect upon a number of the supporting businesses at the airport.

While operating revenue has been reduced by \$751,000 compared with last year's revenue, \$530,000 of this reduction is directly attributable to the loss of international flights. Furthermore, an estimated \$80,000 was lost through retail concessions and car parking. The second tranche arising from the sale made in 2011 of the Raynes Precinct within Titanium Park resulted in net revenue to the group of \$274,000. The third tranche is due in April 2014.

At \$7.47m, total expenditure including depreciation has been contained

at 0.5% below that of last year; this despite the inclusion of restructuring costs during the year.

The airport's core debt facility for the parent Company has been reduced by \$200,000 during the year, from \$6.3m to \$6.1m. A further debt facility of \$1.6m was arranged with BNZ to assist with the acquisition of the aviation maintenance buildings at the airport, previously owned by Hamilton Aero Maintenance Limited.

Despite the reduction in operating revenue, net cash flow from operating activities was a positive \$681,000. Capital expenditure of \$2.2m included the acquisition of the buildings detailed above. Inclusive of the proceeds from borrowings of \$1.6m, the group's cash position for the year decreased by only \$21,000.

PASSENGER NUMBERS

The number of passengers using the airport during the year was 306,000. While the number of international passengers totalled 11,400 for the period July to October 2012 compared with 38,400 for the full 2011/12 year, this was over 98% of the number achieved during the equivalent four months in 2011.



The airport's domestic routes, mainly Wellington and Christchurch, experienced a reduction in capacity during the year, and our total domestic passenger numbers (294,500) fell 6.7% from the previous year's total.

PASSENGER SERVICES

The online car park booking system is now in its second year of operation and to date has saved travellers \$44,000 in car parking costs. This is an average saving of 25% and in some cases a saving of up to 63%. Despite the airport's intention of discounting car park revenue, total revenue has actually increased on a per passenger basis, suggesting parking at the airport is now a more affordable and convenient option for travellers compared with other means of getting to and from the airport. New parking products are constantly being evaluated, with the aim of giving travellers more opportunities to save on their travel costs.

PRICING REVIEW

Under the Airport Authorities Act 1966, the airport is required to consult with substantial customers every five years on aeronautical pricing. The airport commenced this process with its customers in early 2013 and is now at an advanced stage of this process, working in particular with Air New Zealand.

AIRPORT OPERATIONS

The airport continues to meet its certification obligations with successful Safety Audit Reports undertaken this year by the Civil Aviation Authority.

Runway Designation: Following approvals gained in 2011 to extend the



airport's runway to 3000m, the airport has been working through three designation appeals. During the 2012/13 year, one of these appeals was resolved (with a second resolved shortly after balance date). The Company continues to work with external parties to agree a satisfactory outcome on the third appeal.

Runway Pavement Overlay: The airport's Statement of Intent 2013/14 provided for up to \$5.5m capital expenditure for the year for the maintenance overlay of the main runway and aircraft apron. Subsequent to balance date, the scoping of this project has been completed with





invitations to tender extended to three contractors. Tender submissions have been received and evaluated, and the project has been awarded to Downer EDI Limited. This project is due to commence in late January 2014.

GENERAL AVIATION AND PILOT TRAINING

The Western Precinct, home of General Aviation, remains an important and busy part of the airport. Alpha Aviation Limited is returning to the Western Precinct of the airport following its recent purchase of a building in Steele Road. As a manufacturer of light trainer aircraft, Alpha Aviation is an important component of the aviation cluster.

In January 2013, the Company acquired the large aircraft hangars

and other buildings occupied by Hamilton Aero Maintenance Limited (Ham Aero). The buildings in question are strategically important to the airport and the growth of the general aviation and commercial sector. The main hangar is capable of housing a Boeing 737 or an Airbus A320 aircraft. Ham Aero has been a significant business partner of the airport for many years and will remain as the long-term lessee of the premises.

Aircraft movements at the airport this year totalled 133,000, compared with 119,000 in the 2011/12 year, being an increase of 12% on the back of increased levels of pilot training, predominantly at CTC Aviation Training (NZ) Limited.





The Waikato Aero Club remains an important contributor to the airport community with its own pilot training programmes, which, along with those of CTC, are highly regarded within the aviation industry.

PROPERTY DEVELOPMENT

The year saw a number of developments on the airport precinct. Following the sale of the Raynes Precinct of Titanium Park to internet-based marketing company Torpedo7 in 2011, construction of its first 12,000m² warehouse was completed in April of this year, bringing over 100 employees to the area. In September 2012, Stage One of Titanium Park Central Precinct (adjacent to the airport terminal and car park) was constructed, being 250m of roading and infrastructure. Freehold and leasehold properties are now being marketed with one significant site being sold subsequent to balance date.

The airport continues to work closely with its Titanium Park Joint Venture partner on the development and marketing of the business park surrounding the airport. Of critical importance to both the airport and the

Joint Venture is the resolution on the zoning classification and timing thereof of the Titanium Park Northern Precinct. This and other areas of nearby land have been the subject of a special report prepared for Future Proof, whose stakeholders include local city, district and regional councils as well as the NZ Transport Association. Decisions made in finalising the Waipa District Plan regarding the Northern Precinct will have a significant effect on the airport's longer term financial position.

HAMILTON & WAIKATO TOURISM

This has been another successful year of operation for the airport's subsidiary company, Hamilton & Waikato Tourism (HWT), which works closely with the region's seven local authorities and the tourism industry. This regional partnership has benefited from a combined investment of \$1.2m, which has enabled a collaborative approach to promoting the Hamilton & Waikato region to domestic, international and business tourism visitors.

There have been some extremely pleasing results for the region, albeit





within a tough environment for New Zealand's tourism sector. HWT's leadership and regional coordination has provided opportunities and value to partners across a range of marketing activities and development initiatives.

The Hamilton & Waikato region has also recorded positive growth in the number of international visitor nights and expenditure. The number of domestic visitor nights declined slightly and expenditure maintained similar levels to that of the previous year, although slightly below national averages. The region has experienced pleasing growth in the business tourism sector, ending the year with 11% market share of delegate days, which is above the forecast target.

HWT has continued its close relationship with the airport management team, working together on a number of strategic projects and joint activities over the last twelve months. This relationship has significant benefits for both organisations.

Key highlights for the year include:

- The release of the first Hobbit movie resulted in the region experiencing significant trade and media exposure, with one of New Zealand's premier attractions, the Hobbiton Movie Set, based in the region
- Hosting over 105 international media representatives
- Hosting over 350 international travel trade personnel and providing them with training on regional tourism products
- Successful implementation of domestic campaigns – Explore Your Own Backyard and Short Escapes
- Increasing awareness and appeal of the region for Business Tourism events, resulting in strong growth in the number of conferences and delegate days in the region



- Participation in a \$1.9m "Tour the North" campaign in Australia in conjunction with four other upper North Island regions and Tourism New Zealand
- Investment of \$350,000 from the region's tourism industry in HWT's activities

This has been a year of significant progress and growth for the region's tourism activities.

We would take this opportunity to express our gratitude to the Board of HWT and Kiri Goulter and her team. We also thank HWT's Council partners for their continued commitment and support of the organisation and the tourism industry over the last twelve months.

GOVERNANCE

At the Annual General Meeting held on 31 October 2012, it was advised that Greg Thompson wished to retire as a director of Waikato Regional Airport Limited (WRAL). Greg agreed to remain a director until a suitable replacement could be engaged. We can confirm that Greg resigned as at 28 April 2013. Greg has made an outstanding contribution to the Company over the past two years, bringing significant commercial and legal experience to the board table, particularly with respect to property development. Greg also acted as WRAL's representative on the Titanium Park Joint Venture board. We thank him sincerely for his valuable input and support.

Margaret Devlin was appointed, by the shareholders, as Greg's replacement on the board of WRAL. We take this opportunity to formally welcome Margaret to WRAL.

Each year, the Waikato branch of the Institute of Directors in New Zealand (Inc.) calls for applications for the Waikato Aspiring Director Award. This award provides valuable training and a twelve-month director development position on the board of a local business. In 2012, Simon Lockwood was the winner of the award and he has spent the past year attending and participating in WRAL board meetings. The Board was pleased to support this initiative to help develop young governance talent. We thank Simon for his contribution and wish him well for any future directorships that he may engage in.

AIRPORT STAFF

This year we welcomed Hayden White as our new Accountant, and Ian Corlett was appointed Senior Operations Officer. Ian has served for the past 13 years as a Rescue Fire and Security Officer at the airport. With 8 years service with the Company, Brent Austin has taken over the role of Senior Rescue Fire Officer.



The Board would like to acknowledge the significant contribution that the airport's staff continue to make to ensure the safe and efficient operation of the airport. The management and finance team, the Rescue Fire Service crew, the Paper Plus store staff and the team at Hamilton & Waikato Tourism have all shown real passion and dedication to the business during a challenging year.

OUTLOOK FOR COMING YEAR

As a significant economic enabler to the Waikato region, the airport is highly focused on the key objectives outlined at the beginning of this report. The development of services to meet the needs of Waikato travellers and international tourists, and the establishment of a trans-Tasman freight operation from the airport both remain high priority long-term projects.

The financial return on property has become a key component of the airport's profitability (as is the case with most airports); therefore, we will be continuing to make significant effort during the 2013/14 year to attract business to Titanium Park.

The changing dynamics of international travel from the Asian region is already having pronounced effects on tourism markets throughout the world. Both Australia and New Zealand are preparing at governmental, tourism industry and airport levels for these unprecedented changes in international travel. Hamilton International Airport and Hamilton & Waikato Tourism will continue to work closely with their stakeholders to ensure our region benefits in the long term from this fundamental change in the travel market.

J.C. BIRCH
Chairman

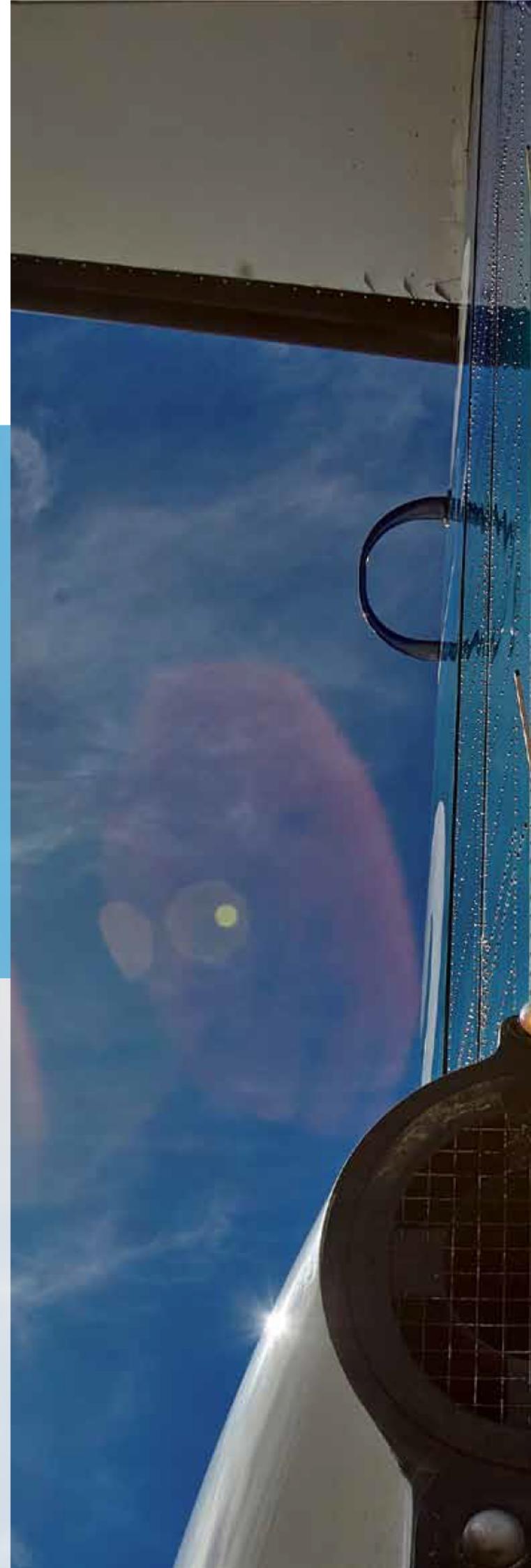
G.E. CLARK
General Manager
Commerical

S.J. HOLLINGER
General Manager
Operations

STRATEGIC INTENT

The Company has identified seven strategic imperatives that underpin the strategic intent of the business:

1. Deliver sustainable airport operations for the central North Island
2. Protect and grow Hamilton International Airport's national and international connectivity according to demand
3. Utilise airport property to enhance the commercial status of the Company and encourage economic development in the region
4. Protect and develop airport capability
5. Deliver value to our customers (airlines, travellers and tenants)
6. Enable our people to deliver
7. Support regional tourism





1. DELIVER SUSTAINABLE AIRPORT OPERATIONS FOR THE CENTRAL NORTH ISLAND

Objectives:

- Operate Hamilton International Airport (“HIA”) efficiently on sound business principles and in accordance with the safety provisions of the Aerodrome Certification as required under Civil Aviation rule Part 139
- Ensure the company has the appropriate financial structure to reflect the specific business and industry risk
- Continue to seek opportunities to diversify revenue in areas consistent with core business
- Maintain appropriate cost and pricing models and review aeronautical pricing
- Operate a safe and secure airport environment
- Manage business and regulatory risk
- Carry out annual condition assessment of the Company’s runway and pavement areas to ensure maintenance is planned and carried out in accordance with best practice
- Act as a good corporate citizen

Achievements:

- Ensured full compliance with Civil Aviation Aerodrome Certification requirements
- Acquired strategically important aeronautical buildings at the airport, further enhancing revenue diversification
- Completed annual review of the airport banking facility arrangement
- Commenced aeronautical pricing review consultation process with substantial customers
- Completed restructure of senior management team in support of strategic plan objectives
- Supported international airline Virgin Australia until cessation of services in October 2012
- Annual assessment of the airport’s runway and pavement areas completed

2. PROTECT AND GROW HAMILTON INTERNATIONAL AIRPORT'S NATIONAL AND INTERNATIONAL CONNECTIVITY ACCORDING TO DEMAND

Objectives:

- Promote HIA capability to national and international operators
- Maintain and grow international flights to / from Hamilton airport according to regional demand seeking suitable partnership(s)
- As required by demand, maintain and grow domestic services to the region and where possible seek to influence competitive airfares, potential new destinations, and increased frequency
- Influence effective feeder transport networks to / from HIA
- Develop long term freight operations according to regional demand

Achievements / Outcomes:

- Reviewed national and international opportunities for passenger flights with other regional airports
- Completed evaluation of route development opportunities for domestic services
- Commenced assessment of international freight opportunities
- Decision taken by Virgin Australia to cease services from Hamilton International Airport from 28 October 2012





3. UTILISE AIRPORT PROPERTY TO ENHANCE THE COMMERCIAL STATUS OF THE COMPANY AND ENCOURAGE ECONOMIC DEVELOPMENT IN THE REGION

Objectives:

- Sell identified non-strategic land, while seeking to protect strategic aeronautical land
- Work with development agencies and the Aviation Industry Cluster to promote business activity around the airport
- Develop and facilitate appropriate infrastructure for commercial enterprises on airport land where commercially viable
- Promote the airport and Titanium Park as a regional freight / transport hub including potential future rail links
- Support the Titanium Park Joint Venture to sell and lease land for development

Achievements:

- Construction of Stage I of Titanium Park's Central Precinct completed. First sale of land made post-balance date
- Settlement of the second of four tranches in April 2013 for the Raynes Precinct of Titanium Park
- Continued Marketing of Titanium Park – Central and Western Precincts
- Return of Alpha Aviation Manufacturing Limited to the airport precinct following their acquisition of premises on the airport's Western Precinct
- Major focus by both the airport and its Titanium Park joint venture partner on the submissions and review of the draft Waipa District Plan with regard to Titanium Park's Northern Precinct

4. PROTECT AND DEVELOP AIRPORT CAPABILITY

Objectives:

- A private plan change to preserve the right to extend the runway pavement from 2,195m to 2,984m was considered and approved by independent commissioners in 2011. The private plan change achieved a reduction in area and slight elongation of the airport noise boundaries, amendments to the obstacle limitation surface, and rezoning of land from rural to airport aeronautical. The future runway extension option will protect the airport's ability to enter the market for long-haul airlines, and freight operations in the future. This is a multi-year project
- Provide and deliver appropriate infrastructure for General Aviation aircraft use
- Ensure infrastructure (eg. Runway End Safety Area) meets CAA requirements

Achievements:

- Successful resolution of two of the three appeals against Plan Change 69 for the extension of the runway
- Confirmation of the design, tendering and contract selection for the runway maintenance overlay (to be completed in early 2014)
- Scoping and planning for installation of navigational aid lighting





5. DELIVER VALUE TO OUR CUSTOMERS

Objectives:

- Provide quality retail services within the terminal
- Maintain the terminal as a clean, safe and secure environment
- Ensure availability of the airport at all times (controllable events)
- Maintain effective and commercial partnerships with terminal tenants

Achievements:

- First full year of operating online car park booking system to provide for discounted parking
- Airport 100% available for controllable events (excluding weather)
- Continued on-going coordination with the Community Liaison Group noise management committee to ensure all local community concerns are addressed
- Monitored customer feedback, complaints, and appreciations - delivering remedial activity when appropriate
- Successfully negotiated numerous tenancy agreements with customer service providers within the terminal

6. ENABLE OUR PEOPLE TO DELIVER

Objectives:

- Have ethical skilled staff to deliver the strategic plan
- Foster accountability and performance as core values
- Develop working environment where staff feel valued and achieve

Achievements:

- Completion by all Rescue Fire Security (RFS) Officers of 'Airport Live Fire Training' course
- National Certificate Level II in Fire and Rescue Services Airport achieved by two RFS Officers and Level III by one Officer
- Participation by Management on the Board of New Zealand Airports Association
- Attendance at aviation and airport industry conferences
- Career development and training opportunities for staff encouraged and supported by the company



7. SUPPORT REGIONAL TOURISM

Objectives:

- To support domestic and international visitor attraction initiatives
- Promote Hamilton International Airport as a gateway to the central North Island
- Liaise with other central North Island stakeholders for the benefit of increasing international and domestic visitors
- As a 100% shareholder in the Regional Tourism Organisation, ensure strategy and daily thereof is consistent with shareholder objectives

Achievements:

- Second highly successful year of operation for the airport's subsidiary company, Hamilton & Waikato Tourism (HWT)
- Secured \$1.2m in funding from the tourism industry and the region's seven local authorities
- Positive growth in international visitor nights and expenditure in the region
- Successful implementation of domestic tourism campaigns
- Explore your own Backyard
- Short Escapes
- Participation in a \$1.9m "Tour the North" campaign in Australia, in conjunction with other upper North Island regions and Tourism New Zealand
- Hosting and training of over 350 international travel trade representatives on regional tourism products
- Significant trade and media exposure to Hobbiton Movie Set following the release of the first Hobbit movie
- Awareness of the region's capability and attractiveness as a destination for conferences has risen considerably during the year, with HWT's Convention Bureau staff playing an integral role in this success
- Technological improvements to the hamiltonwaikato.com website, include user engagement facilities, campaign tracking and measurement, an online booking function for accommodation establishments as well as redevelopment of the website's operating platform to include being 'mobile' responsive. These have all assisted in lifting the profile and tourism offerings of the Waikato region

BOARD OF DIRECTORS



JOHN BIRCH
Chairman



ALASTAIR CALDER
Director



GAY SHIRLEY
Director



MARGARET DEVLIN
Director

AIRPORT MANAGEMENT



GEORGE CLARK
General Manager – Commercial



SIMON HOLLINGER
General Manager – Operations

TOURISM MANAGEMENT



KIRI GOULTER
Chief Executive



REBECCA EVANS
Marketing Manager

INDEX TO THE FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED BALANCE SHEET

CONSOLIDATED STATEMENT OF CASH FLOWS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Notes to the Financial Statements

1. Statement of Accounting Policies
2. Payables and Accruals
3. Trade and Other Receivables
4. Commitments
5. Contingent Liabilities
6. Cash and Cash Equivalents
7. Term Deposits
8. Work in Progress – Development Property
9. Property, Plant & Equipment
10. Term Liabilities
11. Equity
12. Loans to Subsidiaries
13. Investment in Subsidiaries
14. Related Party Transactions
15. Events Occurring After Balance Date
16. Operating Revenue
17. Other Gains/(Losses)
18. Financial Instruments
19. Reconciliation of Net Surplus After Tax to Net Cash from Operating Activities
20. Depreciation & Amortisation of Assets by Class
21. Income Taxation
22. Deferred Tax Liabilities
23. Other Assets
24. Employee Benefit Expenses
25. Employee Entitlements
26. Lease Receivables Commitments
27. Derivative Financial Instruments
28. Other Financial Assets
29. Properties Available for Sale
30. Investment Property
31. Intangible Assets
32. Asset Impairment
33. Directors' Fees
34. Donations
35. Performance Targets and Results

PERFORMANCE TARGETS AND RESULTS

STATUTORY INFORMATION

AUDIT REPORT

FIVE YEAR REVIEW

CORPORATE DIRECTORY

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2013

	NOTE	2013	PARENT \$'000	2013	GROUP \$'000
			2012		2012
REVENUE					
Operating revenue	16	5,270	5,898	6,521	7,272
Other gains	17	393	255	393	130
Land sales – Titanium Park		0	0	274	560
Finance income		421	415	37	21
Total Revenue		6,084	6,568	7,225	7,983
EXPENSES					
Operating expenses		1,909	2,072	2,651	2,798
Employee benefit expenses	24	1,540	1,482	1,943	1,886
Bad debts written off		1	1	3	1
Depreciation and amortisation	20	1,908	1,849	1,910	1,849
Directors' fees	33	100	104	143	129
Finance costs		651	735	653	735
Remuneration of auditor - financial statements		66	61	95	85
Other losses	17	77	30	77	30
Total Expenses		6,252	6,334	7,475	7,513
OPERATING SURPLUS BEFORE TAXATION					
Taxation	21	(103)	(191)	(69)	92
OPERATING SURPLUS AFTER TAXATION		(65)	234	(250)	470
Gain/(loss) on property revaluation	11	751	0	751	0
Total Other Comprehensive Income		751	0	751	0
TOTAL COMPREHENSIVE INCOME		686	425	570	378
Total comprehensive income attributable to					
Equity holders of the parent		686	425	570	378

The attached Statement of Accounting Policies and Notes form part of, and are to be read in conjunction with the Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2013

	NOTE	PARENT \$000		GROUP \$000	
		2013	2012	2013	2012
Balance at 1 July		62,502	62,077	59,162	58,784
Total comprehensive income		686	425	570	378
BALANCE AT 30 JUNE		63,188	62,502	59,732	59,162
 Total comprehensive income attributable to					
Equity holders of the parent		686	425	570	378

The attached Statement of Accounting Policies and Notes form part of, and are to be read in conjunction with the Financial Statements.

CONSOLIDATED BALANCE SHEET

As at 30 June 2013

	NOTE	PARENT \$'000		GROUP \$'000	
		2013	2012	2013	2012
EQUITY					
Share capital	11	14,860	14,860	14,860	14,860
Asset revaluation reserve	11	28,677	27,926	28,677	27,926
Retained earnings	11	19,651	19,716	16,195	16,376
Total Equity		63,188	62,502	59,732	59,162
<i>Represented by:</i>					
CURRENT ASSETS					
Cash and cash equivalents	6	257	203	902	923
Trade and other receivables	3	2,161	1,769	633	635
Prepayments		127	122	127	122
Properties available for sale	29	0	35	0	35
Inventories		108	107	108	107
Term deposits	7	0	0	160	160
Work in progress – development property	8	0	0	12,296	11,754
		2,653	2,236	14,226	13,736
CURRENT LIABILITIES					
Term liabilities – current portion	10	75	0	2,160	1,980
Deferred property settlement	10	0	0	500	0
Derivative financial instruments	27	609	1,002	609	1,002
Payables and accruals	2	642	702	1,250	1,268
Employee entitlements	25	140	153	176	187
Income in advance		246	210	256	210
		1,712	2,067	4,951	4,647
WORKING CAPITAL SURPLUS		941	169	9,275	9,089

CONSOLIDATED BALANCE SHEET continued

As at 30 June 2013

	NOTE	PARENT \$000		GROUP \$000	
		2013	2012	2013	2012
NON CURRENT ASSETS					
Property, plant and equipment	9	61,506	60,661	61,561	60,661
Investment property	30	3,750	3,645	3,750	3,645
Other financial assets	28	26	27	26	27
Intangible assets	31	25	46	25	46
Investment in subsidiaries	13	4,750	4,750	0	0
Loans to subsidiaries	12	7,210	7,157	0	0
Other assets	23	111	120	111	120
		77,378	76,406	65,473	64,499
NON CURRENT LIABILITIES					
Term loans	10	7,601	6,300	7,601	6,300
Deferred property settlement	10	0	0	0	500
Deferred taxation	22	7,530	7,773	7,415	7,626
		15,131	14,073	15,016	14,426
NET ASSETS		63,188	62,502	59,732	59,162

The attached Statement of Accounting Policies and Notes form part of, and are to be read in conjunction with the Financial Statements.



Director
11 September 2013



Director
11 September 2013

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2013

	NOTE	2013	PARENT \$000	GROUP \$000	2012
CASH FLOW FROM OPERATING ACTIVITIES					
Operating revenue		5,286	5,984	6,866	8,921
Interest received		15	5	37	21
Payments to suppliers and employees		(3,624)	(4,195)	(4,761)	(5,017)
Income taxes refunded (paid)		(188)	0	(226)	(35)
GST (net)		(21)	(31)	(46)	(49)
Interest paid		(645)	(793)	(647)	(1,433)
Costs of development property		0	0	(542)	(793)
Net cash from operating activities	19	823	970	681	1,615
CASH FLOW FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		50	96	16	96
Loans to subsidiary		(53)	(52)	0	0
Purchase of property, plant and equipment		(2,143)	(695)	(2,199)	(696)
Net cash from investing activities		(2,146)	(651)	(2,183)	(600)
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from borrowings		1,600	0	1,600	0
Repayment of borrowings		(224)	(400)	(119)	(403)
Net cash from financing activities		1,376	(400)	1,481	(403)
Net increase in cash and cash equivalents		53	(81)	(21)	612
Cash and cash equivalents at the beginning of the year		204	285	923	311
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	6	257	204	902	923

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

Last year's Cash Flows from Operating Activities for the group includes inter-entity transactions amounting to \$1.2 million that were not eliminated on consolidation. This year's inter-entity transactions are fully eliminated on consolidation. There is no impact on total Cash Flows from Operating Activities.

The attached Statement of Accounting Policies and Notes form part of, and are to be read in conjunction with the Financial Statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2013

1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

The financial statements are those of Waikato Regional Airport Limited (trading as Hamilton International Airport). Waikato Regional Airport Limited ('the Company') is a company registered under the Companies Act 1993, and a reporting entity for the purposes of the Financial Reporting Act 1993 and a Council Controlled Organisation under the Local Government Act 2002.

The Group consists of Waikato Regional Airport Limited and its subsidiaries Titanium Park Limited ('TPL') and Hamilton & Waikato Tourism Limited ('HWTL').

The primary objective of Waikato Regional Airport Limited is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly, Waikato Regional Airport Limited has designated itself and the group as public benefit entities for the purposes of New Zealand equivalents to International Financing Reporting Standards (NZ IFRS).

The financial statements of Waikato Regional Airport Limited are for the year ended 30 June 2013. The financial statements were authorised for issue by the Board of Directors on 11 September 2013.

Basis for Preparation

The financial statements of the Company have been prepared in accordance with the Companies Act 1993, the Local Government Act 2002, the Airport Authorities Act 1966 and the Financial Reporting Act 1993.

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

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

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, infrastructure assets, investment property, and financial instruments (including derivative instruments).

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000). The functional currency of Waikato Regional Airport Limited and its subsidiaries is New Zealand dollars.

Subsidiary and Consolidation

The purchase method is used to prepare the consolidated financial statements, which involves adding together like item of assets, liabilities, equity, income and expenses on a line-by-line basis. All significant intragroup balances, transactions, income and expenses are eliminated on consolidation. TPL is a participant in Titanium Park Joint Venture and TPL's interest in the Joint Venture is accounted for using the line by line (proportionate) method of consolidation.

The Company's investment in its subsidiaries is carried at cost in the parent entity financial statements.

Specific Accounting Policies

The following particular accounting policies, which materially affect the measurement of financial results and financial position, have been applied:

a. Trade and Other Receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

b. Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the consolidated balance sheet.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2013

c. Inventories

Stock on hand has been valued at the lower of cost and net realisable value on a weighted average cost basis, after due allowance for damaged and obsolete stock. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

d. Property, Plant and Equipment

Property, plant and equipment consist of:

- Operational Assets — These include land, buildings, security fences, furniture and fittings, computer equipment, motor vehicles and plant and equipment.
- Infrastructure Assets — These include runways, aprons and taxiways, other paved areas and underground reticulated systems.

Property, plant and equipment is shown at cost, less accumulated depreciation and impairment losses.

Classification

There are ten classes of property, plant and equipment:

- Freehold Land
- Freehold Buildings
- Runways, Aprons and Taxiways
- Other Paved Areas
- Motor Vehicles
- Plant & Equipment
- Computer Equipment
- Furniture & Fittings
- Fencing
- Underground Reticulated Systems

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Company and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the surplus/loss.

Subsequent Costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation

Depreciation is provided on a straight line basis on all property, plant and equipment at rates that will write off the cost of the assets over their estimated useful lives.

The estimated useful lives of the major classes of assets are:

Buildings	5–59 years
Runways, Aprons and Taxiways	5–74 years
Other Paved Areas	9–14 years
Motor Vehicles	5–15 years
Furniture and Fittings	3–50 years
Plant and Equipment	2–50 years
Computer Equipment	2–6 years
Fencing	10–47 years
Reticulated Systems	4–74 years

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end. On 1 July 2012 the useful lives of runways, aprons & taxiways, other paved areas, and reticulated systems were adjusted to reflect the valuation undertaken on those assets at 30 June 2012.

Revaluation

Those asset classes that are revalued are valued on a five-yearly valuation cycle on the basis described below. All other assets are carried at depreciated historical cost. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value.

Operational Land and Buildings

At fair value determined from market-based evidence. All

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2013

valuations are undertaken or reviewed by an independent registered valuer and are usually carried out on a five-yearly cycle.

Infrastructure Assets

At fair value determined on a depreciated replacement cost basis by an independent registered valuer and are usually carried out on a five-yearly cycle.

e. Intangible Assets

Software Acquisition

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with the development and maintenance of the Company's website are recognised as an expense when incurred.

Amortisation

Computer software licences are amortised on a straight-line basis over their estimated useful life of 3 years. Amortisation begins when the asset is available for use and ceases at the date that the asset is disposed of. The amortisation charge for each period is recognised in the surplus/loss.

f. Taxation

Income tax expense in relation to the surplus or loss for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantively enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised

to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantively enacted by balance date.

Current tax and deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

g. Goods and Services Tax

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the balance sheet.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows. Commitments and contingencies are disclosed exclusive of GST.

h. Investments

Investments in bank deposits are initially measured at fair value plus transaction costs.

After initial recognition, investments in bank deposits are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised, are recognised in the surplus/loss.

At each balance date the Company assesses whether there is any objective evidence that an investment is impaired. Any impairment losses are recognised in the surplus/loss.

i. Employee Entitlements

Short-term benefits

Employee benefits that the Company expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2013

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

The Company recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that the Company anticipates it will be used by staff to cover those future absences.

The Company recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

j. Statement of Cash Flows

Operating activities include cash received from all income sources of the Company and record the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in equity and debt capital structure of the Company.

k. Operating Leases

Operating lease payments, where the lessors effectively retain substantially all of the risks and benefits of ownerships of the leased items, are recognised in the determination of the operating surplus in equal instalments over the lease term.

l. Revenue

Revenue is measured at the fair value of consideration received.

Operating Revenue

Operating revenue is recognised when earned.

Interest Income

Interest income is recognised using the effective interest method.

Rental Income

Rental Income arising on property owned by the Company is accounted for on a straight line basis over the lease term.

m. Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed.

n. Financial assets

The Company classifies its financial assets into the following four categories:

- Financial assets at fair value through profit or loss
- Held to maturity investments
- Loans and receivables
- Financial assets at fair value through other comprehensive income

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets are initially measured at fair value plus transaction costs unless they are carried at fair value through profit or loss in which case the transaction costs are recognised in the surplus/loss.

Purchases and sales of investments are recognised on trade date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used is the current bid price.

The fair value of financial instruments that are not traded in an active market are determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long term debt instruments

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2013

held. Other techniques, such as estimated discounted cash-flows, are used to determine fair value for the remaining financial instruments.

The four categories of financial assets are:

- **Financial assets at fair value through profit or loss**

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

After initial recognition they are measured at their fair values. Gains or losses on re-measurement are recognised in the surplus/loss.

Financial assets in this category include interest rate swaps.

- **Held to maturity**

Held to maturity investments are non-derivatives financial assets with fixed or determinable payments and fixed maturities that the Company has the positive intention and ability to hold to maturity.

- **Loans and receivables**

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition they are measured at amortisation cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the surplus/loss. Loans and receivables are classified as "trade and other receivables" in the balance sheet.

- **Financial assets at fair value through other comprehensive income.**

Financial assets at fair value through other comprehensive income are those that are designated into the category at initial recognition or are not classified in any of the other categories above.

After initial recognition these investments are measured at their fair value.

Gains and losses are recognised in other comprehensive income except for impairment losses, which are recognised in the surplus/loss.

On de-recognition the cumulative gains or losses previously recognised in other comprehensive income is reclassified from equity to the surplus/deficit.

- **Impairment of financial assets**

At each balance sheet date the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the surplus/loss.

- **Accounting for derivative financial instruments**

The Company uses derivative financial instruments to hedge exposure to interest rate risks arising from financial activities.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each balance date.

The gain or loss from re-measuring derivatives at fair value is recognised in the surplus/loss.

The Company is party to financial instruments with off balance sheet risk to meet financing needs. These financial instruments include a bank overdraft facility and interest rate swap agreements. The Company enters into interest rate swap agreements to reduce the impact of changes in interest rates on its borrowings. Any difference to be paid is accrued as interest rates change, and is recognised as a component of interest expense over the life of the agreement.

Revenues and expenses in relation to all financial instruments are recognised in the surplus/loss and are shown in the balance sheet at their estimated fair value.

- **Investment property**

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, the Company measures all

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2013

investment property at fair value as determined annually by an independent valuer.

Gains or losses arising from a change in the fair value of investment property are recognised in the surplus/loss.
Impairment of non-financial assets

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability to generate net cash inflows and where the entity would, if deprived of the asset, replace it's remaining future economic benefits or service potential.

The value in use for cash generating assets is the present value of expected future cashflows.

If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus/loss.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus/loss.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus/loss, a reversal of the impairment loss is also recognised in the surplus/loss.

For assets not carried at a revalued amount the reversal of an impairment loss is recognised in the surplus/loss.

r. Non Current assets held for sale

An asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather

than continuing use. On classification as 'Held for Sale', non current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell. Impairment losses on initial classification as 'Held for Sale' are included in the surplus/loss.

s. Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

t. Borrowings

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

u. Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

v. Critical accounting estimates and assumptions

In preparing these financial statements the Company has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Property, plant and equipment useful lives and residual values

At each balance date the Company reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2013

value estimates of property, plant and equipment requires the Company to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the Company, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset, therefore impacting on the depreciation expense recognised in the statement of comprehensive income, and carrying amount of the asset in the balance sheet. The Company minimises the risk of this estimation uncertainty by:

- physical inspection of assets;
- asset replacement programmes;
- review of second-hand market prices for similar assets; and
- analysis of prior asset sales.

The Company has not made significant changes to past assumptions concerning useful lives and residual values. The carrying amounts of property, plant and equipment are disclosed in note 9.

Changes in Accounting Policies

There have been no changes to accounting policies during the year.

Standards, amendments, and interpretations issued that are not yet effective and have not been early adopted by the Company are:

- NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 has been completed and has been published in the new financial standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the

surplus/deficit. The new standard is required to be adopted for the year ended 30 June 2016. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Company can elect to be either a Tier 2 or Tier 3 reporting entity. Tier 2 entities will comply with Public Benefit Entities (PBE) Accounting Standards Reduced Disclosure Regime. Tier 3 entities will comply with PBE Simple Format Reporting Standard – Accrual. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means the Company expects to transition to the new standards in preparing its 30 June 2015 financial statements. The Company has not assessed the implications of the new Accounting Standards Framework at this time. Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standards Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Company will be eligible to apply the reduced disclosure regime (Tier 2 reporting entity) in accordance with the new For-Profit Entities Accounting Standards. The effective date for the new standards for profit entities is for reporting periods beginning on or after 1 July 2014. Therefore, the Entity will transition to the new standards in preparing its 30 June 2015 financial statements. The Entity has not assessed the implications of the new Accounting Standards Framework at this time.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2013

2. PAYABLES AND ACCRUALS

	PARENT \$000		GROUP \$000	
	2013	2012	2013	2012
Accounts payable	365	393	365	647
Income tax payable	89	137	87	171
Accruals	188	172	798	450
Total Payables and Accruals	642	702	1,250	1,268

3. TRADE AND OTHER RECEIVABLES

	PARENT \$000		GROUP \$000	
	2013	2012	2013	2012
Gross trade and other receivables	439	419	633	635
Receivable from Titanium Park Limited (related party)	1,598	1,192	0	0
Receivable from Titanium Park Joint Venture (related party)	124	158	0	0
Less provision for impairment	0	0	0	0
Total Trade and Other Receivables	2,161	1,769	633	635

The carrying amount of receivables that are past due date, but not impaired, whose terms have been renegotiated is nil (2012: nil).

At balance date, all overdue receivables have been assessed for impairment and appropriate provisions applied as detailed below.

PARENT	2013 \$000			2012 \$000		
	Gross	Impairment	Net	Gross	Impairment	Net
Not past due	2,032	0	2,032	1,669	0	1,669
Past due 0-30 days	89	0	89	69	0	69
Past due 31-60 days	15	0	15	11	0	11
Past due 61-90 days	3	0	3	14	0	14
Past due > 91 days	22	0	22	6	0	6
Total	2,161	0	2,161	1,769	0	1,769

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2013

GROUP	2013 \$000			2012 \$000		
	Gross	Impairment	Net	Gross	Impairment	Net
Not past due	487	0	487	511	0	511
Past due 0-30 days	100	0	100	73	0	73
Past due 31-60 days	17	0	17	12	0	12
Past due 61-90 days	3	0	3	27	0	27
Past due > 91 days	26	0	26	12	0	12
Total	633	0	633	635	0	635

The Company holds no collateral as security or other credit enhancements over receivables that are either past due or impaired. The provision for impairment has been calculated based on expected losses for the Company's pool of debtors.

Expected losses have been determined on an analysis of the Company's losses in previous periods, and review of specific debtors. Those specific debtors that are insolvent are fully provided for. As at 30 June 2013 the Company has identified no debtors that are insolvent.

4. COMMITMENTS	PARENT \$000		GROUP \$000	
	2013	2012	2013	2012
Capital commitments				
Vehicle	0	0	18	0
	0	0	18	0
Lease commitments				
Share generator & cable	40	57	40	57
Vehicle	0	0	1	11
Office equipment	12	2	12	2
	52	59	53	70

OPERATING LEASE COMMITMENTS AS LESSEE	PARENT \$000		GROUP \$000	
	2013	2012	2013	2012
Less than 12 months	22	19	22	29
Between 1 and 5 years	30	40	31	41
Greater than 5 years	0	0	0	0
Total Operating Lease Commitments	52	59	53	70

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2013

5. CONTINGENT LIABILITIES

The Company and Group have no contingent liabilities (2012: nil).

6. CASH AND CASH EQUIVALENTS

	PARENT \$000		GROUP \$000	
	2013	2012	2013	2012
Cash on hand	8	7	9	7
Cash at bank	249	196	893	916
Total Cash and Cash Equivalents	257	203	902	923

7. TERM DEPOSITS

	PARENT \$000		GROUP \$000	
	2013	2012	2013	2012
Term deposits	0	0	160	160
Total Term Deposits	0	0	160	160

The balance is invested with the BNZ with a maturity date of 11 June 2014. Interest is earned at a rate of 4.20% per annum and is paid on maturity.

8. WORK IN PROGRESS – DEVELOPMENT PROPERTY

	PARENT \$000		GROUP \$000	
	2013	2012	2013	2012
Development property	0	0	12,296	11,754
Total Development Property	0	0	12,296	11,754

Development property includes freehold property and leasehold property and includes capitalised interest of \$1,613,038 (2012:\$1,007,867). Titanium Park Limited has leased 18.82 hectares of land from Waikato Regional Airport Limited for a lease term of 99 years or 50 years. The land has been used as an equity contribution to Titanium Park Joint Venture. The leasehold land has been accounted for as a purchase of property on the basis that this treatment reflects the economic substance of the transaction.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2013

9. PROPERTY, PLANT & EQUIPMENT

2013 \$'000	Opening Balance – 1 July 2012							Closing Balance – 30 June 2013			
	Cost Revaluation	Accumulated Depreciation	Carrying Amount	Additions	Reclassification	Disposals	Depreciation	Revaluation Movement	Cost Revaluation	Accumulated Depreciation	Carrying Amount
Land	22,157	0	22,157	40	(141)	0	0	751	22,807	0	22,807
Buildings	18,228	534	17,694	1,633	0	0	546	0	19,861	1,080	18,781
Vehicles	1,166	324	841	24	0	0	83	0	1,190	407	783
Runways, aprons and taxiways	16,190	813	15,377	197	0	0	820	0	16,387	1,633	14,754
Other paved areas	2,284	185	2,099	18	0	0	187	0	2,302	372	1,930
Plant and equipment	1,340	974	366	78	0	8	73	0	1,410	1,047	363
Computer equipment	158	130	28	58	0	5	20	0	211	150	61
Furniture and fittings	1,257	733	522	14	0	1	88	0	1,270	821	449
Fencing	562	69	493	0	0	0	36	0	562	105	457
Reticulated systems	1,105	20	1,085	70	0	0	34	0	1,175	54	1,121
Total Parent Company	64,444	3,782	60,661	2,132	(141)	14	1,887	751	67,175	5,669	61,506
Subsidiaries											
Vehicles	0	0	0	45	0	0	1	0	45	1	44
Computer equipment	1	0	1	3	0	0	1	0	4	1	3
Furniture and fittings	0	0	0	8	0	0	0	0	8	0	8
Total Subsidiaries	1	0	1	56	0	0	2	0	57	2	55
Total Group	64,445	3,782	60,662	2,188	(141)	14	1,889	751	67,232	5,671	61,561

The total amount of property, plant and equipment in a construction / development phase is \$1,201,051 (2012:\$1,043,134)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2013

2012 \$'000	Opening Balance – 1 July 2011							Closing Balance – 30 June 2012			
	Cost Revaluation	Accumulated Depreciation	Carrying Amount	Additions	Reclassification	Disposals	Depreciation	Revaluation Movement	Cost Revaluation	Accumulated Depreciation	Carrying Amount
Land	22,110	0	22,110	47	0	0	0	0	22,157	0	22,157
Buildings	18,224	5	18,219	4	0	0	529	0	18,228	534	17,694
Vehicles	1,157	265	892	32	0	23	78	0	1,166	324	841
Runways, aprons and taxiways	15,743	5	15,738	447	0	0	808	0	16,190	813	15,377
Other paved areas	2,264	0	2,264	20	0	0	185	0	2,284	185	2,099
Plant and equipment	1,317	903	414	23	0	0	71	0	1,340	974	366
Computer equipment	143	110	33	15	0	0	20	0	158	130	28
Furniture and fittings	1,243	645	598	14	0	0	88	0	1,257	733	522
Fencing	555	34	521	7	0	0	35	0	562	69	493
Reticulated systems	1,059	0	1,059	46	0	0	20	0	1,105	20	1,085
Total Parent Company	63,815	1,967	61,847	655	0	23	1,834	0	64,444	3,782	60,661
Subsidiaries											
Vehicles	0	0	0	0	0	0	0	0	0	0	0
Computer equipment	0	0	0	1	0	0	0	0	1	0	1
Furniture and fittings	0	0	0	0	0	0	0	0	0	0	0
Total Subsidiaries	0	0	0	1	0	0	0	0	1	0	1
Total Group	63,815	1,967	61,847	655	0	23	1,834	0	64,444	3,782	60,661

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2013

VALUATION

ASSET CLASS	VALUATION APPROACH	VALUER	FAIR VALUE \$000
Land	Fair market, highest and best use basis determined from prevailing market-based evidence and conditions	Quotable Value Limited	\$22,733
Building and Security Fencing	Fair market or, where appropriate, depreciated replacement cost	Quotable Value Limited	\$18,703
Runways, Taxiways, Aprons and Other Paved Areas	Optimised depreciated replacement cost	Beca Valuations Ltd	\$16,935
Reticulated Systems	Optimised depreciated replacement cost	Beca Valuations Ltd	\$1,020

The effective date of building and security fencing, runways, taxiways, aprons and other paved areas and reticulated systems valuations (excluding land) is 30 June 2011.

During the year land previously classified as properties available for sale was reclassified as property, plant and equipment. All land was revalued with an effective date of 30 June 2013 (\$22,732,500).

Due to minor assets not being revalued, there is a difference between the fair value disclosed for each asset class and the carrying amount.

Neither valuer has an interest or relationship with any party that would impair its objectivity or independence.

10. TERM LIABILITIES

BNZ Bank Loan Facilities

At 30 June 2013 the Company had the following facilities with the BNZ Bank:

- i. An overdraft facility of \$500,000 repayable on demand. The interest rate on this facility is the BNZ Bank's market connect overdraft base rate plus a margin.
- ii. A Customised Average Rate Loan (CARL) of up to \$9,500,000 that matures on 17 October 2015. The amount outstanding on this facility at 30 June 2013 was \$6,100,000 (2012:\$6,300,000).
- iii. A second Customised Average Rate Loan (CARL) of \$1,600,000 was entered into during the year. The CARL matures on 1 February 2018. The amount outstanding on this facility at 30 June 2013 was \$1,575,640.
- iv. An interest rate hedging facility which allows the Company to hedge the interest rate risk relating to the CARL.

These facilities are secured by a charge over uncalled capital, except for the \$1.6m CARL facility which is secured over buildings at Boyd Road, Hamilton.

At 30 June 2013 Titanium Park Joint Venture had a loan with the BNZ Bank. The amount outstanding on this facility at 30 June 2013 was \$4.135m (2012: \$3.960m). Interest is currently charged at the rate of 6.65% per annum. The facility expires on 14 May 2014.

The loan facility is secured by way of:

- A first ranking mortgage over the development land of Titanium Park Joint Venture excluding land purchased in 2008 from C H & M M Smith, and on which additional mortgage finance is held.
- A General Security Agreement over all property of Titanium Park Limited
- A General Security Agreement over all property of Titanium Park Development Limited
- An agreement for set-off and security interest in respect of deposits held with Bank of New Zealand by Titanium Park Limited and Titanium Park Development Limited

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2013

Deferred Property Settlement - Titanium Park Joint Venture

The Joint Venture has purchased a section of land which borders airport land and is referred to as the Smith Block. There is a vendor mortgage of \$1,000,000 for the residual purchase price (Titanium Park Limited's half share being \$500,000) secured over the purchased land. Interest is paid on the vendor loan at a rate of 8.5% per annum, paid in quarterly in arrears with first payment date made 3 October 2009. The mortgage is due for repayment on 3 July 2013.

11. EQUITY	GROUP 2013		GROUP 2012	
	No. 000s	\$000	No. 000s	\$000
Ordinary shares issued				
Balance of shares as at 1 July	4,974	24,460	4,974	24,460
Less uncalled capital	939	9,600	939	9,600
Issued & called shares at 30 June	4,035	14,860	4,035	14,860
Less called but unpaid	0	0	0	0
Issued paid shares at 30 June	4,035	14,860	4,035	14,860

As at 30 June 2013 the Parent Company had 939,334 shares of uncalled capital at \$9,599,993 provided by shareholders as security for existing and future borrowings associated with airport developments. As at 30 June 2013 Titanium Park Limited had 100 shares of uncalled capital at \$100 and Hamilton & Waikato Tourism Limited had 1,000 shares of uncalled capital at \$1,000.

All ordinary shares carry equal voting rights and the right to share in any surplus on winding up. None of the shares carry fixed dividend rights.

The shareholding of Waikato Regional Airport Limited as at 30 June 2013 is as follows:

Shareholder	No. of Shares	Percentage
Hamilton City Council	2,486,752	50.000 %
Waipa District Council	777,110	15.625 %
Matamata-Piako District Council	777,110	15.625 %
Waikato District Council	777,110	15.625 %
Otorohanga District Council	155,422	3.125 %
	4,973,504	100.000 %

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2013

Asset Revaluation Reserve	PARENT \$000		GROUP \$000	
	2013	2012	2013	2012
As at 1 July	27,926	27,926	27,926	27,926
Revaluation gain/(loss)	751	0	751	0
Revaluation adjustment	0	0	0	0
Deferred tax on movement	0	0	0	0
Transfer to retained earnings on disposal of property	0	0	0	0
As at 30 June	28,677	27,926	28,677	27,926

Asset Revaluation Reserve consists of:	PARENT \$000		GROUP \$000	
	2013	2012	2013	2012
Land	14,428	13,677	14,428	13,677
Buildings	2,885	2,885	2,885	2,885
Fencing	352	352	352	352
Reticulated systems	700	700	700	700
Runways, aprons & taxiways	9,463	9,463	9,463	9,463
Other paved areas	849	849	849	849
As at 30 June	28,677	27,926	28,677	27,926

Retained Earnings	PARENT \$000		GROUP \$000	
	2013	2012	2013	2012
As at 1 July	19,716	19,291	16,376	15,997
Transfers from asset revaluation reserve on disposal of property, plant & equipment	0	0	0	0
Surplus/(loss) for the year	(65)	425	(181)	378
As at 30 June	19,651	19,716	16,195	16,376

12. LOANS TO SUBSIDIARIES	PARENT \$000		GROUP \$000	
	2013	2012	2013	2012
Titanium Park Limited	7,210	7,157	0	0
As at 30 June	7,210	7,157	0	0

The amount of \$7,209,824 is subject to a loan agreement between the parties, is repayable on demand, with interest payable at the 90-day bank bill rate plus 3%. The Company has no plans to call for repayment of the loan within the next 12 months.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2013

13. INVESTMENT IN SUBSIDIARIES

Titanium Park Limited and Hamilton & Waikato Tourism Limited are limited liability companies incorporated and domiciled in New Zealand.

The shareholding of each subsidiary as at 30 June 2013 is as follows:

	No. of Shares	Percentage
Titanium Park Limited	100	100.000 %
Hamilton & Waikato Tourism Limited	1,000	100.000 %

The investment in subsidiaries sum of \$4.75m represents the investment in Titanium Park Limited and comprises \$1.50m cash and \$3.25m of lease land. The lease land is subject to a 99 year or 50 year lease, but has been treated as an investment in Titanium Park Limited because that accounting treatment reflects the economic substance of the transaction.

14. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties on normal commercial terms during the year.

Shareholders

During the financial year the group made payments to the following shareholders:

- Waipa District Council, a total of \$109,286 (incl GST) for rates, water testing, and runway designation costs (2012: \$133,955). The amount outstanding at balance date was \$1,005 (2012: \$341).
- Hamilton City Council, a total of \$22,788 (incl GST) for industry events and treasury advice costs (2012: \$33,498). The amount outstanding at balance date was \$980 (2012: \$2,300).
- Waikato District Council, a total of \$nil (2012: \$23,510 for runway designation costs). The amount outstanding at balance date was \$nil (2012: \$12,441).

During the financial year the group received payments from the following shareholders:

- Hamilton City Council, a total of \$396,011 (excl GST) for regional tourism funding under a service level agreement and regional campaigns (2012: \$481,492).
- Waipa District Council, a total of \$100,000 (excl GST) for regional tourism funding under a service level agreement (2012: \$115,690).
- Waikato District Council, a total of \$100,435 (excl GST) for regional tourism funding under a service level agreement (2012: \$115,250).
- Matamata-Piako District Council, a total of \$100,000 (excl GST) for regional tourism funding under a service level agreement (2012: \$115,115).
- Otorohanga District Council, a total of \$40,000 (excl GST) for regional tourism funding under a service level agreement (2012: \$46,000).

Subsidiaries and Joint Venture

During the year the Company made advances totalling \$52,470 (2012: \$52,500) to Titanium Park Limited to fund the operations of Titanium Park Joint Venture and Titanium Park Limited's own expenditure.

Tax losses of \$261k (2012: \$730k) will be transferred from Titanium Park Limited to the Company for no consideration.

The Company received \$47,973 (2012: \$92,079) from Titanium Park Joint Venture for the Stage 2 settlement of the Raynes Precinct development.

Hamilton & Waikato Tourism Limited a wholly owned subsidiary of the Company, made the following transactions with the Company during the year:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2013

Related Party	Nature of transactions	Relationship with company	2013 \$000		2012 \$000	
			Transaction	Outstanding balance as at 30/06/13	Transaction	Outstanding balance as at 30/06/12
Hamilton & Waikato Tourism Limited	Contribution to campaigning	Subsidiary	1	0	(48)	0
Hamilton & Waikato Tourism Limited	2010/11 funding	Subsidiary	0	0	(52)	0
Hamilton & Waikato Tourism Limited	Provision of services under a service level agreement	Subsidiary	40	0	40	0
Hamilton & Waikato Tourism Limited	Receipt of services under a service level agreement	Subsidiary	(49)	0	(40)	0
			(8)	0	(100)	0

Key Management Personnel Compensation	PARENT \$000		GROUP \$000	
	2013	2012	2013	2012
Salaries and other short-term employee benefits	720	701	1,010	979
Total Key Management Personnel Compensation	720	701	1,010	979

Key management personnel comprises directors and four of the group's management team.

There were no other material related party transactions during the year other than those already disclosed in the notes to these financial statements.

15. EVENTS OCCURRING AFTER BALANCE DATE

There were no events after balance date that could significantly affect the financial statements.

16. OPERATING REVENUE	PARENT \$000		GROUP \$000	
	2013	2012	2013	2012
Car park	1,374	1,438	1,374	1,438
Landing charges & departure charges	1,961	2,365	1,961	2,365
Rentals & concessions	1,452	1,539	1,567	1,678
Shop trading & other	483	556	1,619	1,791
Total Operating Revenue	5,270	5,898	6,521	7,272

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2013

17. OTHER GAINS/(LOSSES)

Other gains	PARENT \$000		GROUP \$000	
	2013	2012	2013	2012
Gain on sale of property, plant & equipment	0	250	0	125
Gain on changes in fair value of investment property	0	5	0	5
Gain on fair value adjustment – interest rate swaps (note 27)	393	0	393	0
Total Other Gains	393	255	393	130

During the prior year, Titanium Park Joint Venture acquired the freehold interest in 4.5ha of land which for accounting purposes was already recorded as a sale to the joint venture in 2009 due to the nature of the joint venture's leasehold interest. The consideration paid by joint venture to acquire the freehold interest was \$1.03m of which \$0.78m was already recorded as a sale in 2009. As a result, the Company recorded an additional \$250k as income in the prior year representing the consideration paid by the joint venture over and above the sale value recorded in 2009.

Other losses	PARENT \$000		GROUP \$000	
	2013	2012	2013	2012
Loss on changes in fair value of investment property (note 30)	73	0	73	0
Loss on sale of property, plant and equipment	4	1	4	1
Loss on fair value adjustment – interest rate swaps (note 27)	0	29	0	29
Total Other Losses	77	30	77	30

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2013

18. FINANCIAL INSTRUMENTS	PARENT \$000		GROUP \$000	
	2013	2012	2013	2012
Fair Value through Statement of Comprehensive Income				
Interest rate swaps	(609)	(1,002)	(609)	(1,002)
Total Fair Value through Statement of Comprehensive Income	(609)	(1,002)	(609)	(1,002)
Fair Value through Other Comprehensive Income				
Shares in listed securities (note 28)	26	27	26	27
Total Fair Value through Other Comprehensive Income	26	27	26	27
Loans and Receivables				
Cash & cash equivalents	257	203	902	923
Receivables	2,161	1,769	633	635
Loans to subsidiary	7,210	7,157	0	0
Term deposit	0	0	160	160
Total Loans and Receivables	9,628	9,129	1,695	1,718
Financial Liabilities Measured at Amortised Cost				
Payables & accruals	642	702	1,250	1,268
Term liabilities – current portion	75	0	2,160	1,980
Term liabilities	7,601	6,300	7,601	6,300
Total Financial Liabilities Measured at Amortised Cost	8,318	7,002	11,011	9,548

Credit risk

The Company is party to financial instrument arrangements as part of its everyday operations. Financial instruments, which potentially subject the Company to credit risk, consist principally of cash, short-term investments and accounts receivable.

	PARENT \$000		GROUP \$000	
	2013	2012	2013	2012
Cash at bank	249	196	893	916
Receivables and prepayments	2,288	1,891	760	757
Term deposit	0	0	160	160
	2,537	2,088	1,813	1,833

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2013

The above maximum exposures are net of any recognised provision for losses on these financial instruments. No collateral is held on the above amounts.

The Company invests funds only in deposits with registered banks with a credit rating of at least AA- and New Zealand Government Stock. Surplus funds from normal trading activity are invested with BNZ Bank which had a Standard and Poor's credit rating of AA- as at 30 June 2013.

Concentrations of credit risk with respect to accounts receivable are limited due to the wide range of customers involved.

The fair value of cash, short-term investments and accounts receivable is equivalent to their carrying amount as disclosed in the Balance Sheet.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Company aims to maintain flexibility in funding by keeping committed credit lines available.

The Company's liquidity position is monitored on a daily basis by management and is reviewed quarterly by the Board of Directors. A summary table with maturity of financial assets and liabilities presented below is used by key management personnel to manage liquidity risks and is derived from managerial reports at an entity level.

The Company has a Customised Average Rate Loan (CARL) with a final maturity date of 17 October 2015. The borrowing is structured as 30 to 90 day interest period loans that are renewed on an ongoing basis under the CARL.

Financial risk

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The financial risks relate to the following financial instruments: trade receivables, cash and cash equivalents, trade and other payables and borrowings.

Risk management is carried out by the Company's Board of Directors. The Board identifies and evaluates financial risks and provides written principles for overall risk management, as well as written policies covering specific areas, such as interest-rate risk, credit risk, and investing excess liquidity.

GROUP 30 June 2013 \$000	Weighted average effective interest rate	\$ Less than 1 year	\$ Between 1 and 2 years	\$ Between 2 and 5 years	\$ Over 5 years	\$ Contractual cash flows	\$ Carrying amount
Financial Assets							
Cash and cash equivalents	0	902	0	0	0	902	902
Trade and other receivables	0	633	0	0	0	633	633
Term deposits	0	160	0	0	0	160	160
Financial Liabilities							
Trade and other payables	0	1,250	0	0	0	1,250	1,250
Derivative financial instruments	6.87%	248	210	175	0	633	609
Term liabilities – current	6.52%	2,160	0	0	0	2,160	2,160
Term liabilities – non current	4.51%	0	79	7,522	0	7,601	7,601
Other financial liabilities	0	0	0	0	0	0	0

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2013

GROUP 30 June 2012 \$'000	Weighted average effective interest rate	\$ Less than 1 year	\$ Between 1 and 2 years	\$ Between 2 and 5 years	\$ Over 5 years	\$ Contractual cash flows	\$ Carrying amount
Financial Assets							
Cash and cash equivalents	0	923	0	0	0	923	923
Trade and other receivables	0	635	0	0	0	635	635
Term deposits	0	160	0	0	0	160	160
Financial liabilities							
Trade and other payables	0	1,268	0	0	0	1,268	1,268
Derivative financial instruments	6.83%	376	244	429	0	1,049	1,002
Term liabilities – current	6.66%	1,980	0	0	0	1,980	1,980
Term liabilities – non current	4.46%	0	0	6,300	0	6,300	6,300
Other financial liabilities	0	0	0	0	0	0	0

MARKET RISK

Cash flow and Interest Rate risk

As the Company has no significant interest-bearing assets, its income and operating cash flows are substantially independent of changes in market interest rates.

The Company's interest rate risk arises from long-term borrowings. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

The Company manages interest rates by keeping a percentage of its total net debt outstanding on a fixed rate basis. The amount of fixed rate debt depends on the underlying interest rate exposure and economic conditions.

The Company currently has an agreement with BNZ Bank Limited to hedge its loan facility of \$9.5m. The interest rate swap contracts the Company has are as follows:

Face Value	Fixed Rate	Start Date	Maturity Date
\$3,000,000	6.84%	17 October 2011	15 April 2016
\$3,000,000	6.89%	17 October 2011	15 April 2016

The Company enters into derivative financial instruments only for hedging purposes.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

Other receivables and trade payables are interest-free and have settlement dates within one year. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2013

Foreign exchange risk

All financial instruments are denominated in New Zealand Dollars; therefore the Company has no foreign currency risk.

Price risk

The Company is not exposed to commodity price risk. The Directors do not have a policy on price risk due to the low value of the equity holdings.

MARKET RISK SENSITIVITY

The sensitivity analyses below are based on a change in an assumption while holding all the other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated – for example, change in interest rate and change in market values.

GROUP 30 June 2013 \$000	Carrying Amount	Interest rate risk - 1%		Interest rate risk 1%	
		Profit	Equity	Profit	Equity
Financial assets					
Trade and other receivables	633	0	0	0	0
Cash and cash equivalents	902	0	0	0	0
Prepayments	127	0	0	0	0
Term deposit	160	0	0	0	0
Financial liabilities					
Trade and other payables	1,250	0	0	0	0
Derivative financial instruments ¹	609	(6)	0	6	0
Term liabilities – current ²	2,160	0	0	0	0
Term liabilities – non current ²	7,601	0	0	0	0
Other financial liabilities		0	0	0	0
Total Increase/(Decrease)		(6)	0	6	0

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2013

GROUP 30 June 2012 \$'000	Carrying Amount	Interest rate risk - 1%		Interest rate risk 1%	
		Profit	Equity	Profit	Equity
Financial assets					
Trade and other receivables	635	0	0	0	0
Cash and cash equivalents	923	0	0	0	0
Prepayments	122	0	0	0	0
Term deposit	160	0	0	0	0
Financial liabilities					
Trade and other payables	1,268	0	0	0	0
Derivative financial instruments ¹	1,002	(7)	0	7	0
Term liabilities – current ²	1,980	0	0	0	0
Term liabilities – non current ²	6,300	0	0	0	0
Other financial liabilities	0	0	0	0	0
Total Increase/(Decrease)		(7)	0	7	0

1. The Company has hedged its loans with BNZ through derivative financial instruments. At 30 June 2013 the sum was \$6m (2012: \$10m). The sums shown for -1% and 1% interest rate risk is the effect on the unrealised value of the derivatives and on realised receipts/payments on the derivatives for the period.
2. The Company has a Customised Average Rate Loan (CARL) with the BNZ Bank. Funds drawn on the CARL are fixed for a period (usually 30 days) at the current bank bill rate plus a margin. Interest rate risk to profit for BNZ term liabilities (current and non-current) represents the impact on interest expense from a change in bank bill rate until the next reset date. The sum shown for -1% interest rate risk is the additional interest expense incurred until reset compared to the adjusted bank bill rate. The sum shown for 1% interest rate risk is the reduced interest expense until reset compared to the adjusted bank bill rate.

CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, call on uncalled capital of current shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including borrowings, trade and other payables, and deferred tax, as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as equity, as shown in the balance sheet, plus net debt.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2013

The gearing ratios at 30 June 2013 and 30 June 2012 were as follows:

	PARENT \$000		GROUP \$000	
	2013	2012	2013	2012
Total borrowings	15,951	14,775	19,000	17,675
Less: cash and cash equivalents	(257)	(203)	(902)	(923)
Net debt	15,694	14,572	18,098	16,752
Total equity	63,188	62,502	59,732	59,162
Total capital	78,882	77,074	77,830	75,914
Gearing Ratio	19.90%	18.91%	23.25%	22.07%

FAIR VALUE HIERARCHY DISCLOSURES

For those instruments recognised at fair value in the balance sheet, fair values are determined according to the following hierarchy:

- Quoted market price (level one) – Financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level two) – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level three) – Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the balance sheet.

Derivative Financial Instruments	PARENT \$000		GROUP \$000	
	2013	2012	2013	2012
Quoted market price	0	0	0	0
Observable inputs	609	1,002	609	1,002
Significant non-observable inputs	0	0	0	0
Total	609	1,002	609	1,002

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2013

19. RECONCILIATION OF NET SURPLUS/(DEFICIT) AFTER TAX TO NET CASH FROM OPERATING ACTIVITIES

	PARENT \$'000		GROUP \$'000	
	2013	2012	2013	2012
Surplus/(deficit) after tax	(65)	424	(181)	378
Add/(deduct) non cash items				
Depreciation & amortisation	1,917	1,858	1,918	1,858
Deferred taxation	(243)	(329)	(211)	(82)
(Gains)/losses in fair value of investment property	73	(5)	73	(5)
Net interest rate swap (gains)/losses	(393)	29	(393)	29
Add/(deduct) items classified as investing or financing activities				
(Gains)/losses on disposal of property, plant & equipment	4	(250)	4	(125)
Add/(deduct) movements in working capital				
Trade & other receivables	(426)	(309)	25	74
Prepayments	(5)	(1)	(5)	(1)
Payables & accruals	8	(541)	87	(58)
Employee entitlements	(13)	(49)	(11)	(16)
Income in advance	36	(15)	46	(15)
Goods and services taxation	(21)	31	(44)	12
Inventories	(1)	(10)	(1)	(10)
Development property	0	0	(542)	(594)
Other assets allocated	0	0	0	0
Income tax payable	(48)	137	(84)	170
Net Cash from Operating Activities	823	970	681	1,615

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2013

20. DEPRECIATION & AMORTISATION OF ASSETS BY CLASS

	PARENT \$000		GROUP \$000	
	2013	2012	2013	2012
Buildings	546	529	546	529
Vehicles	83	78	84	78
Runways, apron & taxiways	820	808	820	808
Other paved areas	187	185	187	185
Plant & equipment	73	71	73	71
Computer equipment	20	20	21	20
Furniture & fittings	88	88	88	88
Fencing	36	35	36	35
Reticulated systems	34	20	34	20
	1,887	1,835	1,889	1,835
Intangible assets – computer software	21	14	21	14
Total Depreciation & Amortisation of Assets	1,908	1,849	1,910	1,849

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2013

21. INCOME TAXATION

	PARENT \$000			
	2013	2012		
Current tax expense				
Current year	139	138		
Prior period adjustment	1	0		
Movement in temporary differences	(243)	(329)		
	(103)	(191)		
 Reconciliation of Effective Tax Rate				
	%	2013 \$000	%	2012 \$000
Surplus for the period excluding income tax		(168)		234
Prima facie income tax based on domestic tax rate	28.00%	(47)	28.00%	65
Effect of non-deductible expenses	(0.60%)	1	3.41%	8
Effect of tax exempt income	(2.98%)	6	(29.98%)	(70)
Effect of notional taxable income	0.00%	0	2.16%	5
Prior period adjustment	(5.95%)	10	2.38%	6
Effect of tax rate change from 30% to 28%	0.00%	0	0.00%	0
Benefit of loss offset	43.45%	(73)	(87.70%)	(205)
	61.92%	(103)	(81.73%)	(191)
 Imputation Credits				
	2013 \$000	2012 \$000		
The total value of imputation credits available for use in subsequent periods are	1,674	1,537		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2013

	GROUP \$000			
	2013	2012		
Current tax expense				
Current year	141	173		
Prior period adjustment	0	0		
Movement in temporary differences	(210)	(81)		
	(69)	92		
Reconciliation of Effective Tax Rate	%	2013 \$000	%	2012 \$000
Surplus for the period excluding income tax		(250)		470
Prima facie income tax based on domestic tax rate	28.00%	(70)	28.00%	132
Effect of non-deductible expenses	(1.20%)	3	1.69%	7
Effect of tax exempt income	0.00%	(12)	(10.10%)	(47)
Prior period adjustment	0.80%	10	0.00%	0
Effect of tax rate change from 30% to 28%	0.00%	0	0.00%	0
Capital gain on sale	0.00%	0	0.00%	0
	27.60%	(69)	19.59%	92
Imputation Credits		2013 \$000		2012 \$000
The total value of imputation credits available for use in subsequent periods are		1,713		1,574

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2013

22. DEFERRED TAX LIABILITIES

Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following:

PARENT \$000	Property, plant and equipment	Financial assets	Employee entitlements	Other	Total
Balance as at 30 June 2011	8,415	(273)	(51)	11	8,102
Charged to profit and loss	(344)	(8)	20	3	(329)
Tax loss recognised	0	0	0	0	0
Charged to equity	0	0	0	0	0
Balance as at 30 June 2012	8,071	(281)	(31)	14	7,773
Charged to profit and loss	(355)	110	9	(7)	(243)
Tax loss recognised	0	0	0	0	0
Charged to equity	0	0	0	0	0
Balance as at 30 June 2013	7,716	(171)	(22)	7	7,530

GROUP \$000	Property, plant and equipment	Financial assets	Employee entitlements	Other	Total
Balance as at 30 June 2011	8,415	(273)	(51)	(383)	7,708
Charged to profit and loss	(344)	(8)	14	256	(82)
Tax loss recognised	0	0	0	0	0
Charged to equity	0	0	0	0	0
Balance as at 30 June 2012	8,071	(281)	(37)	(127)	7,626
Charged to profit and loss	(355)	110	7	30	(208)
Tax loss recognised	0	0	0	(3)	(3)
Charged to equity	0	0	0	0	0
Balance as at 30 June 2013	7,716	(171)	(30)	(100)	7,415

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2013

23. OTHER ASSETS

	PARENT \$000		GROUP \$000	
	2013	2012	2013	2012
CTC apron costs (amortise over lease period)	111	120	111	120
Total Other Assets	111	120	111	120

Operating Lease Incentive

During the year ending 30 June 2005 the Company leased land to CTC Aviation Training (NZ) Limited for the purpose of establishing a flight training school. As an incentive to attract CTC to enter the lease, the Company agreed to pay 50% of the costs of constructing an apron.

As this payment is considered to be an operating lease incentive, the cost to the Company has been separately identified and will be amortised over the period of the 20 year lease as a reduction in lease income.

24. EMPLOYEE BENEFIT EXPENSES

	PARENT \$000		GROUP \$000	
	2013	2012	2013	2012
Salaries and wages	1,553	1,531	1,954	1,901
Increase/(decrease) in employee benefit liabilities	(13)	(49)	(11)	(15)
Total Employee Benefit Expenses	1,540	1,482	1,943	1,886

25. EMPLOYEE ENTITLEMENTS

	PARENT \$000		GROUP \$000	
	2013	2012	2013	2012
Annual leave	79	83	98	101
Accrued salary and wages	61	70	78	86
Total Employee Benefit Liabilities	140	153	176	187
Comprising:				
Current	140	153	176	187
Total Employee Benefit Liabilities	140	153	176	187

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2013

26. LEASE RECEIVABLES COMMITMENTS

The Company holds a number of leases for grazing and cropping, airport industrial use and terminal leases (e.g. retail, rental cars, office space).

	PARENT \$000		GROUP \$000	
	2013	2012	2013	2012
Less than 12 months	1,116	767	1,227	761
Between 1 and 5 years	2,871	1,937	2,890	1,933
Greater than 5 years	4,413	2,996	4,413	2,996
Total Lease Receivables	8,400	5,700	8,530	5,690

27. DERIVATIVE FINANCIAL INSTRUMENTS

The carrying values of hedges in place at year end was the net interest accrued at balance date. Fair value for all hedges is provided by independent valuation.

	PARENT \$000		GROUP \$000	
	2013	2012	2013	2012
Fair value of interest rate swaps – 1 July	(1,002)	(974)	(1,002)	(974)
Gain/(Loss) during year	393	(28)	393	(28)
Fair Value of Interest Rate Swaps	(609)	(1,002)	(609)	(1,002)

28. OTHER FINANCIAL ASSETS

	PARENT \$000		GROUP \$000	
	2013	2012	2013	2012
Shares – Paper Plus	25	25	25	25
Shares – Balance Agri-Nutrients	1	2	1	2
Total Other Financial Assets	26	27	26	27

There were no impairment provisions for other financial assets.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2013

29. PROPERTIES AVAILABLE FOR SALE

Prior to 30 June 2013 the Company held surplus non-aeronautical land identified by the Board as available for sale. As at 30 June 2013 this land was transferred to property, plant & equipment as leasehold land.

	PARENT \$000		GROUP \$000	
	2013	2012	2013	2012
Land	0	35	0	35
Total Properties Available for Sale	0	35	0	35

30. INVESTMENT PROPERTY

The Company has identified three classifications of land as strategically important holdings as they relate directly to the aviation operations and related activities, or are considered in the airport's long term strategy of facilitating future growth in the aeronautical capability of the airport.

The Company's criteria for identifying property as of strategic importance is:

- Land areas on which runways, taxiways, aprons, terminal and apron servicing areas as currently placed or anticipated in the Airport Master Plan.
- Land areas abutting the land areas described above.
- Other land that is reserved for aviation related activities.

Land that does not meet the criteria above or that is not property available for sale is classified as investment property.

The Company's investment properties are valued annually at fair value effective 30 June. All investment properties were valued on open market evidence and conditions that prevailed as at 30 June 2013. The valuation was performed by Mairi MacDonald, Registered Valuer, ANZIV, SPINZ, an independent valuer from Quotable Value Limited. Quotable Value Limited is an experienced valuer with extensive market knowledge in the types of investment properties owned by the Company.

	PARENT \$000		GROUP \$000	
	2013	2012	2013	2012
Opening balance	3,645	3,640	3,645	3,640
Fair value adjustment – additions/(disposals)	0	0	0	0
Transfer from property, plant & equipment	178	0	178	0
Fair value gain/(loss) on valuation	(73)	5	(73)	5
Transfer to property for sale	0	0	0	0
Closing Balance	3,750	3,645	3,750	3,645

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2013

31. INTANGIBLE ASSETS

	PARENT \$000		GROUP \$000	
	2013	2012	2013	2012
Acquired Assets				
Balance at 1 July	107	67	107	67
Additions	0	40	0	40
Transfers	0	0	0	0
Disposals	0	0	0	0
Balance at 30 June	107	107	107	107
Accumulated Amortisation & Impairment Losses				
Balance at 1 July	61	47	61	47
Amortisation expense	21	14	21	14
Disposal	0	0	0	0
Balance at 30 June	82	61	82	61
Carrying Amounts				
Balance at 1 July	46	20	46	20
Balance at 30 June	25	46	25	46

32. ASSET IMPAIRMENT

There has been no impairment of assets recognised in 2013 (2012: nil).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2013

33. DIRECTORS' FEES

	PARENT \$000		GROUP \$000	
	2013	2012	2013	2012
Waikato Regional Airport Limited – Board of Directors	100	104	100	104
Hamilton & Waikato Tourism Limited – Board of Directors	0	0	36	21
Titanium Park Limited	0	0	7	4
Total Directors' Fees	100	104	143	129

The Board of Titanium Park Joint Venture has an independent Chairman. Fees paid to the independent Chairman are \$14,444 for the year. The Group's one half share of those fees is \$7,222 (2012: \$4,311).

34. DONATIONS

During the year the Company made donations to charities totaling \$1,411 (2012: \$400).

35. PERFORMANCE TARGETS AND RESULTS

The Company prepares an annual Statement of Corporate Intent, which is approved by Shareholders and incorporates financial and performance measures for the ensuing year.

A comparison of the Company's actual results for the year (excluding abnormal items) with those forecasted is given below.

Performance targets and results to 30 June 2013 (Group)	Actual	Target Statement of Corporate Intent
Net surplus / (deficit) after tax (total comprehensive income)	\$570,261	\$199,733
Net profit/(loss) after tax to average shareholder funds	0.96%	0.34%
Net profit/(loss) after tax to total assets	0.72%	0.26%
Percentage of non-landing charges revenue	81.16%	82.06%
Earnings before interest, taxation and depreciation	\$2,313,278	\$2,304,479
Total liabilities/shareholders' funds: debt/equity ratio	25.75	23.77
Interest rate cover (parent only and calculated on the basis of interest from TPL and revaluations being excluded)	2.56	2.70

Net surplus after tax (total comprehensive income) target of \$200k includes a revaluation on land of \$549k, an interest rate swaps valuation gain of \$222k, and a gross margin on Titanium Park land sales of \$323k. The actual results for the year includes a revaluation on land of \$751k (+\$202k), interest rate swaps valuation gain of \$393k (+\$171k), and a gross margin on Titanium Park land sales of \$191k (-\$132k).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2013

To achieve the Airport Certification Standards as required by the Civil Aviation Authority.	The Civil Aviation Authority of New Zealand (CAA) carries out an annual survey audit of Aerodrome Safety and Operational Compliance and of Security Compliance against the requirements of Civil Aviation, Part 139, certification approvals. The audit carried out on 27 August 2012 confirmed compliance approval by CAA.
To achieve above average traveller satisfaction ratings through the conduction of a bi-annual ACI International benchmarking survey.	No survey was carried out during the year. In the prior year the ACI International benchmarking survey was completed and showed that overall customer satisfaction is well in excess of industry averages for nearly all core airport measures.
Collect, document and act (where viable) on customer feedback forms to continuously monitor and improve the customer experience. Maintain a database to ensure recurring negative feedback is promptly acted upon.	Customer feedback cards are positioned in the terminal. From 1 July 2012 to 30 June 2013 there were 71 customer feedback cards collected and documented. All items are considered by the management team and addressed where appropriate. Personal complaints are responded to.
Introduce a new domestic carrier to promote competition and consequently, competitive pricing options for travellers.	The airport continues to monitor relative pricing of domestic airfares and encourage availability of competitive pricing.

STATUTORY INFORMATION

For the Year Ended 30 June 2013

Dividend

Your Directors recommend that no dividend be declared.

Directors

At the Company's Annual General Meeting held 31 October 2012, and in accordance with the Company's constitution:

Mrs G Shirley retired by rotation and was re-appointed.

Mr G Thompson retired by rotation and was re-appointed.

Auditor

As required by Clause 23 of the Company's Constitution, the Auditor-General is responsible for the Company's audit. This function is contracted to Audit New Zealand.

Directors' Interests

The following directors have made a general disclosure of interest with respect to any transaction or proposed transaction that may be entered into with other entities on the basis of him being a director, partner, trustee or officer of those entities.

DIRECTOR	ENTITY	INTEREST	DIRECTOR	ENTITY	INTEREST
J Birch	Birch Holdings Ltd	Director	J Birch Cont	International Funding Ltd	Director
	Birch Mollard Capital Management Ltd	Director		Joffre Consulting Ltd	Director
	Birchwood Design Ltd	Director		Kermit Promotions Ltd	Director
	Beef Solutionz (NZ) Ltd	Director		Key Funds Ltd	Chairman
	Central Capital Management Ltd	Director		Larrabee Holdings Ltd	Director
	Central Capital Investments (1) Ltd	Director		Learningworks Ltd	Director
	Central Capital Services Ltd	Director		Maeroa Properties Ltd	Director
	Central Capital Partners Ltd	Director		Magpie Forestry Ltd	Director
	Control Distribution Ltd	Chairman		Opportunity Hamilton	Trustee
	Dairy Solutionz (NZ) Ltd	Director		Perry Investment Management Ltd	Director
	FeeSmart Finance Ltd	Director		Perry Resources (2008) Ltd	Chairman
	FeeLink International Ltd	Director		Prima Group Ltd	Chairman
	Get Smart Holdings Ltd	Chairman		Quantec Ltd	Director
	Get Smart Financial Solutions Ltd	Chairman		Sidecar GP Ltd	Director
	Habitat for Humanity (Central North Island) Ltd	Deputy Chairman		SmartAR Ltd	Director
	Herdhomes Systems Ltd	Director		Titanium Park Ltd	Director
	Innovation Waikato Ltd	Director		Various Family and Associated Trusts	Trustee

STATUTORY INFORMATION

For the Year Ended 30 June 2013

DIRECTOR	ENTITY	INTEREST	DIRECTOR	ENTITY	INTEREST
A Calder	Agri Travel International Ltd	Director	G Shirley	Alandale Foundation	Trustee
	Calder & Lawson Investments Ltd	Director		Alandale Lifecare Ltd	Director
	Calder & Lawson Tours Ltd	Director		Chartered Accountancy Private Practice	Chartered Accountant
	Hamilton & Waikato Tourism Ltd	Chairman		Titanium Park Ltd	Director
	Hospice Waikato	Chairman		Waikato District Health Board	Member
	Rokefield Limited	Director		Various client and personal family Trusts	Trustee
	Titanium Park Ltd	Director		Douglas Pharmaceuticals Ltd	Director
	University of Waikato Foundation	Trustee		Highland Centre Ltd	Director
	City Care Ltd	Director		Natural Health Laboratories Ltd	Director
	Hamilton Riverview Hotel Ltd	Director		Neurological Foundation of NZ Incorporated	Trustee
	Harrison Grierson Consultants Ltd	Chairman		St Paul's Foundation Ltd	Director
	Harrison Grierson Holdings Ltd	Director		Thompson Blackie Biddles Ltd	Director
M Devlin	IoD Accreditation Board	Member		Titanium Park Ltd	Director
	IoD Commercial Board	Director		Waikato Anglican School Trust	Trustee
	Institute of Directors New Zealand Inc	Member		Various client and personal family Trusts	Trustee
	National Council Representative Institute of Directors New Zealand Inc	Member			
	National Infrastructure Advisory Board	Member			
	Scott Sheet Metal & Heating Ltd	Director			
	Ultrafast Fibre Ltd	Director			
	Waikato District Council Audit & Risk Committee	Member			
	Waikato Institute of Directors	Chairman			
	Waikato University Risk Management Committee	Member			
	WEL Networks Ltd	Deputy Chair			

STATUTORY INFORMATION

For the Year Ended 30 June 2013

Use of Company Information

No notices were received from Directors requesting use of Company information received in their capacity as Directors that would not have been otherwise available to them.

Share Dealing

No Director holds shares in the Company nor acquired or disposed of any interest in shares in the Company during the year.

Directors' Remuneration

Remuneration paid to the Company's Directors during the year was as follows:

	2013 \$000	2012 \$000
J Birch	35	34
A Calder	23	24
G Shirley	23	24
G Thompson	19	24

No other remuneration or benefits have been paid or given to the Company's directors. The Group's share of remuneration paid to the Titanium Park Joint Venture independent Chairman is \$7,222 (see note 33).

Insurance

The Company arranged Directors' and Officers' liability insurance with Vero Liability Insurance Limited at a cost of \$4,700 (excl GST) for the 12 month period to 31 March 2013. From 1 April, Directors' and Officers' liability Insurance is with Vero Liability Insurance Limited at a cost of \$4,700 (excl GST).

Remuneration of Employees

Grouped below, in accordance with section 211(1)(g) of the Companies Act 1993, are the number of employees of the Group who received remuneration and other benefits in their capacity as employees, totalling \$100,000 or more, during the year.

Amount of Remuneration	Employees
\$270,000 - \$279,999	1
\$170,000 - \$179,999	1
\$160,000 - \$169,999	2
\$100,000 - \$109,999	1

Remuneration includes salary, performance bonuses and motor vehicle allowances received in their capacity as employees.

AUDIT REPORT

For the Year Ended 30 June 2013

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent auditor's report

**To the readers of
Waikato Regional Airport Limited and group's
Financial statements and performance information
For the year ended 30 June 2013**

The Auditor-General is the auditor of Waikato Regional Airport Limited (the company) and group. The Auditor-General has appointed me, Clarence Susan, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the company and group on her behalf.

We have audited:

- the financial statements of the company and group on pages 20 to 58, that comprise the balance sheet as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company and group on page 58 to 59.

Opinion

Financial statements and performance information

In our opinion:

- the financial statements of the company and group on pages 20 to 58:
 - comply with generally accepted accounting practice in New Zealand; and
 - give a true and fair view of the company and group's:
 - financial position as at 30 June 2013; and
 - financial performance and cash flows for the year ended on that date;
- the performance information of the company and group on page 58 to 59:
 - complies with generally accepted accounting practice in New Zealand; and
 - gives a true and fair view of the achievements measured against the performance targets adopted for the year ended on 30 June 2013.

AUDIT REPORT

For the Year Ended 30 June 2013

Other legal requirements

In accordance with the Financial Reporting Act 1993 we report that, in our opinion, proper accounting records have been kept by the company and group as far as appears from an examination of those records.

Our audit was completed on 11 September 2013. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and performance information whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the company and group's financial statements and performance information that give a true and fair view of the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company and group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the adequacy of all disclosures in the financial statements and performance information; and
- the overall presentation of the financial statements and performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and performance information. Also we did not evaluate the security and controls over the electronic publication of the financial statements and performance information.

AUDIT REPORT

For the Year Ended 30 June 2013

In accordance with the Financial Reporting Act 1993, we report that we have obtained all the information and explanations we have required. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board of Directors

The Board of Directors is responsible for preparing financial statements and performance information that:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the company and group's financial position, financial performance and cash flows; and
- give a true and fair view of the company and group's service performance achievements.

The Board of Directors is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements and performance information that are free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for the publication of the financial statements and performance information, whether in printed or electronic form.

The Board of Directors' responsibilities arise from the Local Government Act 2002 and the Financial Reporting Act 1993.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and performance information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 69 of the Local Government Act 2002.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in the company or any of its subsidiaries.



Clarence Susan
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand

FIVE YEAR REVIEW

For the Year Ended 30 June 2013

	2013 \$000's	2012 \$000's	2011 \$000's	2010 \$000's	2009 \$000's
Revenue	7,225	7,984	7,087	6,654	5,848
Increase/-Decrease	-10%	13%	7%	14%	-45%
Expenditure	7,475	7,514	7,044	8,240	6,827
Increase/-Decrease	0%	7%	-15%	21%	2%
Operating Surplus before Abnormal Item & Taxation¹	(245)	345	(253)	(1,645)	(407)
Increase/-Decrease	-171%	236%	84%	-304%	-147%
Operating Surplus before Tax Item	(250)	470	43	(1,586)	(979)
PERFORMANCE INDICATORS					
Operating Surplus (after abnormal item & taxation) to Average Shareholder's Equity	-0.41%	0.43%	-0.32%	-8.71%	-0.73%
Percentage of Non-Landing Charges Revenue to Total Revenue	81%	82%	82%	80%	75%
Total Equity	59,732	59,162	58,784	58,462	71,639
Total Liabilities	19,967	19,074	19,417	20,148	23,381
Total Assets	79,699	78,235	78,201	78,610	94,777
Net Asset Backing per Share	\$14.80	\$14.67	\$14.57	\$14.49	\$17.76
Shareholders' Equity Ratio	75%	76%	75%	74%	76%
Passengers					
- Domestic	294,512	315,662	315,972	279,570	296,240
- International	11,384	38,406	45,877	52,975	45,507
- Total	305,896	354,068	361,849	332,545	341,747

¹ Abnormal item includes gains/losses on sale of property, plant & equipment.

CORPORATE DIRECTORY

For the Year Ended 30 June 2013

Board of Directors	John Birch (Chairman) Alastair Calder Gay Shirley Greg Thompson (retired 28 April 2013) Margaret Devlin (appointed 29 May 2013)
General Manager – Commercial	George Clark
General Manager – Operations	Simon Hollinger
Hamilton & Waikato Tourism CEO	Kiri Goulter
Hamilton & Waikato Tourism Marketing Manager	Rebecca Evans
Registered Office	Hamilton Airport Terminal Building Hamilton International Airport Airport Road, R D 2 Hamilton 3282
Telephone	07 848 9027
Facsimile	07 843 3627
E-mail	wral@hamiltonairport.co.nz
Web Site	www.hamiltonairport.co.nz
Bankers	Bank of New Zealand
Solicitors	Tompkins Wake, Hamilton
Auditors	Audit New Zealand, Hamilton on behalf of the Controller and Auditor - General



Hamilton
International Airport





Hamilton
International Airport

Annual Report
2014

CONTENTS

RESULTS AT A GLANCE	1
CHAIRMAN'S AND GENERAL MANAGERS' ANNUAL REPORT	3
STRATEGIC INTENT	8
DIRECTORS	12
MANAGEMENT TEAM	12
FINANCIAL STATEMENTS	13
PERFORMANCE TARGETS	52
STATUTORY INFORMATION	54
AUDIT REPORT	57
FIVE YEAR REVIEW	60
CORPORATE DIRECTORY	61



2014 RESULTS AT A GLANCE

KEY FACTS

- Aircraft movements of 133,000 were in line with last year
- 294,396 domestic passenger numbers for the year, which compares with 294,512 last year
- Successful review of aeronautical charges completed incorporating the cessation of the departure levy
- \$3.1m runway maintenance overlay completed on time and within budget
- Net cash from operating activities of \$1,637,000 was up \$956,000 on 2013
- Total expenses of \$7,274,000 were \$201,000 (3%) down on 2013
- Earnings before interest, tax, depreciation and amortisation of \$2,213,000 compares with a Statement of Intent target of \$2,620,000
- Total comprehensive income for the group was a loss of \$232,000, a reduction of \$802,000 on 2013, which included a \$751,000 property revaluation







CHAIRMAN'S AND GENERAL MANAGERS' ANNUAL REPORT

This year has seen a number of developments and major capital projects completed at Hamilton Airport aimed at maintaining and improving the airport's capabilities and offerings to the aviation industry. The rate of reduction in domestic passenger numbers seen in the 2012 and 2013 years slowed, with domestic numbers in 2014 only slightly below that of the previous year. The company is working closely with Air New Zealand to improve passenger throughput for the coming year.

Consistent with the company's long-term strategy of income diversification, focus continues on growing property related revenue and the year has seen two new aviation-related developments on airport land.

Major milestones this year include:

- Successful completion of the aeronautical pricing review
- Full maintenance overlay of the airport's main runway
- Construction of a corporate helicopter facility
- Construction of sealed General Aviation taxiway
- Sale of 1.3 ha. of Central Precinct land by Titanium Park Joint Venture
- Commencement of construction of aircraft manufacturing facility by Alpha Aviation
- Successful third year for subsidiary company, Hamilton & Waikato Tourism Limited



FINANCIAL PERFORMANCE

Although passenger numbers were 6.1% below budget for the year, airport parent company operating revenue of \$5.3m achieved budget. This is primarily a combined result of a 7% increase in car park revenue and 6% increase in aeronautical terminal revenue. The ability to book airport parking on-line and achieve savings of up to 60% has been favourably received by travellers since its introduction in late 2012. The increase in aeronautical revenue is a direct outcome of the pricing consultation process that occurred during the year that saw a reset in the weight component of aircraft landing charges and a new runway reseal charge to recover the cost of the \$3.1m runway overlay capital project. Agreement to discontinue the \$5 domestic departure levy was reached through the consultation process; and this revenue is recovered through an increase in the revised charges to airlines.

Through careful cost control, expenditure (excluding depreciation, interest and other losses) for the airport parent company was \$255,000 below budget and 7% less than the previous year. Lower than budgeted interest and depreciation costs for the year resulted from the competitive pricing secured for the runway overlay project. These favourable factors assisted the achievement of a pre-tax result for the airport parent company that exceeded budget by \$253,000. This was an improvement of \$43,000 over the 2012/13 result.

Notwithstanding the excellent parent company result, the group result of an after-tax loss of \$232,000 was \$342,000 below budget, and a direct result of lower Titanium Park land sales than planned with the third tranche of the Raynes Precinct sale and one Central Precinct sale achieved during the year.

Despite the accounting loss for the year, net cash flow from operating activities of \$933,000 for the parent company increased by \$110,000 over 2012/13 and a \$956,000 improvement over last year was achieved for the group. This additional cash assisted to fund the capital works projects during the year resulting in just \$2,525,000 of new debt to fund capital expenditure totalling \$3,659,000.

PASSENGER NUMBERS

The year saw 294,396 domestic passengers using the airport. This was in line with the number in 2012/13 of 294,512. A significant and adverse trend affecting Hamilton Airport over the past four years has been the decline in business travel to and from Wellington. Government department cut-backs in travel and less corporate travel resulted in a reduction of over 5,000 passengers on this route in the first half of 2013/14 compared to

the previous year. Fortunately, the Hamilton - Christchurch route continues to be well patronised with passenger numbers up nearly 6% on the previous year.

The monitoring of travel patterns, aircraft loadings and route development opportunities has been a key focus of the airport's management team, working in conjunction with members of Air New Zealand's management, grabaseat and marketing teams.

AERONAUTICAL PRICING REVIEW

In December 2013 the airport concluded its review of aeronautical charges with its substantial customers, with new charges coming into effect from 1 April 2014. The previous revision of charges took place in 2007 and this latest review results in an increase in aeronautical charges, equivalent to \$1.40 per passenger. The new charges also recover, over a 15 year period, the cost of the recent resealing of the airport's main runway, a capital project of \$3.1m.

Of significance for passengers was the cessation of the \$5 domestic departure levy. In line with international best practice, this levy was removed and the charge is now included within the air ticket price.

RUNWAY OVERLAY AND TAXIWAY EXTENSION

Two significant airfield capital projects were completed during the year.

The first was a reseal of the airport's main 1,960 metre runway, requiring approximately 11,000 tonnes of asphaltic concrete. This was the most significant infrastructure project at the airport since the extension of the terminal building in 2007. At a total cost of \$3.1m, the reseal was designed to ensure that the structural integrity of the runway is maintained and future-proofed for both current and future levels of aircraft activities for the next 12 to 15 years.

The contract for the work was awarded to Downer New Zealand, following an extensive tender process, and the project was managed by engineering consultancy services company, Beca Limited. During the five week period of the works, little evidence of the resealing was visible to travellers, with a team of staff from Downer and Beca working each night from 9pm and ensuring the runway was operational for the first departing flight at 6am each day. Downer's team was milling and then resealing to a depth of 50mm, completing approximately 3,900 m² of the 45 metre-wide runway each night.

The other significant project this year was the sealing of an existing grass taxiway to enable all-weather operation and increased taxiway efficiency. These capital works were completed by Downer New Zealand.



PROPERTY DEVELOPMENT

In late 2013, negotiations were completed for the lease of prime airside land to Hamilton Heliport Limited for the construction of a corporate facility for both helicopter and fixed-wing aircraft. The new facility is to house Helicorp Limited, a corporate helicopter charter business that has previously operated from the western precinct of the airfield. Construction of the purpose-built corporate aviation facility in close proximity to the airport terminal building was completed in June. It includes high quality administration offices, a corporate lounge and meeting room, and hangars for the storage of helicopters and fixed-wing aircraft.

Aircraft manufacturing company, Alpha Aviation, has recently commenced the construction of a facility on airport land within the general aviation precinct. The building will house offices and the production hall for the manufacture of Alpha's 2-seater trainer aircraft. The expected completion date for this project is October 2014.

In July 2013, Titanium Park Joint Venture formalised the sale of 1.3 hectares of land within the Central Precinct adjacent to the airport terminal. Cambridge based company, Shaw's Wire Ropes is expected to commence construction on this site later this year.

HAMILTON & WAIKATO TOURISM

Subsidiary company Hamilton & Waikato Tourism (HWT) has successfully completed its third year of operation working closely with the region's seven local authorities and the tourism industry. This regional partnership has benefited from a combined investment of \$1.28m, which has enabled a collaborative approach to promoting the Hamilton and Waikato region to domestic, international and business tourism visitors. There have been some extremely pleasing results for the region, and through HWT's leadership and regional coordination, it has provided opportunities and value to partners across a range of marketing activities and development initiatives.

The Hamilton and Waikato region has recorded positive growth in the number of international visitor nights and expenditure with international spend tracking well above the national average for the past three years. The number of domestic visitor nights grew slightly however expenditure remains slightly below the national average due to the large numbers of day visitors to the region versus visitors staying overnight. The region's business tourism sector has had a good year with noticeable increases in conference and event enquiries and actual business secured. The region



ended the year with 10% market share of delegate days, the third largest in New Zealand.

HWT has continued its close relationship with the Hamilton Airport management team, working together on a number of strategic projects and joint activities over the last twelve months. This relationship has significant benefits for both organisations.

Key highlights for HWT for the year include:

- The release of the second Hobbit movie resulting in the region once again experiencing significant trade and media exposure due to the Hobbiton Movie Set being based in the region and Tourism New Zealand's global campaign focus, 100% Middle-Earth
- Hosting 274 international travel trade personnel and providing training on regional tourism products
- Successful implementation of domestic campaigns – Explore Your Own Backyard, Short Escapes and Chinese New Zealanders
- Increasing awareness of the region for Business Tourism events, resulting in more business events being secured in the region
- Participation in a \$1.6m "Tour the North" campaign in Australia in conjunction with other Upper North Island regions and Tourism New Zealand
- Participation in the Central North Island collective of regions (Explore CNI) and the development of a cycling and mountain biking initiative to promote the range of cycleways
- Investment of \$417,000 from the region's tourism industry in HWT's activities

Over the next year HWT has committed to undertake a strategic review of the region's tourism sector and its current performance for the purpose of identifying future opportunities for growth and development.

Gratitude is expressed to both the board of HWT for their insightful guidance and to Kiri Goulter and her team. HWT's Council partners are also to be thanked for their continued commitment and support of the organisation and the tourism industry over the last twelve months.

BOARD OF DIRECTORS

At the company's Annual General Meeting held on 17th December 2013, the shareholders of Waikato Regional Airport Limited (WRAL) appointed John Spencer, Carlos da Silva and Annabel Cotton as directors, joining Margaret Devlin who had been appointed to the board in May of that year. All directors agreed to act both as directors of subsidiary company, Titanium Park Limited, and as members of the Audit and Risk Committee, with Annabel Cotton accepting the role of Committee Chair.

As Titanium Park Limited is a 50% partner in the Titanium Park Joint Venture, two of its directors are required to represent its interests on the joint venture board. Both Carlos da Silva and Margaret Devlin agreed to act as our members on that board.

Since its appointment, the WRAL Board has been focussing its attention particularly on company strategy, governance, risk management, health and safety and Titanium Park Joint Venture.





STRATEGIC DIRECTION

Earlier this year the board gave careful consideration to the future strategic direction of the airport and engaged in a consultative process with its five shareholding councils. Consensus was reached on the company's strategy and in June 2014, the company released its Statement of Intent for the next three years. This highlighted the focus being placed on operating a first-class, safe and compliant regional airport. The board fully supports the strategy of revenue diversification including the growth of the airport's general aviation business cluster as well as the attraction and establishment of other aviation-support businesses. International flights to and from Hamilton Airport for medical, private and corporate aircraft operations will continue to be actively encouraged. The board has determined that the attraction of scheduled international passenger services will not be pursued at this time.

TITANIUM PARK

This year has seen considerable time spent by Titanium Park Joint Venture engaging with numerous parties interested in developing their business at the business park.

Additionally, a major focus has been the proactive management of submissions and appeals relating to the Waipa Proposed District Plan, the Waikato Regional Council's Proposed Regional Policy Statement, Future Proof and the New Zealand Transport Agency (NZTA)/Hamilton City Council's Notices of Requirement for the Southern Links project.

The key objective of these efforts has been to protect and advance the position of Titanium Park as an industrial growth node, to recognise Hamilton Airport as regionally significant infrastructure and to secure the rezoning of Stage 1 of the Northern Precinct of the business park. Currently the rezoning is the subject of further appeals from the regional council and NZTA. There are also outstanding appeals on the Proposed Regional Policy Statement that affect Titanium Park and Hamilton Airport.

Earlier in the financial year, the Joint Venture concluded an agreement for the sale of 1.3 hectares of land within the Central Precinct.

The Titanium Park Joint Venture Agreement provides for a five year review by the shareholders of the agreement and the joint venture's progress. The Titanium Park Limited directors are working closely with their joint venture partner to enhance the value and future performance of the business park.

COMMUNITY ENGAGEMENT

The airport operates a Community Liaison Group which was formed in 2010 at the time of a public consultation process relating to the proposed runway extension. Under the chairmanship of Graeme Opie, the group meets every quarter and consists of representatives from local residents, Air New Zealand, district councils, Airways and various aviation businesses based at the airport. The group addresses issues relating to the airport's Noise Management Plan requirements.

AIRPORT TEAM

The smooth day-to-day running of any airport is a highly complex process and Hamilton Airport is fortunate to have such loyal staff within its Office, Rescue Fire & Security, Hamilton & Waikato Tourism and PaperPlus store teams. Each year brings a unique set of challenges to the airport and we would like to acknowledge the dedication displayed and support provided by all staff during the past twelve months.

J.L. SPENCER
Chairman

G.E. CLARK
General Manager
Commercial

S.J. HOLLINGER
General Manager
Operations



STRATEGIC INTENT

The Company identified nine strategic imperatives for 2013/14 that underpin the strategic intent of the business. These are identified below along with the corresponding outcomes.

Maintain and grow domestic routes

OBJECTIVES

- Develop key relationships with the airlines, airports, tourism sector, central and local government
- Grow passenger numbers on current routes
- Maximise traveller satisfaction and airport experience

OUTCOMES

- Frequent, practical communication with Air New Zealand discussing route performance and working to identify mutually positive opportunities
- Growth in passenger numbers on Christchurch and Palmerston North routes of 6% and 12% respectively. Decrease in passenger numbers on Wellington and Auckland routes of 3% and 2% respectively
- Monitored customer feedback, complaints and appreciations – delivering remedial activity when appropriate
- Continuation of the airport's online car park booking system, offering discounted car parking of up to 60% off standard rates
- Removal of the domestic departure levy

Develop new domestic routes

OBJECTIVES

- Seek opportunities for new route developments
- Develop robust data and analysis of passenger movements and potential demand for new routes
- Develop business cases for presentation to existing and future airlines
- Explore charter flight opportunities

OUTCOMES

- Market survey of Waikato-based travellers completed
- Evaluation of existing and possible new routes undertaken
- Business case prepared for additional passenger services
- No other Airline has indicated that they are likely to include Hamilton in their domestic schedule in the near future

Become the preferred airfreight hub for the Central North Island

OBJECTIVES

- Develop relationships with relevant regional importers and exporters including the equine industry
- Explore opportunities for alliances with freight forwarders and airline providers
- Develop strategy and business case for the investment in freight facilities at Hamilton Airport

OUTCOMES

- Provided input into the brief for an externally-led review of freight opportunities
- Developed relationships with key companies in the Waikato that have a freight requirement in the future from Hamilton Airport, and gained an understanding of their potential freight requirements

Attract and retain international carrier(s)

OBJECTIVES	OUTCOMES
<ul style="list-style-type: none">• Develop an airline attraction and retention strategy, engaging suitable external advisors• Develop relationships with other international airports and selected international carriers• Position Hamilton Airport as the international gateway to the Central North Island• Develop strategy for gaining international airline incentives• Progress runway extension project• Explore alliances with complementary stakeholders• Attract investor for runway extension	<ul style="list-style-type: none">• Maintained relationships with airlines and overseas airports throughout the year• Following a review of the company's strategy during the year, attraction and retention of international carriers was removed as a strategic objective. No further work was undertaken during the year

Partner with HWTL to position the region as an attractive visitor destination

OBJECTIVES	OUTCOMES
<ul style="list-style-type: none">• Utilise combined knowledge, skills, and market connections of WRAL and HWTL in the promotion of the region as part of airline attraction and route development strategies for both domestic and international	<ul style="list-style-type: none">• Combined team approach working with Air New Zealand's management and marketing team to monitor and identify growth opportunities for routes to / from Hamilton• Joint effort on airport marketing initiatives aimed at improving the airport's profile within the region

Assist TPJV to optimise commercial returns and maximise return on WRAL-owned land and property

OBJECTIVES	OUTCOMES
<ul style="list-style-type: none">• Support the Titanium Park Joint Venture to sell and lease land for development within the bounds of a sound strategic approach to long term planning for the airport precinct• Develop sales strategy for non-strategic WRAL land and identify and market for lease any available WRAL airside land• Ensure all lease agreements achieve a market return on valuation	<ul style="list-style-type: none">• Provided assistance to Joint Venture Development Manager throughout year on opportunities including sale of 1.3 ha. of Central Precinct• Premium airside land adjacent to terminal now leased to Helicorp Ltd and new facility constructed• Review of Titanium Park Joint Venture underway

STRATEGIC INTENT

continued

Secure new investor / shareholder for aeronautical and property

OBJECTIVES

- Complete review of ownership structure and identify options that support strategic direction
- Develop and agree investment strategy with shareholders, including identification of any alliances or partnerships with suitable parties
- Seek investment partners to (a) support runway extension and (b) secure new international services

OUTCOMES

- Following a review of the company's strategy during the year, securing a new investor / shareholder was removed as a strategic objective. No further work was undertaken during the year

Reflect shareholders aspirations to maximise economic benefit to the local economy

OBJECTIVES

Achieved through:

- Securing appropriate investment partner
- Extension of runway to 2984m
- Capturing of long-haul international services
- Development of existing and new domestic routes
- Continued development and growth of tourist / visitor numbers to the region

OUTCOMES

- Following a review of the company's strategy during the year, securing an investment partner and long-haul international services were removed as strategic objectives. No further work was undertaken during the year.
- Successes of Hamilton & Waikato Tourism team regarding regional tourism growth includes:
 - Positive growth in the international visitor nights and expenditure
 - Increase in business events and conferences being held in the region
 - Numerous successful domestic campaigns (including 'Explore your own backyard' and 'Short Escapes')
 - Hosting international travel trade personnel
 - Participation in development of the initiative to promote the region's cycleways

Appropriate internal and external resource to enable a commercially driven and high performing organisation

OBJECTIVES

- Knowledgeable and capable, high performing management team
- Sound reporting and accountability
- Appropriate external resource to support management deliver the strategic plan

OUTCOMES

- Participation by Management on the Board of New Zealand Airports Association
- Attendance at aviation and airport industry conferences
- Effective use of consultants to assist the delivery of key projects during the year (including the aeronautical charges pricing consultation)



BOARD OF DIRECTORS



JOHN SPENCER
Chairman



MARGARET DEVLIN
Director



CARLOS DA SILVA
Director



ANNABEL COTTON
Director

AIRPORT MANAGEMENT



GEORGE CLARK
General Manager – Commercial



SIMON HOLLINGER
General Manager – Operations

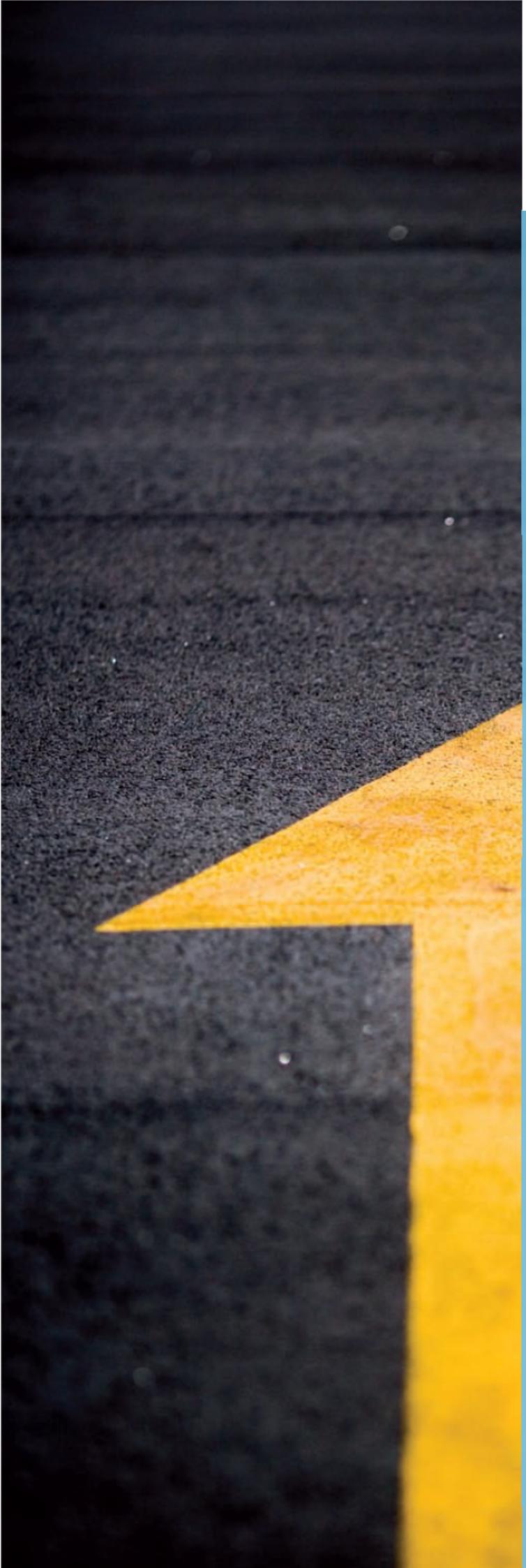
TOURISM MANAGEMENT



KIRI GOULTER
Chief Executive



REBECCA EVANS
Marketing Manager



INDEX TO THE FINANCIAL STATEMENTS

- CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
- CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
- CONSOLIDATED BALANCE SHEET
- CONSOLIDATED STATEMENT OF CASH FLOWS
- NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
- PERFORMANCE TARGETS AND RESULTS
- STATUTORY INFORMATION
- AUDIT REPORT
- FIVE YEAR REVIEW
- CORPORATE DIRECTORY

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2014

	NOTE	2014	PARENT \$'000	2013	2014	GROUP \$'000	2013
REVENUE							
Operating revenue	16	5,251	5,270		6,572		6,521
Other gains	17	200	393		200		393
Land sales – Titanium Park		0	0		221		274
Finance income		443	421		29		37
Total Revenue		5,894	6,084		7,022		7,225
EXPENSES							
Operating expenses		1,858	1,909		2,609		2,651
Employee benefit expenses	24	1,337	1,540		1,754		1,943
Bad debts written off		0	1		1		3
Depreciation and amortisation	20	2,001	1,908		2,012		1,910
Directors' fees	32	109	100		151		143
Finance costs		623	651		623		653
Remuneration of auditor - financial statements		60	66		88		95
Other losses	17	31	77		36		77
Total Expenses		6,019	6,252		7,274		7,475
OPERATING DEFICIT BEFORE TAXATION			(125)	(168)	(252)		(250)
Taxation	21	(2)	(103)		(20)		(69)
OPERATING DEFICIT AFTER TAXATION			(123)	(65)	(232)		(181)
Gain/(loss) on property revaluation	11	0	751		0		751
Total Other Comprehensive Income		0	751		0		751
TOTAL COMPREHENSIVE INCOME		(123)	686		(232)		570
Total comprehensive income attributable to							
Equity holders of the parent			(123)	686	(232)		570

The attached Statement of Accounting Policies and Notes form part of, and are to be read in conjunction with the Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2014

	NOTE	PARENT \$000		GROUP \$000	
		2014	2013	2014	2013
Balance at 1 July		63,188	62,502	59,732	59,162
Total comprehensive income		(123)	686	(232)	570
BALANCE AT 30 JUNE		63,065	63,188	59,500	59,732
Total comprehensive income attributable to					
Equity holders of the parent		(123)	686	(232)	570

The attached Statement of Accounting Policies and Notes form part of, and are to be read in conjunction with the Financial Statements.

CONSOLIDATED BALANCE SHEET

As at 30 June 2014

	NOTE	PARENT \$'000		GROUP \$'000	
		2014	2013	2014	2013
EQUITY					
Share capital	11	14,860	14,860	14,860	14,860
Asset revaluation reserve	11	28,677	28,677	28,677	28,677
Retained earnings	11	19,528	19,651	15,963	16,195
Total Equity		63,065	63,188	59,500	59,732
<i>Represented by:</i>					
CURRENT ASSETS					
Cash and cash equivalents	6	80	257	262	902
Trade and other receivables	3	2,592	2,161	637	633
Prepayments		117	127	117	127
Inventories		105	108	105	108
Term deposits	7	0	0	160	160
Development property	8	0	0	11,926	12,296
		2,894	2,653	13,207	14,226
CURRENT LIABILITIES					
Term liabilities – current portion	10	79	75	1,473	2,160
Deferred property settlement	10	0	0	0	500
Derivative financial instruments	27	409	609	409	609
Payables and accruals	2	801	642	1,413	1,250
Employee entitlements	25	142	140	174	176
Income in advance		225	246	225	256
		1,656	1,712	3,694	4,951
WORKING CAPITAL SURPLUS		1,238	941	9,513	9,275

CONSOLIDATED BALANCE SHEET continued

As at 30 June 2014

	NOTE	PARENT \$000		GROUP \$000	
		2014	2013	2014	2013
NON CURRENT ASSETS					
Property, plant and equipment	9	63,356	61,506	63,392	61,561
Investment property	29	3,720	3,750	3,720	3,750
Other financial assets	28	26	26	26	26
Intangible assets	30	7	25	7	25
Investment in subsidiaries	13	4,750	4,750	0	0
Loans to subsidiaries	12	7,223	7,210	0	0
Other assets	23	101	111	101	111
		79,183	77,378	67,246	65,473
NON CURRENT LIABILITIES					
Term loans	10	10,122	7,601	10,122	7,601
Deferred taxation	22	7,234	7,530	7,137	7,415
		17,356	15,131	17,259	15,016
NET ASSETS		63,065	63,188	59,500	59,732

The attached Statement of Accounting Policies and Notes form part of, and are to be read in conjunction with the Financial Statements.


John Spencer
Director
15 September 2014


Director
15 September 2014

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2014

	NOTE	2014	2013	2014	2013
		PARENT \$000		GROUP \$000	
CASH FLOW FROM OPERATING ACTIVITIES					
Operating revenue		5,191	5,286	6,700	6,866
Interest received		13	15	29	37
Payments to suppliers and employees		(3,406)	(3,624)	(4,624)	(4,761)
Income taxes refunded (paid)		(223)	(188)	(221)	(226)
GST (net)		(14)	(21)	11	(46)
Interest paid		(628)	(645)	(628)	(647)
Costs of development property		0	0	370	(542)
Net cash from operating activities	19	933	823	1,637	681
CASH FLOW FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		37	50	59	16
Loans to subsidiary		(13)	(53)	0	0
Purchase of property, plant and equipment		(3,659)	(2,143)	(3,671)	(2,199)
Net cash from investing activities		(3,635)	(2,146)	(3,612)	(2,183)
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from borrowings		2,525	1,600	1,835	1,600
Repayment of borrowings		0	(224)	(500)	(119)
Net cash from financing activities		2,525	1,376	1,335	1,481
Net increase in cash and cash equivalents		(177)	53	(640)	(21)
Cash and cash equivalents at the beginning of the year		257	204	902	923
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	6	80	257	262	902

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

The attached Statement of Accounting Policies and Notes form part of, and are to be read in conjunction with the Financial Statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2014

1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

The financial statements are those of Waikato Regional Airport Limited (trading as Hamilton International Airport). Waikato Regional Airport Limited ('the Company') is a company registered under the Companies Act 1993, and a reporting entity for the purposes of the Financial Reporting Act 1993 and a Council Controlled Organisation under the Local Government Act 2002.

The Group consists of Waikato Regional Airport Limited and its subsidiaries Titanium Park Limited ('TPL') and Hamilton & Waikato Tourism Limited ('HWTL').

The primary objective of Waikato Regional Airport Limited is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly, Waikato Regional Airport Limited has designated itself and the group as public benefit entities for the purposes of New Zealand equivalents to International Financing Reporting Standards (NZ IFRS).

The financial statements of Waikato Regional Airport Limited are for the year ended 30 June 2014. The financial statements were authorised for issue by the Board of Directors on 15 September 2014.

Basis for Preparation

The financial statements of the Company have been prepared in accordance with the Companies Act 1993, the Local Government Act 2002, the Airport Authorities Act 1966 and the Financial Reporting Act 1993.

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

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

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, infrastructure assets, investment property, and financial instruments (including derivative instruments).

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000). The functional currency of Waikato Regional Airport Limited and its subsidiaries is New Zealand dollars.

Subsidiary and Consolidation

The purchase method is used to prepare the consolidated financial statements, which involves adding together like item of assets, liabilities, equity, income and expenses on a line-by-line basis. All significant intragroup balances, transactions, income and expenses are eliminated on consolidation. TPL is a participant in Titanium Park Joint Venture and TPL's interest in the Joint Venture is accounted for using the line by line (proportionate) method of consolidation.

The Company's investment in its subsidiaries is carried at cost in the parent entity financial statements.

Specific Accounting Policies

The following particular accounting policies, which materially affect the measurement of financial results and financial position, have been applied:

a. Trade and Other Receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

b. Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the consolidated balance sheet.

c. Inventories

Stock on hand has been valued at the lower of cost and net realisable value on a weighted average cost basis, after due

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2014

allowance for damaged and obsolete stock. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

d. Property, Plant and Equipment

Property, plant and equipment consist of:

- Operational Assets - These include land, buildings, security fences, furniture and fittings, computer equipment, motor vehicles and plant and equipment.
- Infrastructure Assets – These include runways, aprons and taxiways, other paved areas and underground reticulated systems.

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

Classification

The ten classifications of property, plant and equipment are:

Freehold Land, Freehold Buildings, Runways, Aprons and Taxiways, Other Paved Areas, Motor Vehicles, Plant and Equipment, Computer Equipment, Furniture and Fittings, Fencing, and Underground Reticulated Systems.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Company and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the surplus/loss.

Subsequent Costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation

Depreciation is provided on a straight line basis on all property, plant and equipment at rates that will write off the cost of the assets over their estimated useful lives.

The estimated useful lives of the major classes of assets are:

Buildings	5 - 59 years
Runways, Aprons and Taxiways	5 - 74 years
Other Paved Areas	9 - 14 years
Motor Vehicles	5 - 15 years
Furniture and Fittings	3 - 50 years
Plant and Equipment	2 - 50 years
Computer Equipment	2 - 6 years
Fencing	10 - 47 years
Reticulated Systems	4 - 74 years

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end. A valuation of runways, aprons & taxiways, other paved areas, and reticulated systems was undertaken on 30 June 2011 and the useful lives of those assets were adjusted at that time to reflect the valuation undertaken on those assets.

Revaluation

Those asset classes that are revalued are valued on a five-yearly valuation cycle on the basis described below. All other assets are carried at depreciated historical cost. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value.

Operational Land and Buildings

At fair value determined from market-based evidence. All valuations are undertaken or reviewed by an independent registered valuer and are usually carried out on a five-yearly cycle.

Infrastructure Assets

At fair value determined on a depreciated replacement cost basis by an independent registered valuer and are usually carried out on a five-yearly cycle.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2014

e. Intangible Assets

Software Acquisition

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with the development and maintenance of the Company's website are recognised as an expense when incurred.

Amortisation

Computer software licences are amortised on a straight-line basis over their estimated useful life of 3 years. Amortisation begins when the asset is available for use and ceases at the date that the asset is disposed of. The amortisation charge for each period is recognised in the surplus/loss.

f. Taxation

Income tax expense in relation to the surplus or loss for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantively enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantively enacted by balance date.

Current tax and deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

g. Goods and Services Tax

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the balance sheet.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows. Commitments and contingencies are disclosed exclusive of GST.

h. Investments

Investments in bank deposits are initially measured at fair value plus transaction costs.

After initial recognition, investments in bank deposits are measured at amortised cost using the effective interest method less any provision for impairment.

i. Employee Entitlements

Short-term benefits

Employee benefits that the Company expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

The Company recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

j. Statement of Cash Flows

Operating activities include cash received from all income sources of the Company and record the cash payments made for the supply of goods and services.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2014

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in equity and debt capital structure of the Company.

k. Operating Leases

Operating lease payments, where the lessors effectively retain substantially all of the risks and benefits of ownerships of the leased items, are recognised in the determination of the operating surplus in equal instalments over the lease term.

l. Revenue

Revenue is measured at the fair value of consideration received.

Operating Revenue

Operating revenue is recognised when earned.

Interest Income

Interest income is recognised using the effective interest method

Rental Income

Rental income arising on property owned by the Company is accounted for on a straight line basis over the lease term.

m. Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed.

n. Financial assets

The Company classifies its financial assets into the following four categories:

- Financial assets at fair value through profit or loss
- Held to maturity investments
- Loans and receivables
- Financial assets at fair value through other comprehensive income

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets are initially measured at fair value plus transaction costs unless they are carried at fair value through profit or loss in which case the transaction costs are recognised in the surplus/loss.

Purchases and sales of investments are recognised on trade date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used is the current bid price.

The fair value of financial instruments that are not traded in an active market are determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long term debt instruments held. Other techniques, such as estimated discounted cash-flows, are used to determine fair value for the remaining financial instruments.

• Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

After initial recognition they are measured at their fair values. Gains or losses on re-measurement are recognised in the surplus/loss.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2014

Financial assets in this category include interest rate swaps.

• Held to maturity

Held to maturity investments are non-derivatives financial assets with fixed or determinable payments and fixed maturities that the Company has the positive intention and ability to hold to maturity.

• Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the surplus/loss. Loans and receivables are classified as "trade and other receivables" in the balance sheet.

o. Impairment of financial assets

At each balance sheet date the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the surplus/loss.

p. Accounting for derivative financial instruments

The Company uses derivative financial instruments to manage exposure to interest rate risks arising from financial activities.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each balance date.

The gain or loss from re-measuring derivatives at fair value is recognised in the surplus/loss.

The Company is party to financial instruments with off balance sheet risk to meet financing needs. These financial instruments include a bank overdraft facility and interest rate swap agreements. The Company enters into interest rate swap agreements to reduce the impact of changes in interest rates on its borrowings. Any difference to be paid is accrued as interest rates change, and is recognised as a component of interest expense over the life of the agreement.

Revenues and expenses in relation to all financial instruments are recognised in the surplus/loss and are shown in the balance sheet at their estimated fair value.

q. Investment property

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, the Company measures all investment property at fair value as determined annually by an independent valuer.

Gains or losses arising from a change in the fair value of investment property are recognised in the surplus/loss.

r. Impairment of non-financial assets

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

The value in use for cash generating assets is the present value of expected future cashflows.

If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus/loss.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2014

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus/loss.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus/loss, a reversal of the impairment loss is also recognised in the surplus/loss.

For assets not carried at a revalued amount the reversal of an impairment loss is recognised in the surplus/loss.

s. Non Current assets held for sale

An asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than continuing use. On classification as 'Held for Sale', non current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell. Impairment losses on initial classification as 'Held for Sale' are included in the surplus/loss.

t. Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

u. Borrowings

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

v. Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

w. Critical accounting estimates and assumptions

In preparing these financial statements the Company has

made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Property, plant and equipment useful lives and residual values

At each balance date the Company reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires the Company to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the Company, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset, therefore impacting on the depreciation expense recognised in the statement of comprehensive income, and carrying amount of the asset in the balance sheet. The Company minimises the risk of this estimation uncertainty by:

- physical inspection of assets;
- asset replacement programmes;
- review of second-hand market prices for similar assets; and
- analysis of prior asset sales.

The Company has not made significant changes to past assumptions concerning useful lives and residual values. The carrying amounts of property, plant and equipment are disclosed in note 9.

Changes in Accounting Policies

There have been no changes to accounting policies during the year.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2014

developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Company can elect to be either a Tier 2 or Tier 3 reporting entity. Tier 2 entities will comply with Public Benefit Entities (PBE) Accounting Standards Reduced Disclosure Regime. Tier 3 entities will comply with PBE Simple Format Reporting Standard – Accrual. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. Due to the change in the Accounting Standards Framework for public benefit entities, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standards Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2014

2. PAYABLES AND ACCRUALS

	PARENT \$000		GROUP \$000	
	2014	2013	2014	2013
Accounts payable	542	365	725	365
Income tax payable	160	89	124	87
Accruals	99	188	564	798
Total Payables and Accruals	801	642	1,413	1,250

3. TRADE AND OTHER RECEIVABLES

	PARENT \$000		GROUP \$000	
	2014	2013	2014	2013
Gross trade and other receivables	478	439	637	633
Receivable from Titanium Park Limited (related party)	2,027	1,598	0	0
Receivable from Titanium Park Joint Venture (related party)	87	124	0	0
Total Trade and Other Receivables	2,592	2,161	637	633

The carrying amount of receivables that are past due date, but not impaired, whose terms have been renegotiated is nil (2013: nil).

At balance date, all overdue receivables have been assessed for impairment and no provisions are required.

As at 30 June 2014, the Company has identified no debtors that are insolvent.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2014

4. COMMITMENTS

	PARENT \$000		GROUP \$000	
	2014	2013	2014	2013
Capital commitments				
Vehicle	0	0	0	18
	0	0	0	18
Lease commitments				
Share generator and cable	24	40	24	40
Vehicle	0	0	0	1
Office equipment	8	12	8	12
	32	52	32	53

OPERATING LEASE COMMITMENTS AS LESSEE

	PARENT \$000		GROUP \$000	
	2014	2013	2014	2013
Less than 12 months	20	22	20	22
Between 1 and 5 years	12	30	12	31
Greater than 5 years	0	0	0	0
Total Operating Lease Commitments	32	52	32	53

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2014

5. CONTINGENT LIABILITIES

The Company and Group have no contingent liabilities (2013: nil).

6. CASH AND CASH EQUIVALENTS

	PARENT \$000		GROUP \$000	
	2014	2013	2014	2013
Cash on hand	7	8	7	9
Cash at bank	73	249	255	893
Total Cash and Cash Equivalents	80	257	262	902

7. TERM DEPOSITS

	PARENT \$000		GROUP \$000	
	2014	2013	2014	2013
Term deposits	0	0	160	160
Total Term Deposits	0	0	160	160

The balance is invested with BNZ and has a maturity date of 9 September 2014. Interest is earned at a rate of 4.6% per annum and is paid on maturity.

8. DEVELOPMENT PROPERTY

	PARENT \$000		GROUP \$000	
	2014	2013	2014	2013
Development property	0	0	11,926	12,296
Total Development Property	0	0	11,926	12,296

Development property includes freehold property and leasehold property and includes capitalised interest of \$2,025,728 (2013 - \$1,613,038). Interest capitalised during the year is \$315,767 (2013 - \$288,526). Titanium Park Limited has leased 18.82 hectares of land from Waikato Regional Airport Limited for a lease term of 99 years or 55 years. The land has been used as an equity contribution to Titanium Park Joint Venture. The leasehold land has been accounted for as a purchase of property on the basis that this treatment reflects the economic substance of the transaction.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2014

9. PROPERTY, PLANT AND EQUIPMENT

30 June 2014 \$000	Land	Buildings	Vehicles	Runways, aprons and taxiways	Other paved areas	Plant and equipment	Computer equipment	Furniture and fittings	Fencing	Reticulated systems	Total
GROUP											
Cost											
Opening balance	22,807	19,861	1,235	16,387	2,302	1,410	215	1,278	562	1,175	67,232
Additions	10	25	1	3,497	-	234	41	1	1	41	3,851
Disposals	-	-	(22)	-	-	-	(5)	-	-	-	(27)
Revaluation	-	-	-	-	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-	-	-	-	-
Closing balance	22,817	19,886	1,214	19,884	2,302	1,644	251	1,279	563	1,216	71,056
Accumulated depreciation											
Opening balance	-	1,080	408	1,633	372	1,047	151	821	105	54	5,671
Depreciation	-	570	87	865	188	96	34	86	32	36	1,993
Closing balance	-	1,650	495	2,498	560	1,143	185	907	137	90	7,664
Carrying amounts											
At 30 June 2013	22,807	18,781	827	14,754	1,930	363	64	457	457	1,121	61,561
At 30 June 2014	22,817	18,236	719	17,386	1,742	501	67	372	426	1,126	63,392
PARENT											
Cost											
Opening balance	22,807	19,861	1,190	16,387	2,302	1,410	211	1,270	562	1,175	67,175
Additions	10	25	1	3,497	-	234	28	1	1	41	3,838
Disposals	-	-	-	-	-	-	(5)	-	-	-	(5)
Revaluation	-	-	-	-	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-	-	-	-	-
Closing balance	22,817	19,886	1,191	19,884	2,302	1,644	234	1,271	563	1,216	71,008
Accumulated depreciation											
Opening balance	-	1,080	407	1,633	372	1,047	150	821	105	54	5,669
Depreciation	-	570	82	865	188	96	29	85	32	36	1,983
Closing balance	-	1,650	489	2,498	560	1,143	179	906	137	90	7,652
Carrying amounts											
At 30 June 2013	22,807	18,781	783	14,754	1,930	363	61	449	457	1,121	61,506
At 30 June 2014	22,817	18,236	702	17,386	1,742	501	55	365	426	1,126	63,356

The total amount of property, plant and equipment in a construction / development phase is \$1,180,400 (2013:\$1,201,051)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2014

30 June 2013 \$000	Land	Buildings	Vehicles	Runways, aprons and taxiways	Other paved areas	Plant and equipment	Computer equipment	Furniture and fittings	Fencing	Reticulated systems	Total
GROUP											
Cost											
Opening balance	22,157	18,228	1,166	16,190	2,284	1,340	159	1,257	562	1,105	64,448
Additions	40	1,633	69	197	18	78	61	22	-	70	2,188
Disposals	-	-	-	-	-	(8)	(5)	(1)	-	-	(14)
Revaluation	751	-	-	-	-	-	-	-	-	-	751
Reclassification	(141)	-	-	-	-	-	-	-	-	-	(141)
Closing balance	22,807	19,861	1,235	16,387	2,302	1,410	215	1,278	562	1,175	67,232
Accumulated depreciation											
Opening balance	-	534	324	813	185	974	130	733	69	20	3,782
Depreciation	-	546	84	820	187	73	21	88	36	34	1,889
Closing balance	-	1,080	408	1,633	372	1,047	151	821	105	54	5,671
Carrying amounts											
At 30 June 2012	22,157	17,694	841	15,377	2,099	366	29	522	493	1,085	60,661
At 30 June 2013	22,807	18,781	826	14,754	1,930	363	64	457	457	1,121	61,561
PARENT											
Cost											
Opening balance	22,157	18,228	1,166	16,190	2,284	1,340	158	1,257	562	1,105	64,447
Additions	40	1,633	24	197	18	78	58	14	-	70	2,132
Disposals	-	-	-	-	-	(8)	(5)	(1)	-	-	(14)
Revaluation	751	-	-	-	-	-	-	-	-	-	751
Reclassification	(141)	-	-	-	-	-	-	-	-	-	(141)
Closing balance	22,807	19,861	1,190	16,387	2,302	1,410	211	1,270	562	1,175	67,175
Accumulated depreciation											
Opening balance	-	534	324	813	185	974	130	733	69	20	3,782
Depreciation	-	546	83	820	187	73	20	88	36	34	1,887
Closing balance	-	1,080	407	1,633	372	1,047	150	821	105	54	5,669
Carrying amounts											
At 30 June 2012	22,157	17,694	841	15,377	2,099	366	28	522	493	1,085	60,661
At 30 June 2013	22,807	18,781	782	14,754	1,930	363	61	449	457	1,121	61,506

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2014

VALUATION

ASSET CLASS	VALUATION APPROACH	VALUER	FAIR VALUE \$000
Land	Fair market, highest and best use basis determined from prevailing market-based evidence and conditions	Quotable Value Limited	\$22,733
Building and Security Fencing	Fair market or, where appropriate, depreciated replacement cost	Quotable Value Limited	\$18,703
Runways, Taxiways, Aprons and Other Paved Areas	Optimised depreciated replacement cost	Beca Valuations Ltd	\$16,935
Reticulated Systems	Optimised depreciated replacement cost	Beca Valuations Ltd	\$1,020

The effective date of building and security fencing, runways, taxiways, aprons and other paved areas and reticulated systems valuations (excluding land) is 30 June 2011.

All land was revalued with an effective date of 30 June 2013 (\$22,732,500).

Due to minor assets not being revalued, there is a difference between the fair value disclosed for each asset class and the carrying amount.

Neither valuer has an interest or relationship with any party that would impair its objectivity or independence.

10. TERM LIABILITIES

BNZ Bank Loan Facilities

At 30 June 2014 the Company had the following facilities with the BNZ Bank:

- i. An overdraft facility of \$500,000 repayable on demand. The interest rate on this facility is the BNZ Bank's market connect overdraft base rate plus a margin.
- ii. A Customised Average Rate Loan (CARL) of up to \$9,500,000 that matures on 17 October 2016. The amount outstanding on this facility at 30 June 2014 was \$8,700,000 (2013:\$6,100,000).
- iii. A second Customised Average Rate Loan (CARL) of \$1,600,000 that matures on 1 February 2018. The amount outstanding on this facility at 30 June 2014 was \$1,501,100.
- iv. An interest rate swap facility which allows the Company to manage the interest rate risk relating to the CARL.

These facilities are secured by a charge over uncalled capital, except for the \$1.6m CARL facility which is secured over buildings at Boyd Road, Hamilton.

At 30 June 2014 Titanium Park Joint Venture had a loan with the BNZ Bank. The amount outstanding on this facility at 30 June 2014 was \$2.789m (2013: \$4.135m). Interest is currently charged at the rate of 6.5% per annum. The facility expires on 31 October 2014.

The loan facility is secured by way of:

- A first ranking mortgage over the development land of Titanium Park Joint Venture
- A General Security Agreement over all property of Titanium Park Limited
- A General Security Agreement over all property of Titanium Park Development Limited
- An agreement for set-off and security interest in respect of deposits held with Bank of New Zealand by Titanium Park Limited and Titanium Park Development Limited

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2014

Deferred Property Settlement - Titanium Park Joint Venture

The Joint Venture purchased a section of land which borders airport land and is referred to as the Smith Block. There was a vendor mortgage of \$1,000,000 for the residual purchase price (Titanium Park Limited's half share being \$500,000) secured over the purchased land. Interest was paid on the vendor loan at a rate of 8.5% per annum, paid in quarterly in arrears with first payment date made 3 October 2009. The mortgage was repaid on 3 July 2013.

11. EQUITY	GROUP 2014		GROUP 2013	
	No. 000s	\$000	No. 000s	\$000
Ordinary shares issued				
Balance of shares as at 1 July	4,974	24,460	4,974	24,460
Less uncalled capital	939	9,600	939	9,600
Issued and called shares at 30 June	4,035	14,860	4,035	14,860
Less called but unpaid	0	0	0	0
Issued paid shares at 30 June	4,035	14,860	4,035	14,860

As at 30 June 2014 the Parent Company had 939,334 shares of uncalled capital at \$9,599,993 provided by shareholders as security for existing and future borrowings associated with airport developments. As at 30 June 2014 Titanium Park Limited had 100 shares of uncalled capital at \$100 and Hamilton & Waikato Tourism Limited had 1,000 shares of uncalled capital at \$1,000.

All ordinary shares carry equal voting rights and the right to share in any surplus on winding up. None of the shares carry fixed dividend rights.

The shareholding of Waikato Regional Airport Limited as at 30 June 2014 is as follows:

Shareholder	No. of Shares	Percentage
Hamilton City Council	2,486,752	50.0 %
Waipa District Council	777,110	15.6 %
Matamata-Piako District Council	777,110	15.6 %
Waikato District Council	777,110	15.6 %
Otorohanga District Council	155,422	3.1 %
	4,973,504	100.0 %

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2014

Asset Revaluation Reserve	PARENT \$000		GROUP \$000	
	2014	2013	2014	2013
As at 1 July	28,677	27,926	28,677	27,926
Revaluation gain/(loss)	0	751	0	751
Deferred tax on movement	0	0	0	0
As at 30 June	28,677	28,677	28,677	28,677

Asset Revaluation Reserve consists of:	PARENT \$000		GROUP \$000	
	2014	2013	2014	2013
Land	14,428	14,428	14,428	14,428
Buildings	2,885	2,885	2,885	2,885
Fencing	352	352	352	352
Reticulated systems	700	700	700	700
Runways, aprons and taxiways	9,463	9,463	9,463	9,463
Other paved areas	849	849	849	849
As at 30 June	28,677	28,677	28,677	28,677

Retained Earnings	PARENT \$000		GROUP \$000	
	2014	2013	2014	2013
As at 1 July	19,651	19,716	16,195	16,376
Surplus/(loss) for the year	(123)	(65)	(232)	(181)
As at 30 June	19,528	19,651	15,963	16,195

12. LOANS TO SUBSIDIARIES	PARENT \$000		GROUP \$000	
	2014	2013	2014	2013
Titanium Park Limited	7,223	7,210	0	0
As at 30 June	7,223	7,210	0	0

The amount of \$7,222,728 is subject to a loan agreement between the parties, is repayable on demand, with interest payable at the 90-day bank bill rate plus 3%. The Company has no plans to call for repayment of the loan within the next 12 months.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2014

13. INVESTMENT IN SUBSIDIARIES

Titanium Park Limited and Hamilton & Waikato Tourism Limited are limited liability companies incorporated and domiciled in New Zealand.

The shareholding of each subsidiary as at 30 June 2014 is as follows:

	No. of Shares	Percentage
Titanium Park Limited	100	100.0 %
Hamilton & Waikato Tourism Limited	1,000	100.0 %

The investment in subsidiaries sum of \$4.75m represents the investment in Titanium Park Limited and comprises \$1.50m cash and \$3.25m of lease land. The lease land is subject to a 99 year or 50 year lease, but has been treated as an investment in Titanium Park Limited because that accounting treatment reflects the economic substance of the transaction.

14. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties on normal commercial terms during the year.

Shareholders

During the financial year the group made payments to the following shareholders:

- Waipa District Council, a total of \$94,744 (incl GST) for rates and water testing (2013: \$109,286). The amount outstanding at balance date was \$1,348 (2013: \$1,005)
- Hamilton City Council, a total of \$1,423 (incl GST) for industry events (2013: \$22,788). The amount outstanding at balance date was \$254 (2013: \$980)

During the financial year the group received payments from the following shareholders:

- Hamilton City Council, a total of \$396,024 (excl GST) for regional tourism funding under a service level agreement and regional campaigns (2013: \$396,011).
- Waipa District Council, a total of \$100,000 (excl GST) for regional tourism funding under a service level agreement (2013: \$100,000).
- Waikato District Council, a total of \$100,000 (excl GST) for regional tourism funding under a service level agreement (2013: \$100,435).
- Matamata-Piako District Council, a total of \$100,000 (excl GST) for regional tourism funding under a service level agreement (2013: \$100,000).
- Otorohanga District Council, a total of \$40,000 (excl GST) for regional tourism funding under a service level agreement (2013: \$40,000).

Subsidiaries and Joint Venture

During the year the Company made advances totalling \$12,903 (2013: \$52,470) to Titanium Park Limited to fund the operations of Titanium Park Joint Venture and Titanium Park Limited's own expenditure.

Tax losses of \$75,486 (2013: \$261,418) will be transferred from Titanium Park Limited to the Company for no consideration.

The Company received \$49,854 (2013: \$47,973) from Titanium Park Joint Venture for the settlement of the Raynes Precinct development and marketing costs.

Hamilton & Waikato Tourism Limited a wholly owned subsidiary of the Company, made the following transactions with the Company during the year:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2014

Related Party	Nature of transactions	Relationship with company	2014 \$000		2013 \$000	
			Transaction	Outstanding balance as at 30/06/14	Transaction	Outstanding balance as at 30/06/13
Hamilton & Waikato Tourism Limited	Contribution to marketing	Subsidiary	7	0	1	0
Hamilton & Waikato Tourism Limited	Receipt of insurance contribution	Subsidiary	(3)	0	0	0
Hamilton & Waikato Tourism Limited	Provision of services under a service level agreement	Subsidiary	40	0	40	0
Hamilton & Waikato Tourism Limited	Receipt of services under a service level agreement	Subsidiary	(49)	0	(49)	0
			(5)	0	(8)	0

Key Management Personnel Compensation	PARENT \$000		GROUP \$000	
	2014	2013	2014	2013
Salaries and other short-term employee benefits	473	720	665	1,010
Total Key Management Personnel Compensation	473	720	665	1,010

Key management personnel comprises directors and the group's management team.

There were no other material related party transactions during the year other than those already disclosed in the notes to these financial statements.

15. EVENTS OCCURRING AFTER BALANCE DATE

There were no events after balance date that could significantly affect the financial statements.

16. OPERATING REVENUE	PARENT \$000		GROUP \$000	
	2014	2013	2014	2013
Car park	1,395	1,374	1,395	1,374
Landing charges and departure charges	1,910	1,961	1,910	1,961
Rentals and concessions	1,513	1,452	1,626	1,567
Shop trading and other	433	483	1,641	1,619
Total Operating Revenue	5,251	5,270	6,572	6,521

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2014

17. OTHER GAINS/(LOSSES)

Other gains	PARENT \$000		GROUP \$000	
	2014	2013	2014	2013
Gain on fair value adjustment – interest rate swaps (note 27)	200	393	200	393
Total Other Gains	200	393	200	393
Other losses	PARENT \$000		GROUP \$000	
	2014	2013	2014	2013
Loss on changes in fair value of investment property (note 29)	30	73	30	73
Loss on sale of property, plant and equipment	1	4	6	4
Total Other Losses	31	77	36	77

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2014

18. FINANCIAL INSTRUMENTS	PARENT \$000		GROUP \$000	
	2014	2013	2014	2013
Fair value through statement of comprehensive income				
Interest rate swaps	(409)	(609)	(409)	(609)
Total Fair Value through Statement of Comprehensive Income	(409)	(609)	(409)	(609)
Fair value through other comprehensive income				
Shares in listed securities (note 28)	26	26	26	26
Total Fair Value through Other Comprehensive Income	26	26	26	26
Loans and receivables				
Cash and cash equivalents	80	257	262	902
Receivables	2,592	2,161	637	633
Loans to subsidiary	7,223	7,210	0	0
Term deposit	0	0	160	160
Total Loans and Receivables	9,895	9,628	1,059	1,695
Financial liabilities measured at amortised cost				
Payables and accruals	801	642	1,413	1,250
Term liabilities – current portion	79	75	1,473	2,160
Term liabilities	10,122	7,601	10,122	7,601
Total Financial Liabilities Measured at Amortised Cost	11,002	8,318	13,008	11,011

Credit risk

The Company is party to financial instrument arrangements as part of its everyday operations. Financial instruments, which potentially subject the Company to credit risk, consist principally of cash, short-term investments and accounts receivable.

	PARENT \$000		GROUP \$000	
	2014	2013	2014	2013
Cash at bank	73	249	255	893
Receivables and prepayments	2,592	2,161	637	633
Term deposit	0	0	160	160
	2,665	2,410	1,052	1,686

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2014

The above maximum exposures are net of any recognised provision for losses on these financial instruments. No collateral is held on the above amounts.

The Company invests funds only in deposits with registered banks with a credit rating of at least AA- and New Zealand Government Stock. Surplus funds from normal trading activity are invested with BNZ Bank which had a Standard and Poor's credit rating of AA- as at 30 June 2014.

Concentrations of credit risk with respect to accounts receivable are limited due to the wide range of customers involved.

The fair value of cash, short-term investments and accounts receivable is equivalent to their carrying amount as disclosed in the Balance Sheet.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Company aims to maintain flexibility in funding by keeping committed credit lines available.

The Company's liquidity position is monitored on a daily basis by management and is reviewed quarterly by the Board of Directors. A summary table with maturity of financial assets and liabilities presented below is used by key management personnel to manage liquidity risks and is derived from managerial reports at an entity level.

The Company has a Customised Average Rate Loan (CARL) with a final maturity date of 17 October 2016. The borrowing is structured as 30 to 90 day interest period loans that are renewed on an ongoing basis under the CARL.

Financial risk

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The financial risks relate to the following financial instruments: trade receivables, cash and cash equivalents, trade and other payables and borrowings.

Risk management is carried out by the Company's Board of Directors. The Board identifies and evaluates financial risks and provides written principles for overall risk management, as well as written policies covering specific areas, such as interest-rate risk, credit risk, and investing excess liquidity.

GROUP 30 June 2014 \$000	Weighted average effective interest rate	\$ Less than 1 year	\$ Between 1 and 2 years	\$ Between 2 and 5 years	\$ Over 5 years	\$ Contractual cash flows	\$ Carrying amount
Financial assets							
Cash and cash equivalents	0	262	0	0	0	262	262
Trade and other receivables	0	637	0	0	0	637	637
Term deposits	0	160	0	0	0	160	160
Financial liabilities							
Trade and other payables	0	1,413	0	0	0	1,413	1,413
Derivative financial instruments	5.8%	167	115	155	0	437	409
Term liabilities – current	6.4%	1,473	0	0	0	1,473	1,473
Term liabilities – non current	5.1%	0	82	10,040	0	10,122	10,122

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2014

GROUP 30 June 2013 \$000	Weighted average effective interest rate	\$ Less than 1 year	\$ Between 1 and 2 years	\$ Between 2 and 5 years	\$ Over 5 years	\$ Contractual cash flows	\$ Carrying amount
Financial assets							
Cash and cash equivalents	0	902	0	0	0	902	902
Trade and other receivables	0	633	0	0	0	633	633
Term deposits	0	160	0	0	0	160	160
Financial liabilities							
Trade and other payables	0	1,250	0	0	0	1,250	1,250
Derivative financial instruments	6.9%	248	210	175	0	633	609
Term liabilities – current	6.5%	2,160	0	0	0	2,160	2,160
Term liabilities – non current	4.5%	0	79	7,522	0	7,601	7,601

MARKET RISK

Cash flow and Interest Rate risk

As the Company has no significant interest-bearing assets, its income and operating cash flows are substantially independent of changes in market interest rates.

The Company's interest rate risk arises from long-term borrowings. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

The Company manages interest rates by keeping a percentage of its total net debt outstanding on a fixed rate basis. The amount of fixed rate debt depends on the underlying interest rate exposure and economic conditions.

The Company currently has an agreement with BNZ Bank Limited to manage its loan facility of \$9.5m. The interest rate swap contracts the Company has are as follows:

Face Value	Fixed Rate	Start Date	Maturity Date
\$9,000,000	5.8%	26 March 2014	26 March 2017
\$6,000,000	5.8%	27 March 2017	25 March 2018
\$3,000,000	5.8%	26 March 2018	26 March 2019

The Company enters into derivative financial instruments only for managing interest rate risk.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

Other receivables and trade payables are interest-free and have settlement dates within one year. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2014

Foreign exchange risk

All financial instruments are denominated in New Zealand Dollars; therefore the Company has no foreign currency risk.

Price risk

The Company is not exposed to commodity price risk. The Directors do not have a policy on price risk due to the low value of the equity holdings.

MARKET RISK SENSITIVITY

The sensitivity analyses below are based on a change in an assumption while holding all the other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated – for example, change in interest rate and change in market values.

GROUP 30 June 2014 \$000	Carrying Amount	Interest rate risk - 1%		Interest rate risk 1%	
		Profit	Equity	Profit	Equity
Financial assets					
Cash and cash equivalents	262	0	0	0	0
Term deposit	160	0	0	0	0
Financial liabilities					
Derivative financial instruments ¹	409	(14)	0	14	0
Term liabilities – current ²	1,473	0	0	0	0
Term liabilities – non current ²	10,122	0	0	0	0
Total Increase/(Decrease)		(14)	0	14	0

GROUP 30 June 2013 \$000	Carrying Amount	Interest rate risk - 1%		Interest rate risk 1%	
		Profit	Equity	Profit	Equity
Financial assets					
Cash and cash equivalents	902	0	0	0	0
Term deposit	160	0	0	0	0
Financial liabilities					
Derivative financial instruments ¹	609	(6)	0	6	0
Term liabilities – current ²	2,160	0	0	0	0
Term liabilities – non current ²	7,601	0	0	0	0
Total Increase/(Decrease)		(6)	0	6	0

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2014

1. The Company has managed its loans for interest rate risk with BNZ through derivative financial instruments. At 30 June 2014 the sum was \$9m (2013: \$6m). The sums shown for -1% and 1% interest rate risk is the effect on the unrealised value of the derivatives and on realised receipts/payments on the derivatives for the period.
2. The Company has a Customised Average Rate Loan (CARL) with the BNZ Bank. Funds drawn on the CARL are fixed for a period (usually 30 days) at the current bank bill rate plus a margin. Interest rate risk to profit for BNZ term liabilities (current and non-current) represents the impact on interest expense from a change in bank bill rate until the next reset date. The sum shown for -1% interest rate risk is the additional interest expense incurred until reset compared to the adjusted bank bill rate. The sum shown for 1% interest rate risk is the reduced interest expense until reset compared to the adjusted bank bill rate.

CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, call on uncalled capital of current shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including borrowings, trade and other payables, and deferred tax, as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as equity, as shown in the balance sheet, plus net debt.

The gearing ratios at 30 June 2014 and 30 June 2013 were as follows:

	PARENT \$000		GROUP \$000	
	2014	2013	2014	2013
Total borrowings	18,236	15,951	20,146	19,000
Less: cash and cash equivalents	(80)	(257)	(262)	(902)
Net debt	18,156	15,694	19,884	18,098
Total equity	63,065	63,188	59,500	59,732
Total capital	81,221	78,882	79,384	77,830
Gearing Ratio	22.4%	19.9%	25.1%	23.3%

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2014

FAIR VALUE HIERARCHY DISCLOSURES

For those instruments recognised at fair value in the balance sheet, fair values are determined according to the following hierarchy:

- Quoted market price (level one) – Financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level two) – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level three) – Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the balance sheet.

Derivative Financial Instruments	PARENT \$000		GROUP \$000	
	2014	2013	2014	2013
Quoted market price	0	0	0	0
Observable inputs	409	609	409	609
Significant non-observable inputs	0	0	0	0
Total	409	609	409	609

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2014

19. RECONCILIATION OF NET SURPLUS/(DEFICIT) AFTER TAX TO NET CASH FROM OPERATING ACTIVITIES

	PARENT \$'000		GROUP \$'000	
	2014	2013	2014	2013
Surplus/(deficit) after tax	(123)	(65)	(232)	(181)
Add/(deduct) non cash items				
Depreciation and amortisation	2,010	1,917	2,017	1,918
Deferred taxation	(296)	(243)	(278)	(211)
(Gains)/losses in fair value of investment property	30	73	30	73
Net interest rate swap (gains)/losses	(201)	(393)	(201)	(393)
Add/(deduct) items classified as investing or financing activities				
(Gains)/losses on disposal of property, plant and equipment	1	4	6	4
Add/(deduct) movements in working capital				
Trade and other receivables	(469)	(426)	(70)	25
Prepayments	10	(5)	10	(5)
Payables and accruals	(70)	8	(33)	87
Employee entitlements	2	(13)	(2)	(11)
Income in advance	(21)	36	(31)	46
Goods and services taxation	(14)	(21)	11	(44)
Inventories	3	(1)	3	(1)
Development property	0	0	370	(542)
Income tax payable	71	(48)	37	(84)
Net Cash from Operating Activities	933	823	1,637	681

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2014

20. DEPRECIATION AND AMORTISATION OF ASSETS BY CLASS

	PARENT \$'000		GROUP \$'000	
	2014	2013	2014	2013
Buildings	570	546	570	546
Vehicles	82	83	87	84
Runways, apron and taxiways	865	820	865	820
Other paved areas	188	187	188	187
Plant and equipment	96	73	96	73
Computer equipment	29	20	34	21
Furniture and fittings	85	88	85	88
Fencing	32	36	32	36
Reticulated systems	36	34	36	34
	1,982	1,887	1,993	1,889
Intangible assets – computer software	19	21	19	21
Total Depreciation and Amortisation of Assets	2,001	1,908	2,012	1,910

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2014

21. INCOME TAXATION

	PARENT \$000			
	2014	2013		
Current tax expense				
Current year	273	139		
Prior period adjustment	20	1		
Movement in temporary differences	(295)	(243)		
	(2)	(103)		
Reconciliation of Effective Tax Rate	%	2014 \$000	%	2013 \$000
Surplus for the period excluding income tax		(125)		(168)
Prima facie income tax based on domestic tax rate	28.0%	(35)	28.0%	(47)
Effect of non-deductible expenses	(18.3%)	23	(0.6%)	1
Effect of tax exempt income	0.0%	0	(3.0%)	6
Effect of notional taxable income	(3.2%)	4	0.0%	0
Prior period adjustment	(22.2%)	28	(6.0%)	10
Effect of tax rate change from 30% to 28%	0.5%	(1)	0.0%	0
Benefit of loss offset	16.8%	(21)	43.5%	(73)
	1.7%	(2)	61.9%	(103)
Imputation Credits		2014 \$000		2013 \$000
The total value of imputation credits available for use in subsequent periods are		1,971		1,674

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2014

	GROUP \$000			
	2014	2013		
Current tax expense				
Current year	237	141		
Prior period adjustment	28	0		
Movement in temporary differences	(285)	(210)		
	(20)	(69)		
Reconciliation of Effective Tax Rate	%	2014 \$000	%	2013 \$000
Surplus for the period excluding income tax		(250)		(250)
Prima facie income tax based on domestic tax rate	28.0%	(70)	28.0%	(70)
Effect of non-deductible expenses	(9.3%)	23	(1.2%)	3
Effect of tax exempt income	0.0%	0	0.0%	(12)
Prior period adjustment	(10.7%)	27	0.8%	10
Effect of tax rate change from 30% to 28%	0.0%	0	0.0%	0
Capital gain on sale	0.0%	0	0.0%	0
	8.0%	(20)	27.6%	(69)
Imputation Credits		2014 \$000		2013 \$000
The total value of imputation credits available for use in subsequent periods are		2,010		1,713

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2014

22. DEFERRED TAX LIABILITIES

Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following:

PARENT \$000	Property, plant and equipment	Financial assets	Employee entitlements	Other	Total
Balance as at 30 June 2012	8,071	(281)	(31)	14	7,773
Charged to profit and loss	(355)	110	9	(7)	(243)
Tax loss recognised	0	0	0	0	0
Charged to equity	0	0	0	0	0
Balance as at 30 June 2013	7,716	(171)	(22)	7	7,530
Charged to profit and loss	(356)	56	2	2	(296)
Tax loss recognised	0	0	0	0	0
Charged to equity	0	0	0	0	0
Balance as at 30 June 2014	7,360	(115)	(20)	9	7,234

GROUP \$000	Property, plant and equipment	Financial assets	Employee entitlements	Other	Total
Balance as at 30 June 2012	8,071	(281)	(37)	(127)	7,626
Charged to profit and loss	(355)	110	7	30	(208)
Tax loss recognised	0	0	0	(3)	(3)
Charged to equity	0	0	0	0	0
Balance as at 30 June 2013	7,716	(171)	(30)	(100)	7,415
Charged to profit and loss	(356)	56	7	16	(277)
Tax loss recognised	0	0	0	(1)	(1)
Charged to equity	0	0	0	0	0
Balance as at 30 June 2014	7,360	(115)	(23)	(85)	7,137

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2014

23. OTHER ASSETS

	PARENT \$000		GROUP \$000	
	2014	2013	2014	2013
CTC apron costs (amortise over lease period)	101	111	101	111
Total Other Assets	101	111	101	111

Operating Lease Incentive

During the year ended 30 June 2005 the Company leased land to CTC Aviation Training (NZ) Limited for the purpose of establishing a flight training school. As an incentive to attract CTC to enter the lease, the Company agreed to pay 50% of the costs of constructing an apron.

As this payment is considered to be an operating lease incentive, the cost to the Company has been separately identified and will be amortised over the period of the 20 year lease as a reduction in lease income.

24. EMPLOYEE BENEFIT EXPENSES

	PARENT \$000		GROUP \$000	
	2014	2013	2014	2013
Salaries and wages	1,335	1,553	1,756	1,954
Increase/(decrease) in employee benefit liabilities	2	(13)	(2)	(11)
Total Employee Benefit Expenses	1,337	1,540	1,754	1,943

25. EMPLOYEE ENTITLEMENTS

	PARENT \$000		GROUP \$000	
	2014	2013	2014	2013
Annual leave	70	79	82	98
Accrued salary and wages	72	61	92	78
Total Employee Benefit Liabilities	142	140	174	176

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2014

26. LEASE RECEIVABLES COMMITMENTS

The Company holds a number of leases for grazing and cropping, airport industrial use and terminal leases (e.g. retail, rental cars, office space).

	PARENT \$000		GROUP \$000	
	2014	2013	2014	2013
Less than 12 months	1,310	1,116	1,423	1,227
Between 1 and 5 years	3,866	2,871	3,872	2,890
Greater than 5 years	5,847	4,413	5,847	4,413
Total Lease Receivables	11,023	8,400	11,142	8,530

27. DERIVATIVE FINANCIAL INSTRUMENTS

The carrying values of hedges in place at year end was the net interest accrued at balance date. Fair value for all hedges is provided by independent valuation.

	PARENT \$000		GROUP \$000	
	2014	2013	2014	2013
Fair value of interest rate swaps – 1 July	(609)	(1,002)	(609)	(1,002)
Gain/(Loss) during year	200	393	200	393
Fair Value of Interest Rate Swaps	(409)	(609)	(409)	(609)

28. OTHER FINANCIAL ASSETS

	PARENT \$000		GROUP \$000	
	2014	2013	2014	2013
Shares – Paper Plus	25	25	25	25
Shares – Ballance Agri-Nutrients	1	1	1	1
Total Other Financial Assets	26	26	26	26

There were no impairment provisions for other financial assets.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2014

29. INVESTMENT PROPERTY

The Company has identified three classifications of land as strategically important holdings as they relate directly to the aviation operations and related activities, or are considered in the airport's long term strategy of facilitating future growth in the aeronautical capability of the airport.

The Company's criteria for identifying property as of strategic importance is:

- Land areas on which runways, taxiways, aprons, terminal and apron servicing areas as currently placed or anticipated in the Airport Master Plan.
- Land areas abutting the land areas described above.
- Other land that is reserved for aviation related activities.

Land that does not meet the criteria above or that is not property available for sale is classified as investment property.

The Company's investment properties are valued annually at fair value effective 30 June. All investment properties were valued on open market evidence and conditions that prevailed as at 30 June 2014. The valuation was performed by Mairi MacDonald, Registered Valuer, ANZIV, SPINZ, an independent valuer from Quotable Value Limited. Quotable Value Limited is an experienced valuer with extensive market knowledge in the types of investment properties owned by the Company.

	PARENT \$000		GROUP \$000	
	2014	2013	2014	2013
Opening balance	3,750	3,645	3,750	3,645
Transfer from property, plant and equipment	0	178	0	178
Fair value gain/(loss) on valuation	(30)	(73)	(30)	(73)
Closing Balance	3,720	3,750	3,720	3,750

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2014

30. INTANGIBLE ASSETS

	PARENT \$000		GROUP \$000	
	2014	2013	2014	2013
Acquired Assets				
Balance at 1 July	107	107	107	107
Additions	0	0	0	0
Disposals	0	0	0	0
Balance at 30 June	107	107	107	107
Accumulated Amortisation and Impairment Losses				
Balance at 1 July	82	61	82	61
Amortisation expense	18	21	18	21
Disposal	0	0	0	0
Balance at 30 June	100	82	100	82
Carrying Amounts				
Balance at 1 July	25	46	25	46
Balance at 30 June	7	25	7	25

31. ASSET IMPAIRMENT

There has been no impairment of assets recognised in 2014 (2013: nil).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2014

32. DIRECTORS' FEES

	PARENT \$000		GROUP \$000	
	2014	2013	2014	2013
Waikato Regional Airport Limited – Board of Directors	109	100	109	100
Hamilton & Waikato Tourism Limited – Board of Directors	0	0	37	36
Titanium Park Limited	0	0	5	7
Total Directors' Fees	109	100	151	143

The Board of Titanium Park Joint Venture has an independent Chairman. Fees paid to the independent Chairman are \$10,932 for the year. The Group's one half share of those fees is \$5,466 (2013: \$7,222).

33. DONATIONS

During the year the Company made donations to charities totaling \$274 (2013: \$1,411).

34. PERFORMANCE TARGETS AND RESULTS

The Company prepares an annual Statement of Corporate Intent, which is approved by Shareholders and incorporates financial and performance measures for the ensuing year.

A comparison of the Company's actual results for the year (excluding abnormal items) with those forecasted is given below.

Performance targets and results to 30 June 2014 (Group)	Actual	Target
		Statement of Corporate Intent
Net surplus / (deficit) after tax (total comprehensive income)	(\$232,425)	\$146,000
Net profit/(loss) after tax to average shareholder funds	(0.4%)	0.3%
Net profit/(loss) after tax to total assets	(0.3%)	0.2%
Percentage of non-landing charges revenue	82.1%	81.7%
Earnings before interest, taxation and depreciation	\$2,213,000	\$2,620,000
Total liabilities/shareholders' funds: debt/equity ratio	26.74	24.76
Interest cover (parent only and calculated on the basis of interest from TPL and revaluations being excluded)	3.05	2.63

Earnings before interest, taxation and depreciation ("EBITDA" - which excludes fair value adjustments of interest rate swaps and investment property) of \$2,213,000 compares to a target of \$2,620,000. The difference of \$407,000 results from the following.

Lower gross margin on Titanium Park land sales	-\$689,000
Lower operating expenses	\$158,000
Additional Tourism industry funding	\$138,000
Other miscellaneous	-\$14,000
EBITDA variance	-\$407,000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2014

The net deficit after tax result of \$232,000 compares to a targeted surplus of \$146,000. The difference of \$378,000 results from the unfavourable EBITDA variance above, a further unfavourable variance of \$76,000 from fair value adjustments of interest rate swaps and investment property, offset by a favourable variance for depreciation and interest of \$180,000 resulting from the lower capital spend.

The favourable interest cover result was achieved through interest expense \$94,000 lower than target.

To achieve the Airport Certification Standards as required by the Civil Aviation Authority.	The Civil Aviation Authority of New Zealand (CAA) carries out an annual survey audit of Aerodrome Safety and Operational Compliance and of Security Compliance against the requirements of Civil Aviation, Part 139, certification approvals. The audits carried out on 20 August 2013 and 6 May 2014 respectively confirmed compliance approval by CAA.
To achieve above average traveller satisfaction ratings through the conduction of a three yearly ACI International benchmarking survey.	No survey was carried out during the year. The 2011/12 ACI International benchmarking survey showed that overall customer satisfaction is well in excess of industry averages for nearly all core airport measures. The next survey is planned to be undertaken in 2014/15.
Collect, document and act (where viable) on customer feedback forms to continuously monitor and improve the customer experience. Maintain a database to ensure recurring negative feedback is promptly acted upon.	Customer feedback cards are positioned in the terminal. From 1 July 2013 to 30 June 2014 there were 48 customer feedback cards collected and documented. All items are considered by the management team and addressed where appropriate. Personal complaints are responded to.
Introduce a new domestic carrier to promote competition and consequently, competitive pricing options for travellers.	The airport continues to monitor relative pricing of domestic airfares and encourage availability of competitive pricing.

STATUTORY INFORMATION

For the Year Ended 30 June 2014

Dividend

The Directors recommend that no dividend be declared.

Directors

At the Company's Annual General Meeting held 17 December 2013, and in accordance with the Company's constitution:

Mr J Birch and Mr A Calder retired by rotation and were unavailable for reappointment.

Mrs G Shirley resigned as a Director.

Mr J Spencer, Mr C da Silva and Mrs A Cotton were appointed as Directors.

Auditor

As required by Clause 23 of the Company's Constitution, the Auditor-General is responsible for the Company's audit. This function is contracted to Audit New Zealand.

Directors' Interests

The following directors have made a general disclosure of interest with respect to any transaction or proposed transaction that may be entered into with other entities on the basis of him being a director, partner, trustee or officer of those entities.

DIRECTOR	ENTITY	INTEREST	DIRECTOR	ENTITY	INTEREST
A Calder (retired 17/12/13)	Calder & Lawson Investments Ltd	Director	G Shirley (retired 17/12/13)	International Funding Ltd	Director
	Calder & Lawson Tours Ltd	Director		Joffre Consulting Ltd	Director
	Hamilton & Waikato Tourism Ltd	Chairman		Kermit Promotions Ltd	Director
	Hospice Waikato	Chairman		Key Funds Ltd	Chairman
	Rokefield Ltd	Director		Larrabee Holdings Ltd	Director
	Titanium Park Ltd	Director		Learningworks Ltd	Director
	University of Waikato Foundation	Trustee		Maeroa Properties Ltd	Director
	Birch Holdings Ltd	Director		Magpie Forestry Ltd	Director
	Birch Mollard Capital Management Ltd	Director		Opportunity Hamilton	Trustee
	Birchwood Design Ltd	Director		Perry Resources (2008) Ltd	Chairman
	Beef Solutionz (NZ) Ltd	Director		Perry Investment Management Ltd	Director
	Central Capital Management Ltd	Director		Prima Group Ltd	Chairman
	Central Capital Investments (1) Ltd	Director		Quantec Ltd	Director
	Central Capital Services Ltd	Director		Sidecar GP Ltd	Director
	Central Capital Partners Ltd	Director		SmartAR Ltd	Director
J Birch (retired 17/12/13)	Control Distribution Ltd	Chairman		Titanium Park Ltd	Director
	Dairy Solutionz (NZ) Ltd	Director		Various family and associated Trusts	Trustee
	Get Smart Holdings Ltd	Chairman		Alandale Foundation	Trustee
	Get Smart Financial Solutions Ltd	Chairman		Alandale Lifecare Ltd	Director
	FeeSmart Finance Ltd	Director		Chartered Accountancy Private Practice	Chartered Accountant
	FeeLink International Ltd	Director		Titanium Park Ltd	Director
	Habitat for Humanity (Central North Island) Ltd	Deputy Chairman		Various client and personal family Trusts	Trustee
	Herdhomes Systems Ltd	Director		Waikato District Health Board	Member
	Innovation Waikato Ltd	Director			

STATUTORY INFORMATION

For the Year Ended 30 June 2014

DIRECTOR	ENTITY	INTEREST	DIRECTOR	ENTITY	INTEREST
M Devlin	City Care Ltd	Director	J Spencer cont'd	WEL Networks Ltd	Chairman
	Hamilton Riverview Hotel Ltd	Director		WEL Power Ltd	Director
	Harrison Grierson Consultants Ltd	Chairman		Wellington Mega Ltd	Director
	Harrison Grierson Holdings Ltd	Director		Anamallai Tea Estates & Ropeway Company Ltd	Director
	Institute of Directors New Zealand Inc	Member		Australasian Investor Relations Association PTY Limited	Director
	IoD Accreditation Board	Member		External Reporting Board	Member
	IoD Commercial Board	Director		Merlin Consulting Ltd	Director
	National Council Representative Institute of Directors New Zealand Inc	Member		Riverbend Dairy Farms Ltd	Director
	National Infrastructure Advisory Board	Member		The Wishes Company Ltd	Director
	Scott Sheet Metal & Heating Ltd	Director		Titanium Park Ltd	Director
	Titanium Park Ltd	Director		Certus Group Ltd	Director
	Ultrafast Fibre Ltd	Director		Consumer Finance Ltd	Director
	Waikato District Council Audit & Risk Committee	Member		Consumer Insurance Services Ltd	Director
	Waikato Institute of Directors	Chairman		Da Silva Advisory Board Ltd	Director
	Waikato University Risk Management Committee	Member		Equipment Finance Ltd	Director
	WEL Networks Ltd	Deputy Chairman		Fisher & Paykel Financial Services Ltd	Director
		Chairman		Fisher & Paykel Finance Holdings Ltd	Director
J Spencer	Dairy NZ Ltd	Director		Fisher & Paykel Finance Ltd	Chairman
	Derby Street Ltd	Director		Gardon Ltd	Director
	Dexcel Holdings Ltd	Director		IT Partners Group Ltd	Director
	Fairway Resolution Ltd	Director		IT Partners Ltd	Chairman
	Kiwirail Holdings Ltd	Chairman		Jarvis Trading Ltd	Director
	Mitre 10 (New Zealand) Ltd	Director		LGC Trustee Ltd	Director
	Mitre 10 Holdings Ltd	Director		Lightwire Ltd	Director
	Mitre 10 Imports Ltd	Director		MCC Properties Ltd	Director
	Mitre 10 Retail Ltd	Director		Meteorological Service of New Zealand Ltd	Director
	Raukawa Iwi Development Ltd	Chairman		Milk Management Company Ltd	Director
	RVNZ Investments Ltd	Director		Retail Financial Services Ltd	Director
	Taupo Mega Ltd	Director		Titanium Park Ltd	Director
	Te Awamutu Mega Ltd	Director		Trelise Cooper Group Ltd	Director
	Tertiary Education Commission	Chairman		Trelise Cooper Properties Ltd	Director
	Titanium Park Ltd	Director			
	Tower Capital Ltd	Director			
	Tower Financial Services Group Ltd	Director			
	Tower Insurance Ltd	Director			
	Tower Life (NZ) Ltd	Director			
	Tower Ltd	Director			
	Waikato Electricity Ltd	Director			
	Waikato Networks Ltd	Director			
	WEL Electricity Ltd	Director			
	WEL Energy Group Ltd	Director			
	WEL Generation Ltd	Director			

STATUTORY INFORMATION

For the Year Ended 30 June 2014

Use of Company Information

No notices were received from Directors requesting use of Company information received in their capacity as Directors that would not have been otherwise available to them.

Share Dealing

No Director holds shares in the Company nor acquired or disposed of any interest in shares in the Company during the year.

Directors' Remuneration

Remuneration paid to the Company's Directors during the year was as follows:

	2014 \$000	2013 \$000
J Spencer	19	0
M Devlin	23	0
A Cotton	12	0
C da Silva	12	0
J Birch	16	35
A Calder	11	23
G Shirley	11	23
G Thompson	3	19

No other remuneration or benefits have been paid or given to the Company's directors.

Insurance

The Company arranged Directors' and Officers' liability insurance with Vero Liability Insurance Limited at a cost of \$4,700 (excl GST) for the 12 month period to 31 March 2014. From 1 April 2014, Directors' and Officers' liability Insurance is with Vero Liability Insurance Limited at a cost of \$4,700 (excl GST).

Remuneration of Employees

Grouped below, in accordance with section 211(1)(g) of the Companies Act 1993, are the number of employees of the Group who received remuneration and other benefits in their capacity as employees, totalling \$100,000 or more, during the year.

Amount of Remuneration	Employees
\$170,000 - \$179,999	2
\$150,000 - \$159,999	1
\$110,000 - \$119,999	1

Remuneration includes salary, performance bonuses and motor vehicle allowances received in their capacity as employees.

AUDIT REPORT

For the Year Ended 30 June 2014

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of
**Waikato Regional Airport Limited and group's
financial statements and performance results
for the year ended 30 June 2014**

The Auditor-General is the auditor of Waikato Regional Airport Limited (the company) and group. The Auditor-General has appointed me, Clarence Susan, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance results of the company and group on her behalf.

We have audited:

- the financial statements of the company and group on pages 14 to 52, that comprise the consolidated balance sheet as at 30 June 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance results of the company and group on pages 52 to 53.

Opinion

Financial statements and performance results

In our opinion:

- the financial statements of the company and group on pages 14 to 52:
 - comply with generally accepted accounting practice in New Zealand; and
 - give a true and fair view of the company and group's:
 - financial position as at 30 June 2014; and
 - financial performance and cash flows for the year ended on that date; and
- the performance results of the company and group on pages 52 to 53:
 - complies with generally accepted accounting practice in New Zealand; and
 - gives a true and fair view of the company and group's performance achievements measured against the performance targets adopted for the year ended 30 June 2014.

AUDIT REPORT

For the Year Ended 30 June 2014

Other legal requirements

In accordance with the Financial Reporting Act 1993 we report that, in our opinion, proper accounting records have been kept by the company and group as far as appears from an examination of those records.

Our audit was completed on 15 September 2014. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities, and explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and the performance results are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and performance results. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and performance results. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and performance results whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the company and group's financial statements and performance results that give a true and fair view of the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company and group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the adequacy of all disclosures in the financial statements and performance results; and
- the overall presentation of the financial statements and performance results.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the performance results. Also we did not evaluate the security and controls over the electronic publication of the financial statements and performance results.

AUDIT REPORT

For the Year Ended 30 June 2014

In accordance with the Financial Reporting Act 1993, we report that we have obtained all the information and explanations we have required. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board of Directors

The Board of Directors is responsible for preparing financial statements and performance results that:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the company and group's financial position, financial performance and cash flows; and
- give a true and fair view of the company and group's performance.

The Board of Directors is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and performance results that are free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for the publication of the financial statements and performance results, whether in printed or electronic form.

The Board of Directors' responsibilities arise from the Local Government Act 2002 and the Financial Reporting Act 1993.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and performance results and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 69 of the Local Government Act 2002.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in the company or any of its subsidiaries.



Clarence Susan
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand

FIVE YEAR REVIEW

For the Year Ended 30 June 2014

	2014 \$000's	2013 \$000's	2012 \$000's	2011 \$000's	2010 \$000's
Revenue	7,022	7,225	7,984	7,087	6,654
Increase/-Decrease	-3%	-10%	13%	7%	14%
Expenditure	7,274	7,475	7,514	7,044	8,240
Increase/-Decrease	-3%	0%	7%	-15%	21%
Operating Surplus before Abnormal Item and Taxation¹	(245)	(245)	345	(253)	(1,645)
Increase/-Decrease	-0%	-171%	236%	84%	-304%
Operating Surplus before Tax Item	(252)	(250)	470	43	(1,586)
PERFORMANCE INDICATORS					
Operating Surplus (after abnormal item and taxation) to Average Shareholder's Equity	-0.4%	-0.4%	0.4%	-0.3%	-8.7%
Percentage of Non-Landing Charges Revenue to Total Revenue	82%	81%	82%	82%	80%
Total Equity	59,500	59,732	59,162	58,784	58,462
Total Liabilities	20,937	19,967	19,074	19,417	20,148
Total Assets	80,437	79,699	78,235	78,201	78,610
Net Asset Backing per Share	\$14.75	\$14.80	\$14.67	\$14.57	\$14.49
Shareholders' Equity Ratio	74%	75%	76%	75%	74%
Passengers					
- Domestic	294,396	294,512	315,662	315,972	279,570
- International	0	11,384	38,406	45,877	52,975
- Total	294,396	305,896	354,068	361,849	332,545

¹ Abnormal item includes gains/losses on sale of property, plant and equipment.

CORPORATE DIRECTORY

For the Year Ended 30 June 2014

Board of Directors	John Spencer (appointed 17 December 2013)
	Carlos da Silva (appointed 17 December 2013)
	Annabel Cotton (appointed 17 December 2013)
	Margaret Devlin
	John Birch (retired 17 December 2013)
	Alastair Calder (retired 17 December 2013)
	Gay Shirley (retired 17 December 2013)
General Manager - Commercial	George Clark
General Manager - Operations	Simon Hollinger
Hamilton & Waikato Tourism CEO	Kiri Goulter
Marketing Manager	Rebecca Evans
Registered Office	Hamilton Airport Terminal Building
	Hamilton International Airport
	Airport Road, R D 2
	Hamilton 3282
Telephone	07 848 9027
Facsimile	07 843 3627
E-mail	wral@hamiltonairport.co.nz
Web Site	www.hamiltonairport.co.nz
Bankers	Bank of New Zealand
Solicitors	Tompkins Wake, Hamilton
Auditors	Audit New Zealand, Hamilton on behalf of the Controller and Auditor-General



Hamilton
International Airport





Hamilton Airport

Annual Report
2015

CONTENTS

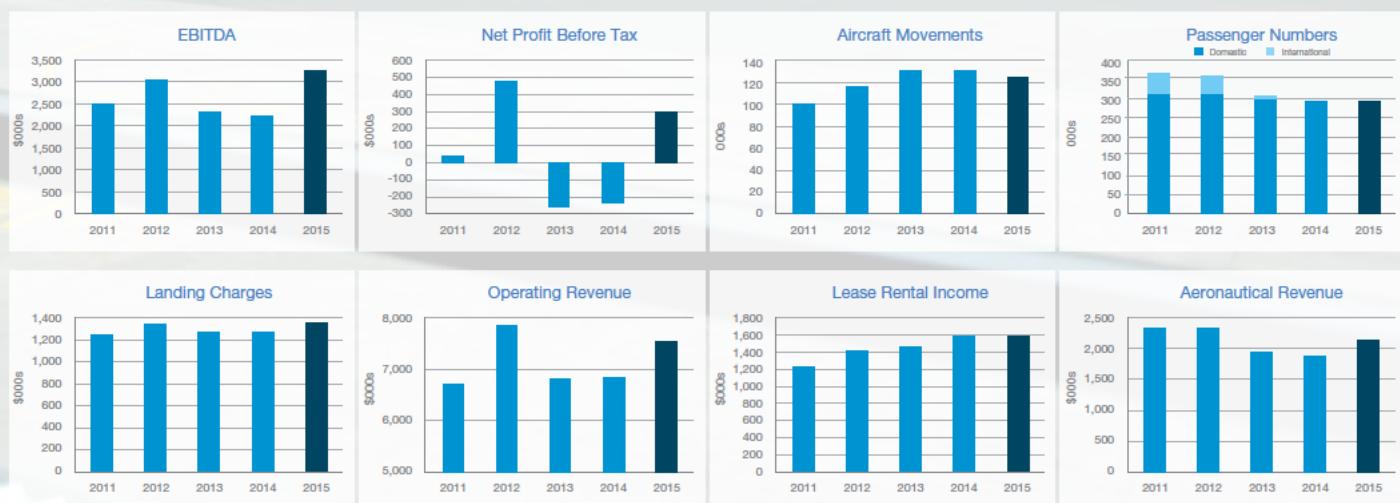
RESULTS AT A GLANCE	1
CHAIRMAN'S AND GENERAL MANAGERS' ANNUAL REPORT	3
FINANCIAL STATEMENTS	8
STATUTORY INFORMATION	36
AUDIT REPORT	40
FIVE YEAR REVIEW	43
CORPORATE DIRECTORY	44



2015 RESULTS AT A GLANCE

KEY FACTS

- Operating Surplus after Tax of \$169,000 ; up \$401,000 on 2014
- Operating Revenue (excluding land sales) up \$283,000 (4.3%)
- Land sale net income \$841,000 (\$221,000 in 2014)
- EBITDA of \$3,294,000; up \$1,081,000 on 2014
- \$2,225,000 positive operating net cash flow
- \$1.97m debt repayment (\$0.58m for the Airport; \$1.39m for Titanium Park Limited)
- 291,000 passengers; up 2,000 on 2014
- 127,000 aircraft movements; down 4.5% (weather impact on pilot training)







CHAIRMAN'S AND GENERAL MANAGERS' ANNUAL REPORT - 2015

In early 2014, the Board and Management of Waikato Regional Airport Limited (WRAL) completed a comprehensive review of the company's strategic direction, resulting in a revised business plan and Statement of Corporate Intent. During 2015, the company has focused on continued improvement in operating efficiencies, careful cost management and partnering with Air New Zealand to improve passenger numbers through the airport. It is therefore pleasing to report a much improved financial result for the WRAL Group for the year with an Operating Surplus after Taxation of \$169,000.

The Board has placed a major focus on health and safety practices and procedures throughout the airport precinct. The 2015 year has seen zero lost time injuries with only two minor accidents occurring.

The Board has also been actively involved with its joint venture partner throughout the year in a comprehensive review of the future of Titanium Park.

FINANCIAL PERFORMANCE

WRAL Group

The 2015 financial result for the consolidated WRAL Group is a significant improvement on the prior year. Operating Surplus before Taxation for the Group of \$289,000 exceeds 2014 by \$541,000 with the result supported by increased aeronautical revenue, operating cost reductions and a further and final payment on a Titanium Park land sale. The result also takes account of an unfavourable movement for the year in the interest rate swaps valuation of \$202,000 which has arisen due to the continuation in the fall in interest rates. Operating revenue of \$6.85m has risen 4.3% over last year while total expenses of \$7.3m (including depreciation but excluding the interest rate swaps loss) are in line with last year.

Net Cash Flow for the Group from Operating and Investment Activities was \$2,225,000. Last year, the expenditure on the runway overlay of \$3.1m resulted in negative Cash Flow after investments of \$1,975,000.

\$1.97m of debt repayment was made in 2015 (\$0.58m by the Parent Company and \$1.39m by Titanium Park). The Total Debt to Equity ratio improved from 26:74 in 2014 to 24:76 this year.



WRAL Group

	2015 (\$000)	2014 (\$000)	Variance (\$000)
Operating and Other Revenue	7,400	6,820	580
Direct Expenses	(4,106)	(4,607)	501
EBITDA	3,294	2,213	1,081
Depreciation	(2,101)	(2,012)	(89)
Finance Costs	(712)	(623)	(89)
Disposal of Assets	10	(31)	41
Operating Surplus (Deficit) before Taxation and before Interest Rate Swaps gains (losses)	490	(453)	944
Interest Rate Swaps gains (losses)	(202)	201	403
Operating Surplus (Deficit) before Taxation	289	(252)	(541)
Net Cash Flow from Operating & Investment Activities	2,225	(1,975)	4,200

AIRPORT COMPANY (PARENT)

(excluding Titanium Park transactions)

	2015 (\$000)	2014 (\$000)	Variance (\$000)
Operating and Other Revenue	5,561	5,250	311
Direct Expenses	(3,095)	(3,326)	231
EBITDA	2,466	1,924	542
Depreciation	(2,089)	(2,001)	(88)
Finance Costs	(674)	(610)	(64)
Disposal of Assets	10	(30)	40
Operating Surplus (Deficit) before Taxation and before Interest Rate Swaps gains (losses)	(287)	(717)	430
Interest Rate Swaps gains (losses)	(202)	201	(403)
Operating Surplus (Deficit) before Taxation	(489)	(516)	27
Net Cash Flow from Operating & Investment Activities	752	2,736	3,488

WRAL Parent

An objective for the 2015 year has been to ensure that the airport company (parent) can sustain itself cash-wise and to improve on the operating performance of 2014. As can be seen in the following table, EBITDA has increased by 28% while Operating Surplus (Deficit) before Taxation and Interest Rate Swaps Valuation has improved by \$430,000. Car park and aeronautical revenue increased by \$366,000 while direct operating expenses fell \$231,000 or 7%. Higher finance costs reflected a full year of the term debt facility used to fund the runway overlay project completed in March 2014.

Despite the \$202,000 unfavourable impact of the interest rate swaps this year (compared to a favourable movement of \$201,000 last year), the parent company result excluding all Titanium Park transactions improved by \$27,000.

AIRLINE ACTIVITIES AND PASSENGER NUMBERS

Harmonious relationships between airports and airlines are critical to the success of both parties and the Air New Zealand – Hamilton Airport relationship at the operational, marketing and strategic level is exceptionally positive.

Together, the businesses have focussed on opportunities to increase passenger numbers, improve the customer experience at the airport and existing route marketing initiatives.

In March, the airport was chosen as one of a few regional ports to gain Nightrider flights with Air New Zealand selecting the Hamilton – Wellington route for \$29 one-way flights during April and May. This initiative was highly successful with all flights fully booked, providing economical travel to nearly 2,300 passengers.

Following a review with airport Management, Air New Zealand has made a commitment to construct a new and much enlarged passenger lounge for its Koru Club members. At over twice the size of the current lounge, construction of the new facility is due to commence in early October and subject to a works programme, it is planned to be completed by the end of December.



In late 2014, Air New Zealand announced its decision to withdraw the 19-seater Beech aircraft from its fleet and services at some smaller regional airports have already ceased. The impact of this decision on Hamilton Airport will be a gradual decline in services from May 2015 on the Hamilton – Auckland route, with the final flight being made in early February 2016. This route has been traditionally patronised by nearly 25,000 travellers per annum, connecting to either international or other domestic flights. The Hamilton – Palmerston North route will also be impacted in August 2016 with the two current Beech daily flights, being replaced by one 50-seater Q300 flight.

The withdrawal of the Beech fleet will however have a positive impact on Hamilton's two key routes, namely Wellington and Christchurch. Capacity will increase with more 68-seater ATR aircraft scheduled to be used due to the Q300 aircraft operating on other routes within New Zealand, traditionally serviced by the Beech aircraft.

Despite the reduction in the number of flights to Auckland in recent months, total passengers through the airport in the 2014-15 year were 291,400, an increase of 2,000 over the prior year. Encouragingly, the final quarter of the year has seen an average 8% increase over the same period in 2014 in passenger numbers.

With the recent withdrawal of Air New Zealand services from some regional centres, a number of smaller airlines have stepped in to provide air connections for these communities. Kiwi Regional Airlines has announced its intention to cover a route network which includes the airports of Dunedin, Queenstown, Nelson and Hamilton. Kiwi Regional

Airlines' intention is to commence flights later this year between Hamilton and Nelson.

The recent announcement by Jetstar New Zealand to enter the regional market with a fleet of Q300 aircraft has resulted in eight airports including Hamilton being approached by Jetstar to submit proposals. With ticket sales planned from September and the first flights in December, Jetstar's decision on its regional network is expected in August. Hamilton Airport is well placed to accommodate multiple airlines, with sufficient facilities for check-in, passenger processing and aircraft boarding gates and apron slots.

AIRPORT OPERATIONS

Last year saw the most significant investment in infrastructure at the airport for many years, being the runway overlay project at \$3.1m. Capital works in the 2015 year have focussed on a number of airside operational projects.

- Low intensity approach lights have been installed at the northern end of the main runway. These lights help enhance the operational capability for aircraft to identify the runway in poor lighting or marginal weather conditions.
- New and improved airfield signage has been installed to assist aircraft during ground movement operations.
- Additional passenger safety control barriers have been installed on the terminal apron to assist with passenger movements to and from the aircraft.

Hamilton Airport remains New Zealand's second busiest Civil Aviation Part 139 certificated airport in terms of aircraft movements, primarily due to the volume of pilot training flights by CTC Aviation Training. Total movements for the 2014/15 financial year were 126,717 or an average of 347 flight movements every day.

TITANIUM PARK

The Manager of the Titanium Park Joint Venture has continued to work with a range of potential clients who have shown interest in Titanium Park as a venue for their businesses. The decision process for a number of these parties has been very protracted as they consider the various options available to them in Hamilton and surrounding areas. Unfortunately no land sales have been made at the business park during the 2015 financial year. However plans have now been approved for the construction on land sold last year, of a building on Central Precinct, near the airport terminal.



Considerable time has been spent this year by the Joint Venture with the New Zealand Transport Agency relating to future roading changes affecting Titanium Park, and in particular the Southern Links project. Agreement has been reached on the construction of a roundabout on the intersection of State Highway 3 and Airport Road. This project will commence in late 2015 and will not only eliminate the current safety issues associated with this intersection but it will provide certainty on the access into the Western Precinct of the Park.

HEALTH & SAFETY

The health and safety of travellers, employees, contractors and airport tenants is of utmost importance to the airport's management and directors. Regular safety committee meetings and operational reviews are conducted with assistance from an independent safety consultant. Focussed H & S awareness by our employees has seen a near clean accident record, with no work time lost hours during the 2015 year.

HAMILTON & WAIKATO TOURISM

Hamilton & Waikato Tourism (HWT) has just completed its fourth successful year as the Regional Tourism Organisation, supported by seven of the Waikato region's Territorial Authorities and the region's tourism operators. HWT continued to work in close partnership with tourism operators who this year contributed \$415,000 towards marketing and promotional activities. This resulted in a combined investment from the local authorities and tourism industry of \$1.25m.

A key focus for 2014/15 has been the development of a ten-year Visitor Strategy for the industry and region. The strategy aims to grow visitor expenditure from \$1b to \$1.35b per annum by 2025 through an increased investment in destination marketing and the expansion of HWT's activities to include destination management. To enable the

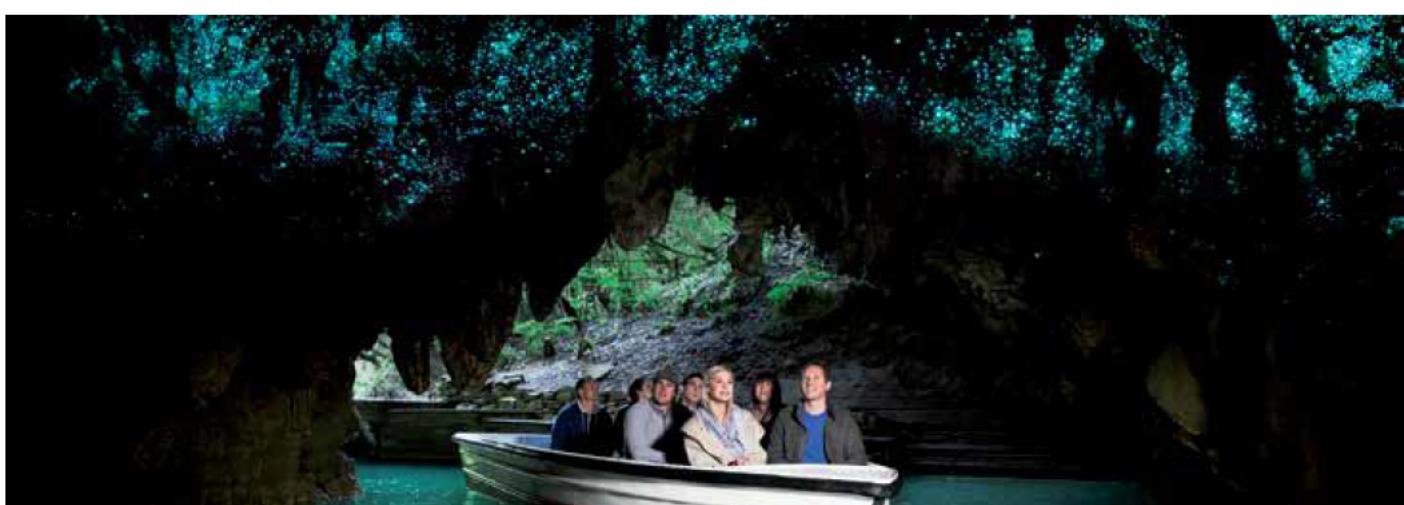
strategy to be implemented, HWT sought an increase in funding from its local government partners through their respective Long Term Plans. This was successfully achieved with all seven councils agreeing to increase their partnership investment by 50%.

The digital promotion of the region is becoming increasingly important given the global trend to online research and transacting. Given that www.hamiltonwaikato.com had been in place since the establishment of HWT, a full redevelopment of the site was commenced in 2014/15, to include a new content management system and improved functionality.

Key highlights for HWT for the year include:

- Investment of \$415,000 in HWT's activities by the region's tourism industry
- Development of a 10 year Visitor Strategy for the region aiming to grow the sector
- Additional investment of \$405,000 secured for 2015-16 onwards from partner councils
- Hosting 137 international and 14 domestic media outlets
- Hosting over 346 international travel trade personnel
- 'Explore Central North Island' collective hosted TRENZ in Rotorua with over 300 international buyers attending
- Supported Hamilton City Council with two major events; Cricket World Cup and FIFA Men's U20 World Cup

The New Zealand tourism sector has experienced strong growth with increased visitation, guest nights and expenditure from both international and domestic visitors. This has also been reflected in the Hamilton and Waikato region.





International Marketing

The region continues to see positive growth in international expenditure and guest nights. HWT once again participated in a \$1.6m "Tour the North" campaign in Australia in conjunction with other upper North Island regions and Tourism New Zealand. HWT continued its partnership with the Explore Central North Island (ECNI) collective of regions (8). This year ECNI jointly hosted TRENZ in Rotorua in May. The trade show was a tremendous success with over 300 international buyers in attendance.

Domestic Marketing

Growth in domestic visitor nights in the region has continued, however visitor expenditure remains below the national trend. HWT continued its domestic campaign activity throughout the year including two Explore Your Own Backyard campaigns and a Short Escapes campaign focused on walking and cycling and key events happening in the city and region. At the start of the year the region hosted both the Cricket World Cup and FIFA Men's U20 World Cup. HWT was heavily involved in supporting these tournaments alongside Hamilton City Council.

Convention Bureau

This year the Convention Bureau's focus of activity has been hosting families (mega and local), clients, and exhibiting at various trade shows. Towards the end of the year there has been a noticeable increase in enquiries and proposals submitted. The Hamilton and Waikato region remains stable at 9% of the New Zealand market share of total delegate days, being third equal in New Zealand with Christchurch.

Partnership with Hamilton Airport

HWT has continued its close relationship with the Hamilton Airport management team, supporting presentations and regular discussions with Air New Zealand on marketing activities and supporting general strategic matters where appropriate.

Financial Performance for the year ended 30 June 2015

While retaining core funding of \$810,000 from partner Councils, HWT also received \$415,000 from the tourism industry, the latter exceeding the budgeted target of \$300,000. Income areas that contributed strongly were Australian and Domestic campaign activity and Convention Bureau partnership.

The 2014/15 year-end result was a \$25,000 pre-tax deficit (budget of \$22,500 deficit). This deficit was funded from cash reserves, and the small tax loss will be carried forward.

Hamilton & Waikato Tourism Board

In May 2015, Robert Weir was appointed to the HWT Board and in August, we farewelled Anna Bounds. Anna has been a director since the formation of Hamilton & Waikato Tourism and has brought professionalism, diligence and values to the boardroom and the organisation. We thank her for the contribution that she has made to the business.

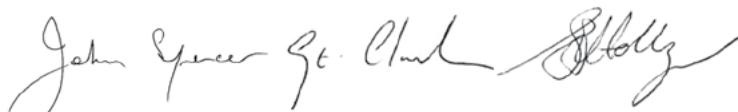
COMMUNITY ENGAGEMENT

The airport provides a number of community services, particularly those aimed at supporting children. These include sponsorship of disabled children to attend Christmas functions, school class visits and tours of the airport and its operations, and support for the Child Flight Charitable Trust. This organisation provides special needs children with the opportunity to experience the excitement of flight and the airport makes all its facilities available to the children, families and aircraft operators. The airport had much pleasure in hosting and providing the Child Flight Trust with the opportunity to use airport facilities on two successful occasions this year.

The Community Liaison Group has continued to meet quarterly under the committed and experienced independent chairmanship of Graeme Opie. With representation from various aviation-related organisations based at the airport, along with local residents and district council personnel, the Group has been focussed more recently on issues relating to aircraft air noise. The airport maintains a structured Noise Management Plan, being a district planning requirement. A component of the plan requires community consultation and a number of the clauses in the Plan are currently being reviewed by the Group with assistance from Waipa District Council.

CONCLUSION

On behalf of the Board and Management team, we thank our shareholders and employees for their continued support. Like many regional airports, Hamilton has many challenges to confront and recently, a number of opportunities to pursue. Success comes from the dedication to the business by its staff and shareholders.



JOHN SPENCER
Chairman

GEORGE CLARK
General Manager
Commercial

SIMON HOLLINGER
General Manager
Operations

HAMILTON





INDEX TO THE FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

STATEMENT OF CHANGES IN EQUITY

BALANCE SHEET

STATEMENT OF CASH FLOWS

NOTES TO THE FINANCIAL STATEMENTS

PERFORMANCE TARGETS AND RESULTS

STATUTORY INFORMATION

AUDIT REPORT

FIVE YEAR REVIEW

CORPORATE DIRECTORY

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the Year Ended 30 June 2015

	NOTE	2015 \$000	2014 \$000
REVENUE			
Operating revenue	14	6,855	6,572
Other gains	15	16	200
Land sales – Titanium Park		841	221
Finance income		54	29
Total Revenue		7,765	7,022
EXPENSES			
Operating expenses		2,524	2,697
Employee benefit expenses		1,763	1,754
Bad debts written off		1	1
Depreciation and amortisation	18	2,101	2,012
Directors' fees	28	173	151
Finance costs		712	623
Other losses	15	202	36
Total Expenses		7,476	7,274
OPERATING SURPLUS/(DEFICIT) BEFORE TAXATION		289	(252)
Taxation	19	120	(20)
OPERATING SURPLUS/(DEFICIT) AFTER TAXATION		169	(232)
Gain/(loss) on property revaluation		0	0
Total Other Comprehensive Revenue and Expense		0	0
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		169	(232)

Total comprehensive revenue and expense attributable to

Equity holders of the parent	169	(232)
------------------------------	-----	-------

The attached Statement of Accounting Policies and Notes form part of, and are to be read in conjunction with the Financial Statements.

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2015

	NOTE	2015 \$000	2014 \$000
Balance at 1 July		59,500	59,732
Total comprehensive revenue and expense		169	(232)
BALANCE AT 30 JUNE		59,669	59,500

Total comprehensive revenue and expense attributable to			
Equity holders of the parent		169	(232)

The attached Statement of Accounting Policies and Notes form part of, and are to be read in conjunction with the Financial Statements.

BALANCE SHEET

As at 30 June 2015

	NOTE	2015 \$000	2014 \$000
EQUITY			
Share capital	11	14,860	14,860
Asset revaluation reserve	11	28,677	28,677
Retained earnings	11	16,132	15,963
Total Equity		59,669	59,500
<i>Represented by:</i>			
CURRENT ASSETS			
Cash and cash equivalents	6	514	262
Trade and other receivables	3	506	637
Prepayments		18	117
Inventories		97	105
Term deposits	7	287	160
Development property	8	11,512	11,926
		12,934	13,207
CURRENT LIABILITIES			
Term liabilities – current portion	10	83	1,473
Derivative financial instruments	23	611	409
Payables and accruals	2	1,221	1,289
Income tax payable		355	124
Employee entitlements	22	173	174
Income in advance		221	225
		2,664	3,694
WORKING CAPITAL SURPLUS		10,270	9,513
NON CURRENT ASSETS			
Property, plant and equipment	9	61,761	63,392
Investment property	25	3,730	3,720
Other financial assets	24	25	26
Intangible assets	26	-	7
Other assets	21	93	101
		65,609	67,246

BALANCE SHEET continued

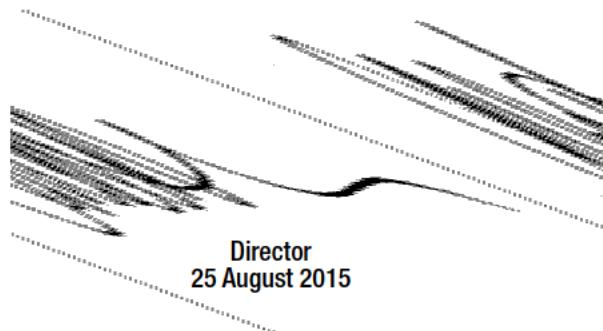
As at 30 June 2015

	NOTE	2015 \$000	2014 \$000
NON CURRENT LIABILITIES			
Term loans	10	9,539	10,122
Deferred taxation	20	6,671	7,137
		16,210	17,259
NET ASSETS		59,669	59,500

The attached Statement of Accounting Policies and Notes form part of, and are to be read in conjunction with the Financial Statements.



John Spencer
Director
25 August 2015



Director
25 August 2015

STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2015

	NOTE	2015 \$000	2014 \$000
CASH FLOW FROM OPERATING ACTIVITIES			
Operating revenue		7,802	6,700
Interest received		54	29
Payments to suppliers and employees		(4,457)	(4,624)
Income taxes refunded (paid)		(355)	(221)
GST (net)		63	11
Interest paid		(712)	(628)
Costs of development property		414	370
Net cash from operating activities	17	2,809	1,637
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		0	59
Purchase of property, plant and equipment		(457)	(3,671)
Funds placed on deposit		(127)	-
Net cash from investing activities		(584)	(3,612)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	1,835
Repayment of borrowings		(1,973)	(500)
Net cash from financing activities		(1,973)	1,335
Net increase in cash and cash equivalents		252	(640)
Cash and cash equivalents at the beginning of the year		262	902
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	6	514	262

The attached Statement of Accounting Policies and Notes form part of, and are to be read in conjunction with the Financial Statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

The Waikato Regional Airport Limited Group has designated itself as a public benefit entity (PBE) for financial reporting purposes. The financial statements of Waikato Regional Airport Limited are for the year ended 30 June 2015. The financial statements were authorised for issue by the Board of Directors on 25 August 2015.

Basis for Preparation

The Company and Group have prepared the Consolidated financial statements in accordance with the Companies Act 1993, the Local Government Act 2002, the Airport Authorities Act 1966 and the Financial Reporting Act 2013.

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR) and authoritative notices that are applicable to entities that apply PBE Standards.

The entity is eligible and has elected to report in accordance with Tier 2 PBE Standards RDR on the basis that the entity has no public accountability and is not large as defined in XRB A1.

These financial statements are the first financial statements presented in accordance with the new PBE accounting standards. The material changes arising on transition to the new PBE accounting standards are as follows: **PBE IPSAS 1: Presentation of Financial Statements**

There are minor differences between PBE IPSAS 1 and the equivalent NZ IFRS standard. These differences have an effect on disclosure only. The main changes in disclosure resulting from the application of PBE IPSAS 1 are the following:

Revenue from exchange and non-exchange transactions:

In the financial statements of the previous financial year, revenue was presented as a single total in note 16 Operating Revenue. However, PBE IPSAS 1 requires revenue from non-exchange transactions and revenue from exchange transactions to be presented separately. This requirement affected the presentation of both current and comparative receivables figures.

Presentation of Audit fees and Income tax payable

Audit fees are not presented on a separate line and are grouped together with Operating expenses. Income tax payable is presented on a separate line in the Consolidated Balance Sheet.

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

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, infrastructure assets, investment property, and financial instruments (including derivative instruments).

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of Waikato Regional Airport Limited and its subsidiaries is New Zealand dollars.

Subsidiary and Consolidation

The purchase method is used to prepare the consolidated financial statements, which involves adding together like item of assets, liabilities, equity, income and expenses on a line-by-line basis. All significant intragroup balances, transactions, income and expenses are eliminated on consolidation. TPL is a participant in Titanium Park Joint Venture and TPL's interest in the Joint Venture is accounted for using the line by line (proportionate) method of consolidation.

The Company's investment in its subsidiaries is carried at cost in the parent entity financial statements.

Specific Accounting Policies

The following particular accounting policies, which materially affect the measurement of financial results and financial position, have been applied:

a. Trade and Other Receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

A provision for impairment of receivables is established when there is objective evidence that the Company will not

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

be able to collect all amounts due according to the original terms of the receivables.

b. Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the consolidated balance sheet.

c. Inventories

Stock on hand has been valued at the lower of cost and net realisable value on a weighted average cost basis, after due allowance for damaged and obsolete stock. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

d. Property, Plant and Equipment

Property, plant and equipment consists of:

- Operational Assets - These include land, buildings, security fences, furniture and fittings, computer equipment, motor vehicles and plant and equipment.
- Infrastructure Assets – These include runways, aprons and taxiways, other paved areas and underground-reticulated systems.

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

Classification

The ten classifications of property, plant and equipment are: freehold land, freehold buildings, runways, aprons and taxiways, other paved areas, motor vehicles, plant and equipment, computer equipment, furniture and fittings, fencing and underground reticulated systems.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Company and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment

is recognised at cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the surplus/loss.

Subsequent Costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation

Depreciation is provided on a straight line basis on all property, plant and equipment at rates that will write off the cost of the assets over their estimated useful lives.

The estimated useful lives of the major classes of assets are:

Buildings	5 - 59 years
Runways, Aprons and Taxiways	5 - 74 years
Other Paved Areas	9 - 14 years
Motor Vehicles	5 - 15 years
Furniture and Fittings	3 - 50 years
Plant and Equipment	2 - 50 years
Computer Equipment	2 - 6 years
Fencing	10 - 47 years
Reticulated Systems	4 - 74 years

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end. A valuation of runways, aprons & taxiways, other paved areas, and reticulated systems was undertaken on 30 June 2011 and the useful lives of those assets were adjusted at that time to reflect the valuation undertaken on those assets.

Revaluation

Those asset classes that are revalued are valued on a five-yearly valuation cycle on the basis described below. All other assets are carried at depreciated historical cost. The carrying

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value.

Operational Land and Buildings

At fair value determined from market-based evidence. All valuations are undertaken or reviewed by an independent registered valuer and are usually carried out on a five-yearly cycle.

Infrastructure Assets

At fair value determined on a depreciated replacement cost basis by an independent registered valuer and are usually carried out on a five-yearly cycle.

e. Intangible Assets

Software Acquisition

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with the development and maintenance of the Company's website are recognised as an expense when incurred.

Amortisation

Computer software licences are amortised on a straight-line basis over their estimated useful life of 3 years. Amortisation begins when the asset is available for use and ceases at the date that the asset is disposed of. The amortisation charge for each period is recognised in the surplus/loss.

f. Taxation

Income tax expense in relation to the surplus or loss for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantively enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary

differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantively enacted by balance date.

Current tax and deferred tax is charged or credited to the statement of comprehensive revenue and expense, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

g. Goods and Services Tax

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the balance sheet.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows. Commitments and contingencies are disclosed exclusive of GST.

h. Investments

Investments in bank deposits are initially measured at fair value plus transaction costs.

After initial recognition, investments in bank deposits are measured at amortised cost using the effective interest method less any provision for impairment.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

i. Employee Entitlements

Short-term benefits

Employee benefits that the Company expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

The Company recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

j. Statement of Cash Flows

Operating activities include cash received from all income sources of the Company and record the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in equity and debt capital structure of the Company.

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

k. Operating Leases

Operating lease payments, where the lessors effectively retain substantially all of the risks and benefits of ownerships of the leased items, are recognised in the determination of the operating surplus in equal instalments over the lease term.

l. Revenue

Revenue is measured at the fair value of consideration received.

Revenue from non-exchange transactions

Council funding

Hamilton and Waikato Tourism Limited receives council funding and it is recognised as revenue when it becomes

receivable unless there is an obligation to return the funds if conditions of the grant are not met. If there is such an obligation, the funding is initially recorded as income received in advance and recognised as revenue when conditions of the funding are satisfied.

Revenue from exchange transactions

Operating Revenue

Operating revenue is recognised when earned.

Interest Income

Interest income is recognised using the effective interest method

Rental Income

Rental income arising on property owned by the Company is accounted for on a straight line basis over the lease term.

m. Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed.

n. Financial assets

The Company classifies its financial assets into the following four categories:

- Financial assets at fair value through profit or loss
- Held to maturity investments
- Loans and receivables
- Financial assets at fair value through other comprehensive revenue and expense

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets are initially measured at fair value plus transaction costs unless they are carried at fair value through profit or loss in which case the transaction costs are recognised in the surplus/loss.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

Purchases and sales of investments are recognised on trade date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used is the current bid price.

The fair value of financial instruments that are not traded in an active market are determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long term debt instruments held. Other techniques, such as estimated discounted cash-flows, are used to determine fair value for the remaining financial instruments.

• Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

After initial recognition they are measured at their fair values. Gains or losses on re-measurement are recognised in the surplus/loss.

Financial assets in this category include interest rate swaps.

• Held to maturity

Held to maturity investments are non-derivatives financial assets with fixed or determinable payments and fixed maturities that the Company has the positive intention and ability to hold to maturity.

• Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the surplus/loss. Loans and receivables are classified as "trade and other receivables" in the balance sheet.

o. Impairment of financial assets

At each balance sheet date the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the surplus/loss.

p. Accounting for derivative financial instruments

The Company uses derivative financial instruments to manage exposure to interest rate risks arising from financial activities.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each balance date.

The gain or loss from re-measuring derivatives at fair value is recognised in the surplus/loss.

The Company is party to financial instruments with off balance sheet risk to meet financing needs. These financial instruments include a bank overdraft facility and interest rate swap agreements. The Company enters into interest rate swap agreements to reduce the impact of changes in interest rates on its borrowings. Any difference to be paid is accrued as interest rates change, and is recognised as a component of interest expense over the life of the agreement.

Revenues and expenses in relation to all financial instruments are recognised in the surplus/loss and are shown in the balance sheet at their estimated fair value.

q. Investment property

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, the Company measures all investment property at fair value as determined annually by an independent valuer.

Gains or losses arising from a change in the fair value of investment property are recognised in the surplus/loss.

r. Impairment of non-financial assets

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

The value in use for cash generating assets is the present value of expected future cashflows.

If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus/loss.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus/loss.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus/loss, a reversal of the impairment loss is also recognised in the surplus/loss.

For assets not carried at a revalued amount the reversal of an impairment loss is recognised in the surplus/loss.

s. Non Current assets held for sale

An asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than continuing use. On classification as 'Held for Sale', non-current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell. Impairment losses on initial classification as 'Held for Sale' are included in the surplus/loss.

t. Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

u. Borrowings

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

v. Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

w. Critical accounting estimates and assumptions

In preparing these financial statements the Company has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

of assets and liabilities within the next financial year are discussed below:

Property, plant and equipment useful lives and residual values

At each balance date the Company reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires the Company to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the Company, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset, therefore impacting on the depreciation expense recognised in the statement of comprehensive revenue and expense, and carrying amount of the asset in the balance sheet. The Company minimises the risk of this estimation uncertainty by:

- physical inspection of assets;
- asset replacement programmes;
- review of second-hand market prices for similar assets; and
- analysis of prior asset sales.

The Company has not made significant changes to past assumptions concerning useful lives and residual values. The carrying amounts of property, plant and equipment are disclosed in note 9.

x. Development property

Development property is stated at the lower of cost and net realisable value. Development property comprises land, infrastructure and other costs incurred that are directly related to the development activity. Net realisable value is the discounted value of forecast sales less estimated costs of completion and the estimated selling expenses. Development property is not depreciated.

Changes in Accounting Policies

There have been no changes to accounting policies during the year.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

2. PAYABLES AND ACCRUALS

	2015 \$000	2014 \$000
Accounts payable	519	725
Accruals	702	564
Total Payables and Accruals	1,221	1,289

3. TRADE AND OTHER RECEIVABLES

	2015 \$000	2014 \$000
Gross trade and other receivables	506	637
Total Trade and Other Receivables	506	637

The carrying amount of receivables that are past due date, but not impaired, whose terms have been renegotiated is nil (2014: nil).

At balance date, all overdue receivables have been assessed for impairment and no provisions are required. As at 30 June 2015, the Company has identified no debtors that are insolvent.

4. COMMITMENTS

	2015 \$000	2014 \$000
Lease commitments		
Share generator & cable	8	24
Office equipment	5	8
	13	32

	2015 \$000	2014 \$000
Operating lease commitments as lessee		
Less than 12 months	12	20
Between 1 and 5 years	1	12
Greater than 5 years	-	-
Total Operating Lease Commitments	13	32

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

5. CONTINGENT LIABILITIES

The Group has no contingent liabilities (2014: nil).

6. CASH AND CASH EQUIVALENTS

	2015 \$000	2014 \$000
Cash on hand	7	7
Cash at bank	507	255
Total Cash and Cash Equivalents	514	262

7. TERM DEPOSITS

	2015 \$000	2014 \$000
Term deposits	287	160
Total Term Deposits	287	160

The balance is invested with BNZ and has a maturity date of 7 September 2015. Interest is earned at a rate of 3.85% per annum and is paid on maturity.

8. DEVELOPMENT PROPERTY

	2015 \$000	2014 \$000
Development property	11,512	11,926
Total Development Property	11,512	11,926

Titanium Park Limited has leased 18.82 hectares of land from Waikato Regional Airport Limited for a lease term of 99 years or 50 years. The land has been used as an equity contribution to Titanium Park Joint Venture. The leasehold land has been accounted for as a purchase of property on the basis that this treatment reflects the economic substance of the transaction.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

9. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Vehicles	Runways, aprons and taxiways	Other paved areas	Plant and equipment	Computer equipment	Furniture and fittings	Fencing	Reticulated systems	Total
2015 \$000											
Cost											
Opening balance	22,817	19,886	1,214	19,884	2,302	1,644	251	1,279	563	1,216	71,056
Additions	-	-	36	135	196	59	8	8	3	21	466
Disposals	-	-	(35)	-	-	(44)	(24)	(41)	-	-	(144)
Closing balance	22,817	19,886	1,215	20,019	2,498	1,659	235	1,246	566	1,237	71,378
Accumulated depreciation											
Opening balance	-	1,650	495	2,498	560	1,143	184	907	137	90	7,664
Depreciation	-	571	89	960	188	99	35	84	32	36	2,094
Disposals	-	-	(35)	-	-	(44)	(22)	(40)	-	-	(141)
Closing balance	-	2,221	549	3,458	748	1,198	197	951	169	126	9,617
Carrying amounts											
At 30 June 2014	22,817	18,236	719	17,386	1,742	501	67	372	426	1,126	63,392
At 30 June 2015	22,817	17,665	666	16,561	1,750	461	38	295	397	1,111	61,761

The total amount of property, plant and equipment in a construction / development phase is \$1,528,526 (2014:\$ 1,180,400)

	Land	Buildings	Vehicles	Runways, aprons and taxiways	Other paved areas	Plant and equipment	Computer equipment	Furniture and fittings	Fencing	Reticulated systems	Total
2014 \$000											
Cost											
Opening balance	22,807	19,861	1,235	16,387	2,302	1,410	215	1,278	562	1,175	67,232
Closing balance	22,817	19,886	1,214	19,884	2,302	1,644	251	1,279	563	1,216	71,056
Accumulated depreciation											
Opening balance	-	1,080	408	1,633	372	1,047	151	821	105	54	5,671
Closing balance	-	1,650	495	2,498	560	1,143	185	907	137	90	7,664
Carrying amounts											
At 30 June 2013	22,807	18,781	827	14,754	1,930	363	64	457	457	1,121	61,561
At 30 June 2014	22,817	18,236	719	17,386	1,742	501	67	372	426	1,126	63,392

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

VALUATION

ASSET CLASS	VALUATION APPROACH	VALUER	FAIR VALUE \$000
Land	Fair market, highest and best use basis determined from prevailing market-based evidence and conditions	Quotable Value Limited	\$22,733
Building and Security Fencing	Fair market or, where appropriate, depreciated replacement cost	Quotable Value Limited	\$18,703
Runways, Taxiways, Aprons and Other Paved Areas	Optimised depreciated replacement cost	Beca Valuations Ltd	\$16,935
Reticulated Systems	Optimised depreciated replacement cost	Beca Valuations Ltd	\$1,020

The effective date of building and security fencing, runways, taxiways, aprons and other paved areas and reticulated systems valuations (excluding land) is 30 June 2011.

All land was revalued with an effective date of 30 June 2013 (\$22,732,500).

Due to minor assets not being revalued, there is a difference between the fair value disclosed for each asset class and the carrying amount.

Neither valuer has an interest or relationship with any party that would impair its objectivity or independence.

10. TERM LIABILITIES

BNZ Bank Loan Facilities

At 30 June 2015 the Company had the following facilities with the BNZ Bank:

- i. An overdraft facility of \$500,000 repayable on demand. The interest rate on this facility is the BNZ Bank's market connect overdraft base rate plus a margin.
- ii. A Customised Average Rate Loan (CARL) of up to \$9,500,000 that matures on 17 October 2017. The amount outstanding on this facility at 30 June 2015 was \$8,200,000 (2014:\$8,700,000).
- iii. A second Customised Average Rate Loan (CARL) of \$1,600,000 that matures on 1 February 2018. The amount outstanding on this facility at 30 June 2015 was \$1,422,400 (2014:\$1,501,100).
- iv. An interest rate swap facility which allows the Company to manage the interest rate risk relating to the CARL.

These facilities are secured by a charge over uncalled capital, except for the \$1.6m CARL facility which is secured over buildings at Boyd Road, Hamilton.

During the year Titanium Park Joint Venture fully repaid a loan with the BNZ Bank (2014:\$2.789m).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

11. EQUITY

	2015		2014	
	No. 000s	\$000	No. 000s	\$000
Ordinary shares issued				
Balance of shares as at 1 July	4,974	24,460	4,974	24,460
Less uncalled capital	939	9,600	939	9,600
Issued and called shares at 30 June	4,035	14,860	4,035	14,860
Less called but unpaid	0	0	0	0
Issued paid shares at 30 June	4,035	14,860	4,035	14,860

As at 30 June 2015 the Parent Company had 939,334 shares of uncalled capital at \$9,599,993 provided by shareholders as security for existing and future borrowings associated with airport developments. As at 30 June 2015 Titanium Park Limited had 100 shares of uncalled capital at \$100 and Hamilton & Waikato Tourism Limited had 1,000 shares of uncalled capital at \$1,000.

All ordinary shares carry equal voting rights and the right to share in any surplus on winding up. None of the shares carry fixed dividend rights. The shareholding of Waikato Regional Airport Limited as at 30 June 2015 is as follows:

Shareholder	No. of Shares	Percentage
Hamilton City Council	2,486,752	50.0 %
Waipa District Council	777,110	15.6 %
Matamata-Piako District Council	777,110	15.6 %
Waikato District Council	777,110	15.6 %
Otorohanga District Council	155,422	3.1 %
	4,973,504	100.0 %

Asset Revaluation Reserve	2015 \$000	2014 \$000
As at 1 July	28,677	28,677
Revaluation gain/(loss)	0	0
Deferred tax on movement	0	0
As at 30 June	28,677	28,677

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

Asset Revaluation Reserve consists of:

	2015 \$000	2014 \$000
Land	14,428	14,428
Buildings	2,885	2,885
Fencing	352	352
Reticulated systems	700	700
Runway, apron & taxiways	9,463	9,463
Other paved areas	849	849
As at 30 June	28,677	28,677

Retained Earnings

	2015 \$000	2014 \$000
As at 1 July	15,963	16,195
Surplus/(loss) for the year	169	(232)
As at 30 June	16,132	15,963

12. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties on normal commercial terms during the year.

Shareholders

During the financial year the group received payments from the following shareholders:

- Hamilton City Council, a total of \$392,483 (excl GST) for regional tourism funding under a service level agreement and regional campaigns (2014: \$396,024).
- Waipa District Council, a total of \$100,000 (excl GST) for regional tourism funding under a service level agreement (2014: \$100,000).
- Waikato District Council, a total of \$100,000 (excl GST) for regional tourism funding under a service level agreement (2014: \$100,000).
- Matamata-Piako District Council, a total of \$100,000 (excl GST) for regional tourism funding under a service level agreement (2014: \$100,000).
- Otorohanga District Council, a total of \$40,000 (excl GST) for regional tourism funding under a service level agreement (2014: \$40,000).

Subsidiaries and Joint Venture

Hamilton & Waikato Tourism Limited a wholly owned subsidiary of the Company, made the following transactions with the Company during the year:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

Related Party	Nature of transactions	Relationship with company	2015 \$000		2014 \$000	
			Transaction	Outstanding balance as at 30/06/15	Transaction	Outstanding balance as at 30/06/14
Hamilton & Waikato Tourism Limited	Contribution to marketing	Subsidiary	11	0	7	0
Hamilton & Waikato Tourism Limited	Receipt of insurance contribution	Subsidiary	0	0	(3)	0
Hamilton & Waikato Tourism Limited	Provision of services under a service level agreement	Subsidiary	40	0	40	0
Hamilton & Waikato Tourism Limited	Receipt of services under a service level agreement	Subsidiary	(49)	(9)	(49)	0
			2	(9)	(5)	0
Key Management Personnel Compensation					2015 \$000	2014 \$000
Salaries and other short-term employee benefits					688	665
Total Key Management Personnel Compensation					688	665

Key management personnel comprises directors and the Group's management team.

There were no other material related party transactions during the year other than those already disclosed in the notes to these financial statements.

13. EVENTS OCCURRING AFTER BALANCE DATE

Subsequently to 30 June 2015 Waikato Regional Airport Limited has repurchased all 939,334 shares of uncalled capital disclosed in note 11 from the shareholders. The uncalled capital security, disclosed in note 10, has been restructured and replaced with security interest in all present and after acquired property of Waikato Regional Airport Limited.

14. OPERATING REVENUE

	2015 \$000	2014 \$000
Exchange Revenue		
Car park	1,473	1,395
Landing charges and departure charges	2,189	1,910
Rentals and concessions	1,612	1,626
Shop trading & other	367	406
Non-exchange revenue		
Other	1,214	1,235
Total Operating Revenue	6,855	6,572

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

15. OTHER GAINS / (LOSSES)

Other gains	2015 \$000	2014 \$000
Gain on fair value adjustment – interest rate swaps (note 23)	-	200
Gain on disposal of PPE	6	-
Gain on changes in fair value of investment property (note 25)	10	-
Total Other Gains	16	200

Other losses	2015 \$000	2014 \$000
Loss on changes in fair value of investment property (note 25)	-	30
Loss on sale of property, plant and equipment	-	6
Loss on fair value adjustment – interest rate swaps (note 23)	202	-
Total Other Losses	202	36

16. FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The financial risks relate to the following financial instruments: trade receivables, cash and cash equivalents, trade and other payables and borrowings.

Risk management is carried out by the Company's Board of Directors. The Board identifies and evaluates financial risks and provides written principles for overall risk management, as well as written policies covering specific areas, such as interest-rate risk, credit risk, and investing excess liquidity.

Interest Rate Swap

The Company enters into derivative financial instruments only for managing interest rate risk.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

The Company currently has an agreement with BNZ Bank Limited to manage its loan facility of \$9.5m. The interest rate swap contracts the Company has are as follows:

FACE VALUE	COST OF FUNDS	START DATE	MATURITY DATE
\$9,000,000	5.8%	26 March 2014	26 March 2017
\$6,000,000	5.8%	27 March 2017	25 March 2018
\$3,000,000	5.8%	26 March 2018	26 March 2019

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

	2015 \$000	2014 \$000
Financial Assets at Fair Value through Statement of Comprehensive Revenue and Expense	(611)	(409)
Financial Assets at Fair Value through Other Comprehensive Revenue and Expense	25	26
Loans and Receivables	1,129	1,059
Financial Liabilities Measured at Amortised Cost	10,661	13,008

17. RECONCILIATION OF NET SURPLUS/(DEFICIT) AFTER TAX TO NET CASH FROM OPERATING ACTIVITIES

	2015 \$000	2014 \$000
Surplus/(deficit) after tax Add/(deduct) non cash items	169	(232)
Depreciation & amortisation	2,101	2,017
Deferred taxation	(466)	(278)
(Gains)/losses in fair value of investment property	(10)	30
Net interest rate swap (gains)/losses	202	(201)
Add/(deduct) items classified as investing or financing activities		
(Gains)/losses on disposal of property, plant & equipment	(6)	6
Add/(deduct) movements in working capital		
Trade & other receivables	106	(70)
Prepayments	99	10
Payables & accruals	(104)	(33)
Employee entitlements	(1)	(2)
Income in advance	(5)	(31)
Goods and services taxation	63	11
Inventories	8	3
Development property	414	370
Other assets allocation	8	-
Income tax payable	231	37
Net Cash from Operating Activities	2,809	1,637

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

18. DEPRECIATION & AMORTISATION OF ASSETS BY CLASS

	2015 \$000	2014 \$000
Buildings	571	570
Vehicles	89	87
Runways, apron & taxiways	960	865
Other paved areas	188	188
Plant & equipment	99	96
Computer equipment	35	34
Furniture & fittings	84	85
Fencing	32	32
Reticulated systems	36	36
	2,094	1,993
Intangible assets – computer software	7	19
Total Depreciation & Amortisation of Assets	2,101	2,012

19. INCOME TAXATION

	2015 \$000	2014 \$000
Current year	544	237
Prior period adjustment	36	28
Movement in temporary differences	(460)	(285)
	120	(20)

Reconciliation of Effective Tax Rate	%	2015 \$000	%	2014 \$000
Surplus for the period excluding income tax		289		(250)
Prima facie income tax based on domestic tax rate	28.0%	81	28.0%	(70)
Effect of non-deductible expenses	8.17%	24	(9.3%)	23
Effect of tax exempt income	0.0%	0	0.0%	0
Prior period adjustment	12.36%	36	(10.7%)	27
Effect of tax rate change from 30% to 28%	(6.96%)	(20)	0.0%	0
Capital gain on sale	0.0%	0	0.0%	0
	41.57%	120	8.0%	(20)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

20. DEFERRED TAX LIABILITIES

Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following:

\$000	Property plant and equipment	Financial assets	Employee entitlements	Other	Total
Balance as at 30 June 2013	7,716	(171)	(30)	(100)	7,415
Charged to profit and loss	(356)	56	7	16	(277)
Tax loss recognised	0	0	0	(1)	(1)
Charged to equity	0	0	0	0	0
Balance as at 30 June 2014	7,360	(115)	(23)	(85)	7,137
Charged to profit and loss	(401)	(56)	0	(3)	(460)
Tax loss recognised	0	0	0	(6)	(6)
Charged to equity	0	0	0	0	0
Balance as at 30 June 2015	6,959	(171)	(23)	(94)	6,671

21. OTHER ASSETS

	2015 \$000	2014 \$000
CTC apron costs (amortise over lease period)	93	101
Total Other Assets	93	101

Operating Lease Incentive

During the year ended 30 June 2005 the Company leased land to CTC Aviation Training (NZ) Limited for the purpose of establishing a flight training school. As an incentive to attract CTC to enter the lease, the Company agreed to pay 50% of the costs of constructing an apron.

As this payment is considered to be an operating lease incentive, the cost to the Company has been separately identified and will be amortised over the period of the 20 year lease as a reduction in lease income.

22. EMPLOYEE ENTITLEMENTS

	2015 \$000	2014 \$000
Annual leave	85	82
Accrued salary and wages	88	92
Total Employee Benefit Liabilities	173	174

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

23. DERIVATIVE FINANCIAL INSTRUMENTS

The carrying values of derivative financial instruments in place at year end was the net interest accrued at balance date. Fair value for all derivative financial instruments is provided by independent valuation.

	2015 \$000	2014 \$000
Fair value of interest rate swaps – 1 July	(409)	(609)
Gain/(Loss) during year	(202)	200
Fair Value of Interest Rate Swaps	(611)	(409)

24. OTHER FINANCIAL ASSETS

	2015 \$000	2014 \$000
Shares – Paper Plus	25	25
Shares – Ballance Agri-Nutrients	-	1
Total Other Financial Assets	25	26

There were no impairment provisions for other financial assets.

25. INVESTMENT PROPERTY

The Company has identified three classifications of land as strategically important holdings as they relate directly to the aviation operations and related activities, or are considered in the airport's long term strategy of facilitating future growth in the aeronautical capability of the airport.

The Company's criteria for identifying property as of strategic importance is:

- Land areas on which runways, taxiways, aprons, terminal and apron servicing areas as currently placed or anticipated in the Airport Master Plan.
- Land areas abutting the land areas described above.
- Other land that is reserved for aviation related activities.

Land that does not meet the criteria above or that is not property available for sale is classified as investment property.

The Company's investment properties are valued annually at fair value effective 30 June. All investment properties were valued on open market evidence and conditions that prevailed as at 30 June 2015. The valuation was performed by Mairi MacDonald, Registered Valuer, ANZIV, SPINZ, an independent valuer from Quotable Value Limited. Quotable Value Limited is an experienced valuer with extensive market knowledge in the types of investment properties owned by the Company.

	2015 \$000	2014 \$000
Opening balance	3,720	3,750
Transfer from property, plant & equipment	-	-
Fair value gain/(loss) on valuation	10	(30)
Closing Balance	3,730	3,720

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

26. INTANGIBLE ASSETS

	2015 \$000	2014 \$000
Acquired Assets		
Balance at 1 July	107	107
Additions	-	-
Disposals	-	-
Balance at 30 June	107	107
Accumulated Amortisation & Impairment Losses		
Balance at 1 July	100	82
Amortisation expense	7	18
Disposal	-	-
Balance at 30 June	107	100
Carrying Amounts		
Balance at 1 July	7	25
Balance at 30 June	-	7

27. ASSET IMPAIRMENT

There has been no impairment of assets recognised in 2015 (2014: nil).

28. DIRECTORS' FEES

	2015 \$000	2014 \$000
Waikato Regional Airport Limited – Board of Directors	104	109
Hamilton & Waikato Tourism Limited – Board of Directors	33	37
Titanium Park Limited	36	5
Total Directors' Fees	173	151

The Board of Titanium Park Joint Venture has an independent Chairman. Fees paid to the independent Chairman are \$10,812 for the year. The Group's one half share of those fees is \$5,406 (2014: \$5,466).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

29. DONATIONS

During the year the Company made donations to charities totaling \$895 (2014: \$274).

30. PERFORMANCE TARGETS AND RESULTS

The Company prepares an annual Statement of Corporate Intent, which is approved by Shareholders and incorporates financial and performance measures for the ensuing year.

A comparison of the Company's actual results for the year (excluding abnormal items) with those forecasted is given below.

Performance targets and results to 30 June 2015 (Group)	Actual	Target Statement of Corporate Intent
Net surplus / (deficit) after tax (total comprehensive revenue and expense)	\$169,000	\$111,000
Net profit/(loss) after tax to average shareholder funds	0.28%	0.0%
Net profit/(loss) after tax to total assets	0.22%	0.0%
Percentage of non-landing charges revenue	81.03%	64.4%
Earnings before interest, taxation and depreciation	\$3,294,000	\$2,880,000
Net cash flow (operating and investing)	\$2,225,000	-\$375,000
Total liabilities/shareholders' funds: debt/equity ratio	24.76	26.74
Interest cover (parent only and calculated on the basis of interest from TPL and revaluations being excluded)	3.38	2.91

Earnings before interest, taxation and depreciation ("EBITDA" - which excludes fair value adjustments of interest rate swaps and investment property) of \$3,294,000 compares to a target of \$2,880,000. The difference of \$414,000 results from the following:

Higher gross margin on Titanium Park land sales 235,000

Lower operating expenses 237,000

Other miscellaneous -58,000

EBITDA variance 414,000

The favourable interest cover result was achieved through the interest expense being \$59k lower than target.

To achieve the Airport Certification Standards as required by the Civil Aviation Authority.	No audits were undertaken by the Civil Aviation Authority of New Zealand (CAA) during the year and the airport continues to meet the Airport Certification Standards.
Collect, document and act (where viable) on customer feedback forms to continuously monitor and improve the customer experience. Maintain a database to ensure recurring negative feedback is promptly acted upon.	Customer feedback cards are positioned in the terminal. From 1 July 2014 to 30 June 2015 there were 32 customer feedback cards collected and documented. All items are considered by the management team and addressed where appropriate. Personal complaints are responded to.

STATUTORY INFORMATION

For the Year Ended 30 June 2015

Dividend

The Directors recommend that no dividend be declared.

Directors

At the Company's Annual General Meeting held 2 October 2014, and in accordance with the Company's constitution:-

Mrs M Devlin retired by rotation and was re-appointed.

Mr J Spencer retired by rotation and was re-appointed.

Auditor

As required by Clause 23 of the Company's Constitution, the Auditor-General is responsible for the Company's audit. This function is contracted to Audit New Zealand.

Directors' Interests

The following directors have made a general disclosure of interest with respect to any transaction or proposed transaction that may be entered into with other entities on the basis of him being a director, partner, trustee or officer of those entities.

DIRECTOR	ENTITY	INTEREST	DIRECTOR	ENTITY	INTEREST
A Cotton	Anamallai Tea Estates & Ropeway Company Limited	Director	J Spencer	Waikato Regional Airport Limited	Director
	Australasian Investor Relations Association Pty Limited	Director		Derby Street Limited	Director
	External Reporting Board	Member		KiwiRail Holdings Limited	Chairman
	Merlin Consulting Limited	Director		Mitre 10 (New Zealand) Limited	Director
	Riverbend Dairy Farms Limited	Director		Mitre 10 Holdings Limited	Director
	Certus Group Limited	Director		Mitre 10 Imports Limited	Director
C da Silva	Columbus Financial Services Limited	Director		Mitre 10 Retail Limited	Director
	Consumer Finance Limited	Director		Raukawa Iwi Development Limited	Chairman
	Consumer Insurance Services Limited	Director		Taupo Mega Limited	Director
	Da Silva Advisory Limited	Director		Te Awamutu Mega Limited	Director
	Equipment Finance Limited	Director		Tertiary Education Commission	Chairman
	Fisher & Paykel Financial Services Limited	Director		Wellington Mega Limited	Director
	Fisher & Paykel Finance Holdings Limited	Director		City Care Limited	Director
	Fisher & Paykel Finance Limited	Chairman		Harrison Grierson Consultants Limited	Chairman
	Gardon Limited	Director		Harrison Grierson Holdings Limited	Director
	IT Partners Group Limited	Director		Institute of Directors Professional Committee	Member
	IT Partners Limited	Director		Institute of Directors New Zealand Incorporated	Chartered Fellow
	Jarvis Trading Limited	Director		National Council Representative Institute of Directors New Zealand Incorporated	Member
	Lightwire Limited	Director		National Infrastructure Advisory Board	Member
	MCC Properties Limited	Director		Waikato District Council Audit & Risk Committee	Chairman
	Meteorological Service of New Zealand Limited	Director		Waikato Institute of Directors	Chairman
	Milk Management Company Limited	Director		Waikato Plan Joint Committee	Chairman
	Retail Financial Services Limited	Director		Waikato University Risk Management Committee	Member
	Titanium Park Limited	Director		WEL Networks Limited	Chairman
	Trelise Cooper Group Limited	Director		Meteorological Services of New Zealand Limited	Director
	Trelise Cooper Properties Limited	Director			

STATUTORY INFORMATION

For the Year Ended 30 June 2015

Use of Company Information

No notices were received from Directors requesting use of Company information received in their capacity as Directors that would not have been otherwise available to them.

Share Dealing

No Director holds shares in the Company nor acquired or disposed of any interest in shares in the Company during the year.

Directors' Remuneration

Remuneration paid to the Company's Directors during the year was as follows:

	2015 \$000
J Spencer	35
M Devlin	38
A Cotton	23
C da Silva	38
Graeme Osborne	10
Anna Bounds	7
Simon Douglas	7
Donald Scarlet	7
Robert Weir	2
John Whitehead	5

No other remuneration or benefits have been paid or given to the Company's directors.

Insurance

The Company arranged Directors' and Officers' liability insurance with Vero Liability Insurance Limited at a cost of \$4,700 (excl GST) for the 12 month period to 31 March 2015. From 1 April 2015 to 30 June 2015, Directors' and Officers' liability Insurance is with Vero Liability Insurance Limited at a cost of \$1,172 (excl GST).

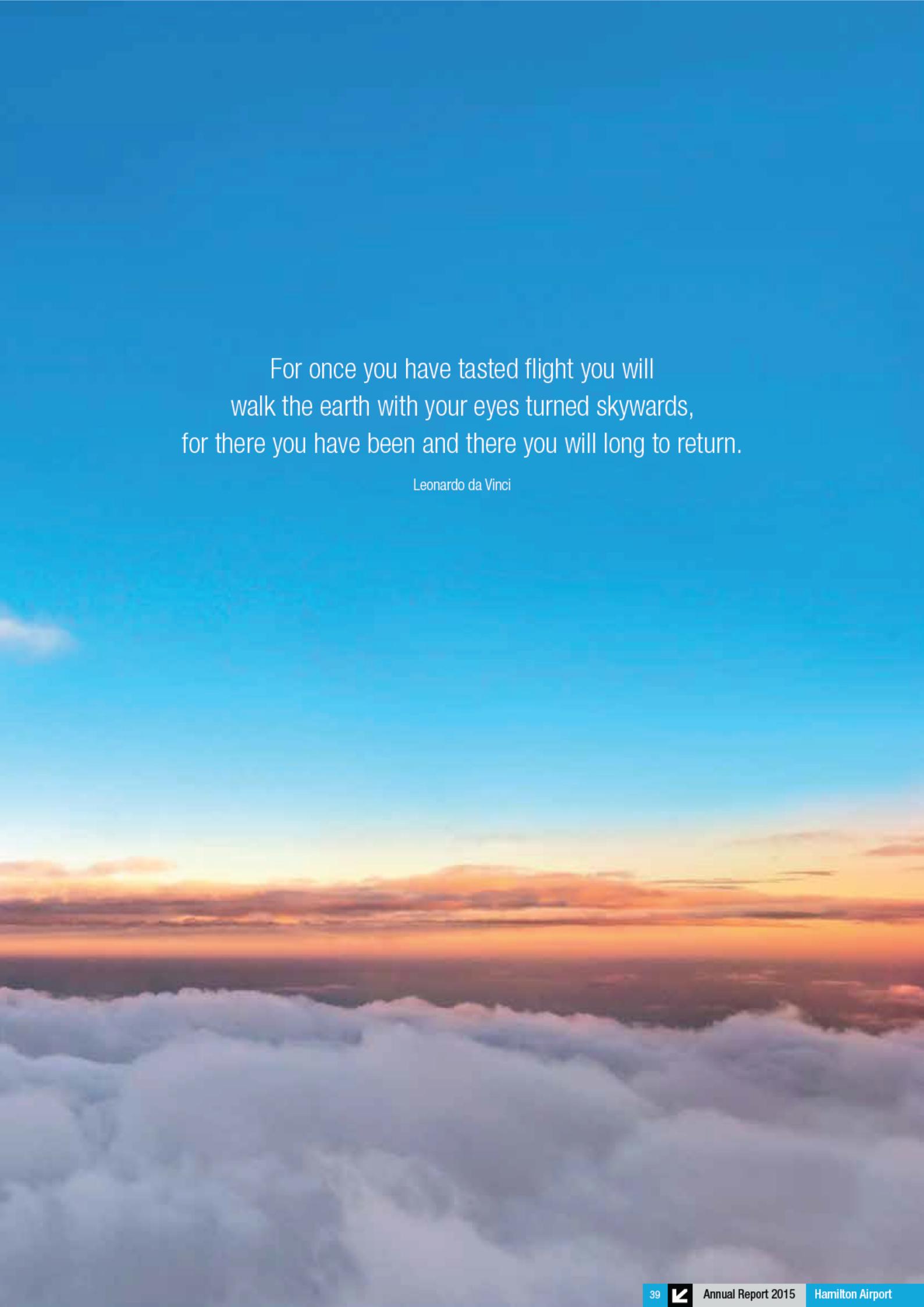
Remuneration of Employees

Grouped below, in accordance with section 211(1)(g) of the Companies Act 1993, are the number of employees of the Group who received remuneration and other benefits in their capacity as employees, totalling \$100,000 or more, during the year.

Amount of Remuneration	Employees
\$170,000 - \$179,999	2
\$150,000 - \$159,999	1
\$100,000 - \$109,999	1

Remuneration includes salary, performance bonuses and motor vehicle allowances received in their capacity as employees.





For once you have tasted flight you will
walk the earth with your eyes turned skywards,
for there you have been and there you will long to return.

Leonardo da Vinci

AUDIT REPORT

For the Year Ended 30 June 2015

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

**To the readers of
Waikato Regional Airport Limited group's
financial statements and performance information
for the year ended 30 June 2015**

The Auditor-General is the auditor of Waikato Regional Airport Limited and its New Zealand domiciled subsidiaries. The Auditor-General has appointed me, Clarence Susan, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information of the group, consisting of Waikato Regional Airport Limited and its subsidiaries and other controlled entities (collectively referred to as "the Group"), on her behalf.

Opinion on the financial statements and the performance information

We have audited:

- the financial statements of the Group on pages 10 to 35, that comprise the balance sheet as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Group on pages 35.

In our opinion:

- the financial statements of the Group:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2015;
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entities Standards Reduced Disclosure Regime (PBE Standards RDR); and
- the performance information of the Group presents fairly, in all material respects, the Group's achievements measured against the performance targets adopted for the year ended on 30 June 2015.

Our audit was completed on 25 August 2015. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities, and explain our independence.

AUDIT REPORT

For the Year Ended 30 June 2015

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and the performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and the performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and in the performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Group's financial statements and performance information in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the adequacy of the disclosures in the financial statements and in the performance information; and
- the overall presentation of the financial statements and the performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the performance information. Also, we did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and fair presentation of financial statements for the Group that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparation of the performance information for the Group.

AUDIT REPORT

For the Year Ended 30 June 2015

The Board of Directors is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements and the performance information that are free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for the publication of the financial statements and the performance information, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and the performance information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in the Group.



Clarence Susan
Audit New Zealand
On behalf of the Auditor-General
Hamilton, New Zealand

FIVE YEAR REVIEW

For the Year Ended 30 June 2015

	2015 \$000's	2014 \$000's	2013 \$000's	2012 \$000's	2011 \$000's
Revenue	7,765	7,022	7,225	7,984	7,087
Increase/-Decrease	11%	-3%	-10%	13%	7%
Expenditure	7,476	7,274	7,475	7,514	7,044
Increase/-Decrease	3%	-3%	0%	7%	-15%
Operating Surplus before Abnormal Item and Taxation¹	273	(245)	(245)	345	(253)
Increase/-Decrease	211%	-0%	-171%	236%	84%
Operating Surplus before Tax Item	289	(252)	(250)	470	43
PERFORMANCE INDICATORS					
Operating Surplus (after abnormal item and taxation) to Average Shareholder's Equity	0.28%	-0.41%	-0.41%	0.43%	-0.32%
Percentage of Non-Landing Charges Revenue to Total Revenue	81%	82%	81%	82%	82%
Total Equity	59,669	59,500	59,732	59,162	58,784
Total Liabilities	18,874	20,937	19,967	19,074	19,417
Total Assets	78,543	80,437	79,699	78,235	78,201
Net Asset Backing per Share	\$14.79	\$14.75	\$14.80	\$14.67	\$14.57
Shareholders' Equity Ratio	76%	74%	75%	76%	75%
Passengers					
- Domestic	291,385	289,416	294,512	315,662	315,972
- International	0	0	11,384	38,406	45,877
- Total	291,385	289,416	305,896	354,068	361,849

¹ Abnormal item includes gains/losses on sale of property, plant and equipment.

CORPORATE DIRECTORY

For the Year Ended 30 June 2015

Board of Directors	John Spencer
	Carlos da Silva
	Annabel Cotton
	Margaret Devlin
General Manager - Commercial	George Clark
General Manager - Operations	Simon Hollinger
Hamilton & Waikato Tourism CEO	Kiri Goulter
Marketing Manager	Rebecca Evans
Registered Office	Hamilton Airport Terminal Building
	Hamilton Airport
	Airport Road, R D 2
	Hamilton 3282
Telephone	07 848 9027
Facsimile	07 843 3627
E-mail	wral@hamiltonairport.co.nz
Web Site	www.hamiltonairport.co.nz
Bankers	Bank of New Zealand
Solicitors	Tompkins Wake, Hamilton
Auditors	Audit New Zealand, Hamilton on behalf of the Controller and Auditor-General



Hamilton Airport





Hamilton Airport

Annual Report
2016

CONTENTS

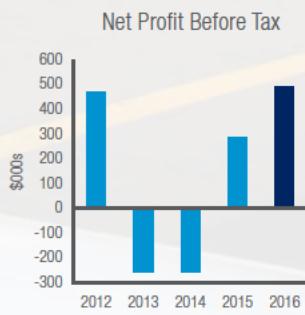
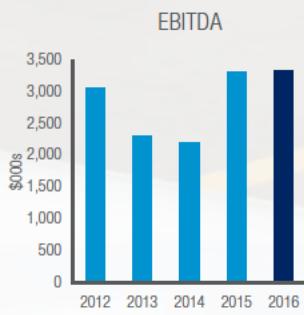
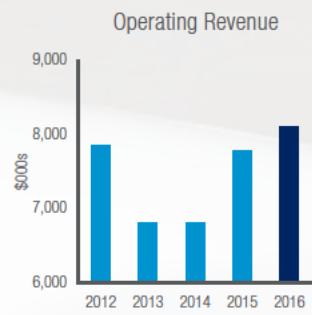
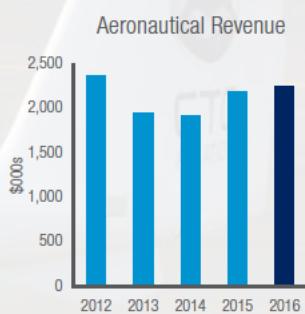
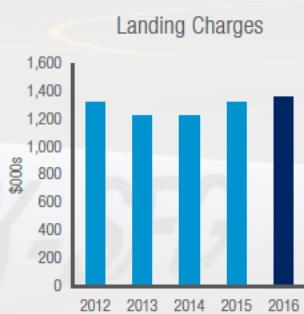
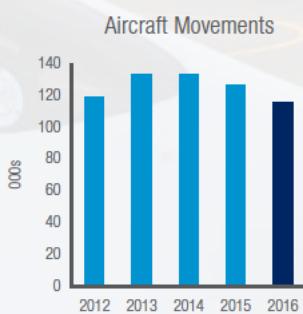
RESULTS AT A GLANCE	1
CHAIR AND CHIEF EXECUTIVES' ANNUAL REPORT	3
FINANCIAL STATEMENTS	9
STATUTORY INFORMATION	37
AUDIT REPORT	40
FIVE YEAR REVIEW	43
CORPORATE DIRECTORY	44



2016 RESULTS AT A GLANCE

KEY FACTS

- Operating Revenue up \$0.6m (excluding land sales)
- Land Sales Net Income \$0.6m (2015: \$0.8m)
- EBITDA \$3.2m (2015: \$3.3m)
- Operating Profit before Tax \$0.5m; up \$0.2m on 2015
- \$2.8m Positive Operating Net Cash Flow (2015: \$2.8m)
- \$2.2m Debt Repayment
- 303,000 Passengers; up 12,000 on 2015
- 115,819 aircraft movements; down 8.8% on 2015 (weather impact on pilot training)







CHAIR AND CHIEF EXECUTIVES' 2016 ANNUAL REPORT

The Board and Management of Waikato Regional Airport Limited (WRAL) are pleased to report a solid financial and operational performance for the 2015/2016 financial year with an operating surplus before tax of \$0.5m. Key areas of focus were operational efficiency, improvements to passenger experience and debt repayment.

Emphasis was placed on providing an improved passenger experience with the rebrand of the airport terminal bookstore, finalising plans for a new food and beverage offering and completing the new Air New Zealand Regional Lounge.

The dissolution of the joint venture partnership between WRAL's subsidiary Titanium Park Limited and Titanium Park Development Ltd on 31 March 2016 has created an opportunity for WRAL to reconsider the use of land surrounding the airport. An independent director has been appointed to the board of Titanium Park Limited and the new Board will develop a comprehensive property business plan in the coming year.

Continuing on from previous years, a major focus for the Board and Management has been the ongoing review and implementation of health and safety practices and procedures with the introduction of the new Health and Safety at Work Act 2015.

WRAL Group

The Group Operating Revenue for the 2015/2016 financial year (excluding land sales) is \$7.5m up on the prior year by \$0.6m. This was primarily driven by a growth in commercial landing charges, increased passenger numbers, car park revenue and tourism funding. Group Operating Expenditure (including depreciation) of \$7.6m is \$0.1m higher than the prior year due to increased expenditure for tourism related costs, WRAL staff restructuring costs and an increase in depreciation and amortisation expenses. Overall the Group's Operating Profit before tax of \$0.5m is an increase of \$0.2m on the prior year.

Net cash flow from Operating and Investing Activities was \$2.8m, this is up from the prior year by \$0.5m due to land sales. The airport's core debt facility of \$7.4m decreased from the prior year by \$2.2m, mostly assisted through land sales. The interest rate hedging facility was closed out during the year to take advantage of lower floating interest rates.

The five yearly valuation of aeronautical infrastructure assets resulted in a valuation of \$40.6m, an increase of \$6.1m to the asset base. The valuation was completed by Beca using a depreciated replacement cost (DRC) valuation. The total asset revaluation gains were partially offset by an increase in deferred tax liability of \$1.7m.

The WRAL Group Balance Sheet remains strong and shows Shareholders' Equity of \$64.4m, up \$4.7m on the prior year and is mostly as a result of the aeronautical infrastructure asset revaluation.





WRAL Group	2016 \$000	2015 \$000	Variance \$000
Operating and Other Revenue	8,079	7,400	679
Direct Expenses	(4,858)	(4,106)	(752)
EBITDA	3,221	3,294	(73)
Depreciation	(2,278)	(2,101)	(177)
Finance Costs	(434)	(712)	278
Disposals of Assets	2	10	(8)
Operating Surplus before Taxation and before Interest Rate Swap gains	511	491	22
Interest Rate Swap (losses)	(21)	(202)	181
Operating Surplus before Taxation	490	289	201
Net Cash Flow for Operating & Investment Activities	2,791	2,225	542

WRAL Parent

The core purpose and key objectives for the 2015/2016 year has been to operate the airport in an efficient and compliant way whilst maintaining a viable aeronautical business. As shown in the following table, revenue was up on prior year by \$0.2m as a result of increased car park revenue and commercial landing charges. Operating expenditure increased by \$0.1m mainly due to staff restructuring costs bringing EBITDA in line with the prior year of \$2.5m. Overall, WRAL Parent's Operating Deficit before tax of \$0.2m is up on prior year by \$0.3m.

WRAL Parent	2016 \$000	2015 \$000	Variance \$000
Operating and Other Revenue	5,718	5,561	157
Direct Expenses	(3,204)	(3,095)	(109)
EBITDA	2,514	2,466	48
Depreciation	(2,257)	(2,089)	(168)
Finance Costs	(430)	(674)	244
Disposals of Assets	2	10	(8)
Operating Deficit before Taxation and before Interest Rate Swap losses	(171)	(287)	116
Interest Rate Swap (losses)	(21)	(202)	181
Operating Deficit before Taxation	(192)	(489)	297
Net Cash Flow for Operating & Investment Activities	2,642	752	1,890



Airline and Passenger Numbers

Hamilton Airport Management continued to foster strong and positive relationships with Air New Zealand and other airline partners across operational, marketing and strategic levels.

Air New Zealand continued its strategy of investing in regional services and infrastructure, with the opening of the new Air New Zealand Regional Lounge in June 2016, providing significantly increased lounge space for members. This provides an improved passenger experience within the terminal building alongside the rebrand of the airport's bookstore and finalised plans for a new café to be operated by Waikato company Mavis & Co.

The withdrawal of Air New Zealand's 19-seater Beech aircraft saw the cessation of its Hamilton - Auckland service in February 2016. It will also cease operation of Beech aircraft on the Palmerston North route in late August 2016. The replacement Q300 48 seater aircraft will more than double capacity on the route.

Further capacity increases from 1 October 2016 are:

- **Hamilton – Christchurch route**, an increase of 30% with the introduction of an additional six return flights per week.
- **Hamilton – Wellington route**, an increase of 10-15% with all peak morning and evening flights to be serviced by the larger 68 seater ATR.

Despite the withdrawal of the Hamilton - Auckland route, passenger numbers have grown in volume from 291,000 in 2014/2015 to 303,000 in 2015/2016. This is primarily due to significant growth on the Wellington and Christchurch sectors and services provided by Kiwi Regional Airlines between Hamilton and Nelson from November 2015. While Kiwi Regional Airlines' service was well received over the summer months, the decision to cease operations from 31 July 2016 was made.

Airport Operations

Hamilton Airport continues to meet CAA certification obligations regarding safety and security. Operational projects for the 2015/2016 financial year included:

- New and improved general aviation airfield signage that has been installed to assist aircraft during ground movement operations.
- Additional passenger safety control barriers installed on the terminal apron to assist with passenger movements to and from the aircraft.

Hamilton Airport remains New Zealand's second busiest Civil Aviation Part 139 certified airport in terms of aircraft movements. This is primarily driven by high levels of pilot training flights predominately by CTC Aviation Training. Total movements for the 2015/2016 financial year were 115,819 or an average of 317 movements every day. This is down slightly on the 2014/2015 financial year of 126,717 due to weather and a delay in new pilot intakes.

Titanium Park

WRAL dissolved by mutual agreement its joint venture partnership in Titanium Park, effective 31 March 2016, retaining ownership of critical land adjacent to the airport runway. Despite challenges arising from a tougher than expected economic environment over the past 8 years, the dissolution opens up potential for WRAL to develop land surrounding the airport. The recent construction of the new roundabout on the intersection of State Highways 3 and 21 has improved access into the Western Precinct area. A comprehensive and long-term business plan for all WRAL land is under way.





Hamilton & Waikato Tourism

Hamilton & Waikato Tourism (HWT) has had another successful year of operation. Strong and enduring relationships have continued with HWT's seven partner Councils and tourism operators resulting in a combined investment of \$1.6m for tourism, marketing and development activities. HWT finished the year in a sound financial position.

With the first year of additional funding from partner councils, HWT allocated the increased investment to addressing the challenges of the domestic market and broadening its scope to include developing the region's visitor proposition. A key focus has been the development of a Tourism Opportunities Plan which provides a clear direction to realise the visitor potential of the region in partnership with key stakeholders and agencies.

Key highlights for the year include:

- Investment of \$0.4m in HWT's activities from the region's tourism industry.
- Expanded investment in domestic campaign activity; Explore Your Own Backyard and Short Escapes.
- Additional investment from WEL Energy Trust to support HWT's development activities.
- Development of a Tourism Opportunities Plan identifying product development and investment opportunities.
- Participation in Tourism New Zealand's \$1.4m Tour the North campaign in Australia
- Increased focus on attracting conferences through additional Convention Bureau capacity.
- Hosting 137 international and 14 domestic media outlets.
- Hosting 346 international travel trade (individuals).
- Exhibiting at TRENZ in Rotorua with over 300 international buyers attending.
- Preparation of development reports for Sanctuary Mountain Maungatautari and Otorohanga Kiwi House in partnership with owners/stakeholders.

New Zealand's tourism sector is experiencing exceptional growth with international visitor arrivals and expenditure at its highest level ever. This growth is forecast to continue and estimated to reach four million international arrivals in the next four years. Domestic tourism has also been buoyant and is showing steady growth with domestic guest nights up 5.7% for the past two years.

The Hamilton and Waikato region's \$1.2b visitor industry has shared in this growth with increased commercial guest nights and international visitor expenditure. HWT will continue to work with local government and industry by providing compelling "reasons to visit" within key markets with a focus on overnight stays, minimising seasonality, and encouraging regional dispersal to enable the benefits of tourism to be shared more broadly.

HWT's Chief Executive Kiri Goulter left June 2016 after seven years' service. Jason Dawson has been appointed Chief Executive and will join the organisation in August 2016.

Health & Safety

The health and safety of travellers, employees, contractors and airport tenants is of utmost importance to the airport's Board and Management. Regular safety committee meetings and operational reviews are conducted both internally and with assistance from an independent safety consultant. A high degree of focus has been placed on ensuring health and safety requirements are compliant with the recently introduced Health and Safety at Work Act 2015. During the year there was one lost time injury with three injuries occurring in total.



Community Engagement

During the year, Hamilton Airport hosted several preschool and school groups providing guided tours of the airport and its operations.

The Airport Community Liaison Group continued to meet regularly throughout the year with the objective of addressing aircraft air noise raised by the community. The airport maintains a structured Noise Management Plan, being a district planning requirement, to identify possible mitigation measures and forming recommendations for resolution.

Board

During the 2015/2016 financial year James Yearsley attended Board meetings as part of the Institute of Directors Emerging Director program. We thank James for his contribution and support. His knowledge of aerodrome operations and aviation in general was much appreciated.

Conclusion

On behalf of the Board and Management, Hamilton Airport would like to thank our five Shareholders and acknowledge the support from the wider Councils who participate in the support of the regional tourism organisation.

The focus for Hamilton Airport's future lies in its key objectives of operating an efficient and compliant airport while maximising revenue diversification through its aeronautical and non-aeronautical business opportunities.



JOHN SPENCER
Chairman



MARK MORGAN
Chief Executive





HAMILTON



INDEX TO THE FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

STATEMENT OF CHANGES IN EQUITY

BALANCE SHEET

STATEMENT OF CASH FLOWS

NOTES TO THE FINANCIAL STATEMENTS

PERFORMANCE TARGETS AND RESULTS

STATUTORY INFORMATION

AUDIT REPORT

FIVE YEAR REVIEW

CORPORATE DIRECTORY



STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the Year Ended 30 June 2016

	Note	2016 \$000	2015 \$000
REVENUE			
Operating Revenue	14	7,428	6,854
Other Gains	15	20	16
Land sales - Titanium Park		618	841
Finance income		13	54
Total Revenue		8,079	7,765
EXPENSES			
Operating expenses		2,680	2,436
Employee benefit expenses		1,904	1,763
Bad debts written off		2	1
Depreciation and amortisation	18	2,278	2,101
Directors' fees	28	170	173
Finance costs		434	712
Audit fees	29	98	88
Other losses	15	23	202
Total expenses		7,589	7,476
OPERATING SURPLUS BEFORE TAXATION		490	289
Taxation	19	154	120
OPERATING SURPLUS AFTER TAXATION		336	169
Gain on property revaluation		4,400	-
Total Other Comprehensive Revenue and Expense		4,400	-
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		4,736	169
Total comprehensive revenue and expense attributable to			
Equity holders of the parent		4,736	169

The attached Statement of Accounting Policies and Notes form part of, and are to be read in conjunction with the Financial Statements.

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2016

	Note	2016 \$000	2015 \$000
Balance at 1 July		59,669	59,500
Total comprehensive revenue and expense		4,736	169
BALANCE AT 30 JUNE		64,405	59,669

Total and comprehensive revenue and expense attributable to

Equity holders of the parent

4,736 169



BALANCE SHEET

As at 30 June 2016

	Note	2016 \$000	2015 \$000
EQUITY			
Share capital	11	14,860	14,860
Asset revaluation reserve	11	33,078	28,677
Retained earnings	11	16,467	16,132
Total Equity		64,405	59,669
<i>Represented by:</i>			
CURRENT ASSETS			
Cash and cash equivalents	6	432	514
Trade and other receivables	3	606	506
Prepayments		19	18
Inventories		83	97
Term deposits	7	-	287
Development property	8	11,446	11,512
		12,586	12,934
CURRENT LIABILITIES			
Term liabilities – current portion	10	85	83
Derivative financial instruments	23	-	611
Payables and accruals	2	1,792	1,221
Income tax payable		249	355
Employee entitlements	22	252	173
Income in advance		85	221
		2,463	2,664
WORKING CAPITAL SURPLUS		10,123	10,270

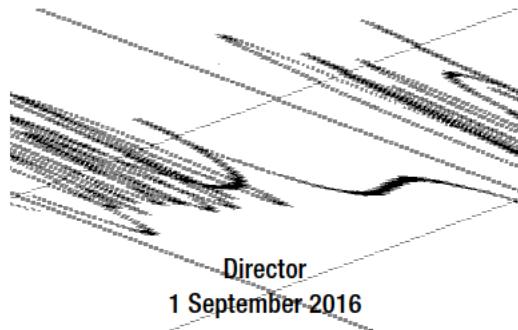
BALANCE SHEET CONTINUED

As at 30 June 2016

	Note	2016 \$000	2015 \$000
NON CURRENT ASSETS			
Property, plant and equipment	9	64,658	61,761
Investment property	25	3,750	3,730
Other financial assets	24	-	25
Intangible assets	26	1,227	-
Other assets	21	84	93
		69,719	65,609
NON CURRENT LIABILITIES			
Term loans	10	7,298	9,539
Deferred taxation	20	8,138	6,671
		15,436	16,210
NET ASSETS			
		64,405	59,669

The attached Statement of Accounting Policies and Notes form part of, and are to be read in conjunction with the Financial Statements.


 Chairman
 1 September 2016


 Director
 1 September 2016



STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2016

	Note	2016 \$000	2015 \$000
CASH FLOW FROM OPERATING ACTIVITIES			
Operating revenue		7,832	7,802
Interest received		13	54
Payments to suppliers and employees		(4,245)	(4,457)
Income taxes paid		(504)	(355)
GST (net)		43	63
Interest paid		(434)	(712)
Costs of development property		66	414
Net cash from operating activities	17	2,771	2,809
CASH FLOW FROM INVESTING ACTIVITIES			
Sales of Shares (Paper Plus)		25	-
Purchase of property, plant and equipment		(302)	(457)
Proceeds from sale of property, plant and equipment		10	-
Funds placed on deposit		287	(127)
Net cash from investing activities	20	(584)	
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of borrowings		(2,871)	(1,973)
Net cash from financing activities		(2,871)	(1,973)
Net increase in cash and cash equivalents		(82)	252
Cash and cash equivalents at the beginning of the year		514	262
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	6	432	514

The attached Statement of Accounting Policies and Notes form part of, and are to be read in conjunction with the Financial Statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

The Waikato Regional Airport Limited Group has designated itself as a public benefit entity (PBE) for financial reporting purposes. The financial statements of Waikato Regional Airport Limited are for the year ended 30 June 2016. The financial statements were authorised for issue by the Board of Directors on 1 September 2016.

Basis for Preparation

The Company and Group have prepared the Consolidated Financial Statements in accordance with the Companies Act 1993, the Local Government Act 2002, the Airport Authorities Act 1966 and the Financial Reporting Act 2013.

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR) and authoritative notices that are applicable to entities that apply PBE Standards.

The entity is eligible and has elected to report in accordance with Tier 2 PBE Standards RDR on the basis that the entity has no public accountability and is not large as defined in XRB A1.

Subsidiary and Consolidation

The purchase method is used to prepare the consolidated financial statements, which involves adding together like items of assets, liabilities, equity, income and expenses on a line-by-line basis. All significant intragroup balances, transactions, income and expenses are eliminated on consolidation. TPL is a participant in Titanium Park Joint Venture and TPL's interest in the Joint Venture is accounted for using the line by line (proportionate) method of consolidation. The Company's investment in its subsidiaries is carried at cost in the parent entity financial statements.

Specific Accounting Policies

The following particular accounting policies, which materially affect the measurement of financial results and financial position, have been applied:

a) Trade and Other Receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

b) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the consolidated balance sheet.

c) Inventories

Stock on hand has been valued at the lower of cost and net realisable value on a weighted average cost basis, after due allowance for damaged and obsolete stock. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

d) Property, Plant and Equipment

Property, plant and equipment consists of:

- *Operational Assets* - These include land, buildings, security fences, furniture and fittings, computer equipment, motor vehicles and plant and equipment.
- *Infrastructure Assets* – These include runways, aprons and taxiways, other paved areas and underground-reticulated systems.

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

Classification

The ten classifications of property, plant and equipment are: freehold land, freehold buildings, runways, aprons and taxiways, other paved areas, motor vehicles, plant and equipment, computer equipment, furniture and fittings, fencing and underground reticulated systems.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Company and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the surplus/loss.

Subsequent Costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation

Depreciation is provided on a straight line basis on all property, plant and equipment at rates that will write off the cost of the assets over their estimated useful lives.

The estimated useful lives of the major classes of assets are:

Buildings	5 - 59 years
Runways, Aprons and Taxiways	5 - 74 years

Other Paved Areas	9 - 14 years
Motor Vehicles	5 - 15 years
Furniture and Fittings	3 - 50 years
Plant and Equipment	2 - 50 years
Computer Equipment	2 - 6 years
Fencing	10 - 47 years
Reticulated Systems	4 - 74 years

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end. A valuation of runways, aprons & taxiways, other paved areas, and reticulated systems was undertaken on 30 June 2016 and the useful lives of those assets were adjusted at that time to reflect the valuation undertaken on those assets.

Revaluation

Those asset classes that are revalued are valued on a five-yearly valuation cycle on the basis described below. All other assets are carried at depreciated historical cost. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value.

Operational Land and Buildings

At fair value determined from market-based evidence. All valuations are undertaken or reviewed by an independent registered valuer and are usually carried out on a five-yearly cycle.

Infrastructure Assets

At fair value determined on a depreciated replacement cost basis by an independent registered valuer and are usually carried out on a five-yearly cycle.

e) Intangible Assets

Software Acquisition

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with the development and maintenance of the Company's website are recognised as an expense when incurred.

Amortisation

Computer software licences are amortised on a straight-line basis over their estimated useful life of 3 years. Amortisation begins when the asset is available for use and ceases at the date that the asset is disposed of. The amortisation charge for each period is recognised in the surplus/loss.

Other Intangible Assets

Other Intangible Assets include Designation Assets.

The Light Designation asset has a carrying value of \$268k at 30 June 2016 with a remaining amortisation period of four years. The Runway Designation asset has a carrying value of \$952k at 30 June 2016 with a remaining amortisation period of 10 years.

f) Taxation

Income tax expense in relation to the surplus or loss for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantively enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences

or tax losses can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantively enacted by balance date.

Current tax and deferred tax is charged or credited to the statement of comprehensive revenue and expense, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

g) Goods and Services Tax

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the balance sheet.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows. Commitments and contingencies are disclosed exclusive of GST.

h) Investments

Investments in bank deposits are initially measured at fair value plus transaction costs.

After initial recognition, investments in bank deposits are measured at amortised cost using the effective interest method less any provision for impairment.

i) Employee Entitlements

Short-term benefits

Employee benefits that the Company expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

The Company recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

j) Statement of Cash Flows

Operating activities include cash received from all income sources of the Company and record the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in equity and debt capital structure of the Company.

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

k) Operating Leases

Operating lease payments, where the lessors effectively retain substantially all of the risks and benefits of ownerships of the leased items, are recognised in the determination of the operating surplus in equal instalments over the lease term.

There are no non-cancellable operating leases.

l) Revenue

Revenue is measured at the fair value of consideration received.

Revenue from exchange transactions

Operating Revenue

Operating revenue is recognised when earned.

Interest Income

Interest income is recognised using the effective interest method.

Rental Income

Rental income arising on property owned by the Company is accounted for on a straight line basis over the lease term.

Revenue from non-exchange transactions

Council funding

Hamilton and Waikato Tourism Limited receives council funding and it is recognised as revenue when it becomes receivable unless there is an obligation to return the funds if conditions of the grant are not met. If there is such an obligation, the funding is initially recorded as income received in advance and recognised as revenue when conditions of the funding are satisfied.

m) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed.

n) Financial assets

The Company classifies its financial assets into the following four categories:

- Financial assets at fair value through profit or loss
- Held to maturity investments
- Loans and receivables
- Financial assets at fair value through other comprehensive revenue and expense

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets are initially measured at fair value plus transaction costs unless they are carried at fair value through profit or loss in which case the transaction costs are recognised in the surplus/loss.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

Purchases and sales of investments are recognised on trade date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used is the current bid price.

The fair value of financial instruments that are not traded in an active market are determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long term debt instruments held. Other techniques, such as estimated discounted cash-flows, are used to determine fair value for the remaining financial instruments.

Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

After initial recognition they are measured at their fair values. Gains or losses on re-measurement are recognised in the surplus/loss.

Financial assets in this category include interest rate swaps.

Held to maturity

Held to maturity investments are non-derivatives financial assets with fixed or determinable payments and fixed maturities that the Company has the positive intention and ability to hold to maturity.

Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the surplus/loss. Loans and receivables are classified as "trade and other receivables" in the balance sheet.

o) Impairment of financial assets

At each balance sheet date, the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the surplus/loss.

p) Accounting for derivative financial instruments

The Company uses derivative financial instruments to manage exposure to interest rate risks arising from financial activities.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each balance date.

The gain or loss from re-measuring derivatives at fair value is recognised in the surplus/loss.

The Company is party to financial instruments with off balance sheet risk to meet financing needs. These financial instruments include a bank overdraft facility.

Revenues and expenses in relation to all financial instruments are recognised in the surplus/loss and are shown in the balance sheet at their estimated fair value.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

q) Investment property

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, the Company measures all investment property at fair value as determined annually by an independent valuer.

Gains or losses arising from a change in the fair value of investment property are recognised in the surplus/loss.

r) Impairment of non-financial assets

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

The value in use for cash generating assets is the present value of expected future cash flows.

If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus/loss.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus/loss.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus/loss, a reversal of the impairment loss is also recognised in the surplus/loss.

For assets not carried at a revalued amount the reversal of an impairment loss is recognised in the surplus/loss.

s) Non-Current assets held for sale

An asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than continuing use. On classification as 'Held for Sale', non-current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell. Impairment losses on initial classification as 'Held for Sale' are included in the surplus/loss.

t) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

u) Borrowings

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

v) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

w) Critical accounting estimates and assumptions

In preparing these financial statements the Directors and Management have made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Property, plant and equipment useful lives and residual values

At each balance date the Directors and Management review the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires the Directors and Management to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the Directors and Management, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset, therefore impacting on the depreciation expense recognised in the statement of comprehensive revenue and expense, and carrying amount of the asset in the balance sheet. The Directors and Management minimises the risk of this estimation uncertainty by:

- physical inspection of assets;
- asset replacement programmes;
- review of second-hand market prices for similar assets; and
- analysis of prior asset sales

No significant changes have been made to assumptions concerning useful lives and residual values. The carrying amounts of property, plant and equipment are disclosed in note 9.

x) Development property

Development property is stated at the lower of cost and net realisable value. Development property comprises land, infrastructure and other costs incurred that are directly related to the development activity. Net realisable value is the discounted value of forecast sales less estimated costs of completion and the estimated selling expenses. Development property is not depreciated.

y) Changes in Accounting Policies

There have been no changes to accounting policies during the year.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

2. PAYABLES AND ACCRUALS

	2016 \$000	2015 \$000
Accounts payable	605	519
Accruals	1,187	702
Total Payables and Accruals	1,792	1,221

3. TRADE AND OTHER RECEIVABLES

	2016 \$000	2015 \$000
Gross trade and other receivables	606	506
Total Trade and Other Receivables	606	506

The carrying amount of receivables that are past due date, but not impaired, whose terms have been renegotiated is nil (2015: nil).

At balance date, all overdue receivables have been assessed for impairment and no provisions are required. As at 30 June 2016, the Company has identified no debtors that are insolvent.

4. COMMITMENTS

	2016 \$000	2015 \$000
Lease commitments		
Share generator & cable	-	8
Vehicle	-	-
Office equipment	1	5
	1	13

	2016 \$000	2015 \$000
Operating Lease commitments as lessee		
Less than 12 months	1	12
Between 1 and 5 years	-	1
Greater than 5 years	-	-
Total Operating Lease Commitments	1	13

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

5. CONTINGENT LIABILITIES

The Group has no contingent liabilities (2015: nil).

6. CASH AND CASH EQUIVALENTS

	2016 \$000	2015 \$000
Cash on hand	7	7
Cash at bank	425	507
Total Cash and Cash Equivalents	432	514

7. TERM DEPOSITS

	2016 \$000	2015 \$000
Term deposits	-	287
Total Term Deposits	-	287

8. DEVELOPMENT PROPERTY

	2016 \$000	2015 \$000
Development property	11,446	11,512
Total Development Property	11,446	11,512

Waikato Regional Airport Limited's subsidiary Titanium Park Limited was a partner in the Titanium Park Joint Venture. The Titanium Park Joint Venture was terminated 31 March 2016 with Titanium Park Limited being transferred 37.2 hectares of land as part of the termination agreement.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

9. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Vehicles	Runways, aprons and taxiways	Other paved areas	Plant and equipment	Computer equipment	Furniture and fittings	Fencing	Reticulated systems	Total
2016 \$000											
Cost											
Opening balance	22,817	19,886	1,215	20,019	2,498	1,659	235	1,246	566	1,237	71,378
Additions	-	3	-	22	23	5	88	42	-	14	197
Disposals	-	-	(25)	-	-	-	(58)	-	-	-	(83)
Transfers	-	(25)	-	(1,095)	(191)	(46)	-	-	-	14	(1,340)
Closing balance	22,817	19,864	1,190	18,946	2,330	1,664	265	1,288	566	1,276	70,205
Accumulated depreciation											
Opening balance	-	2,221	549	3,458	748	1,198	197	951	169	126	9,617
Depreciation	-	572	89	963	189	101	38	90	33	37	2,112
Disposals	-	-	(14)	-	-	-	(57)	-	-	-	(71)
Transfers	-	(3)	-	-	-	-	-	-	-	3	-
Closing balance	-	2,790	624	4,421	937	1,299	178	1,041	202	166	11,658
Revaluation	-	1,677	-	4,061	433	-	-	-	(167)	107	6,111
Carrying amounts											
At 30 June 2015	22,817	17,665	666	16,561	1,750	461	38	295	397	1,111	61,761
At 30 June 2016	22,817	18,751	566	18,586	1,826	363	87	247	198	1,217	64,658

The total amount of property, plant and equipment in a construction / development phase is \$66,655 (2015:\$ 1,528,526)

	Land	Buildings	Vehicles	Runways, aprons and taxiways	Other paved areas	Plant and equipment	Computer equipment	Furniture and fittings	Fencing	Reticulated systems	Total
2015 \$000											
Cost											
Opening balance	22,817	19,886	1,215	19,884	2,302	1,644	251	1,279	563	1,216	71,056
Closing balance	22,817	19,886	1,21	20,019	2,498	1,659	235	1,246	566	1,237	71,378
Accumulated depreciation											
Opening balance	-	1,650	495	2,498	560	1,143	184	907	137	90	7,664
Closing balance	-	2,221	549	3,458	748	1,198	197	951	169	126	9,617
Carrying amounts											
At 30 June 2014	22,817	18,236	719	17,386	1,742	501	67	372	426	1,126	63,392
At 30 June 2015	22,817	17,665	666	16,561	1,750	461	38	295	397	1,111	61,761

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

VALUATION

Asset class	Valuation approach	Valuer	Fair Value \$000
Land	Fair market, highest and best use basis determined from prevailing market-based evidence and conditions	Quotable Value Limited	\$22,733
Building and Security Fencing	Fair market or, where appropriate, depreciated replacement cost	Beca Valuations Ltd	\$18,949
Runways, Taxiways, Aprons and Other Paved Areas	Optimised depreciated replacement cost	Beca Valuations Ltd	\$20,412
Reticulated Systems	Optimised depreciated replacement cost	Beca Valuations Ltd	\$1,217

The effective date of building and security fencing, runways, taxiways, aprons and other paved areas and reticulated systems valuations (excluding land) is 30 June 2016.

All land was revalued with an effective date of 30 June 2013 (\$22,732,500).

Neither valuer has an interest or relationship with any party that would impair its objectivity or independence.

10. TERM LIABILITIES

BNZ Bank Loan Facilities

At 30 June 2016 the Company had the following facilities with the BNZ Bank:

- i. An overdraft facility of \$500,000 repayable on demand. The interest rate on this facility is the BNZ Bank's market connect overdraft base rate plus a margin.
- ii. A Customised Average Rate Loan (CARL) of up to \$9,500,000 that matures on 17 October 2017. The amount outstanding on this facility at 30 June 2016 was \$6,043,000 (2015: \$8,200,000).
- iii. A second Customised Average Rate Loan (CARL) of \$1,600,000 that matures on 1 February 2018. The amount outstanding on this facility at 30 June 2016 was \$1,339,840 (2015: \$1,422,400).

The \$1.6m CARL facility is secured over buildings at Boyd Road, Hamilton.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

11. EQUITY

	2016		2015	
	No. 000s	\$000	No. 000s	\$000
Ordinary shares issued				
Balance of shares as at 1 July	4,035	24,460	4,974	24,460
Less uncalled capital	-	-	939	9,600
Repurchase uncalled capital	939	-	-	-
Issued and called shares at 30 June	4,974	14,860	4,035	14,860
Less called but unpaid	-	-	-	-
Issued paid shares at 30 June	4,974	14,860	4,035	14,860

During the year Waikato Regional Airport Limited repurchased all 939,334 shares of uncalled capital.

All ordinary shares carry equal voting rights and the right to share in any surplus on winding up. None of the shares carry fixed dividend rights.

The shareholding of Waikato Regional Airport Limited as at 30 June 2016 is as follows:

Shareholder	No. of Shares	Percentage
Hamilton City Council	2,486,752	50.0 %
Waipa District Council	777,110	15.6 %
Matamata District Council	777,110	15.6 %
Waikato District Council	777,110	15.6 %
Otorohanga District Council	155,422	3.1 %
	4,973,504	100.0 %

Asset Revaluation Reserve	2016 \$000	2015 \$000
As at 1 July	28,677	28,677
Revaluation gain	6,112	-
Deferred tax on movement	(1,711)	-
As at 30 June	33,078	28,677

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

Asset Revaluation Reserve consists of:	2016 \$000	2015 \$000
Land	14,428	14,428
Buildings	4,092	2,885
Fencing	232	352
Reticulated systems	777	700
Runway, apron & taxiways	12,388	9,463
Other paved areas	1,161	849
As at 30 June	33,078	28,677

Retained Earnings	2016 \$000	2015 \$000
As at 1 July	16,132	15,963
Surplus for the year	336	169
As at 30 June	16,468	16,123

12. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties on normal commercial terms during the year.

Shareholders

During the financial year the Group received payments from the following shareholders:

- Hamilton City Council, a total of \$585,000 (excl GST) for regional tourism funding under a service level agreement and regional campaigns (2015: \$392,483).
- Waipa District Council, a total of \$150,000 (excl GST) for regional tourism funding under a service level agreement (2015: \$100,000).
- Waikato District Council, a total of \$150,000 (excl GST) for regional tourism funding under a service level agreement (2015: \$100,000).
- Matamata-Piako District Council, a total of \$150,000 (excl GST) for regional tourism funding under a service level agreement (2015: \$100,000).
- Otorohanga District Council, a total of \$60,000 (excl GST) for regional tourism funding under a service level agreement (2015: \$40,000).



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

Subsidiaries

Hamilton & Waikato Tourism Limited, a wholly owned subsidiary of the Company, made the following transactions with the Company during the year:

Related Party	Nature of transactions	Relationship with company	2016		2015	
			Transaction	Outstanding balance as at 30/06/16	Transaction	Outstanding balance as at 30/06/15
Hamilton & Waikato Tourism Limited	Contribution to marketing	Subsidiary	-	-	11	-
Hamilton & Waikato Tourism Limited	Receipt of insurance contribution	Subsidiary	-	-	-	-
Hamilton & Waikato Tourism Limited	Provision of services under a service level agreement	Subsidiary	40	-	40	-
Hamilton & Waikato Tourism Limited	Receipt of services under a service level agreement	Subsidiary	(49)	-	(49)	(9)
			(9)	-	2	(9)

Subsidiaries

Titanium Park Limited, a wholly owned subsidiary of Waikato Regional Airport Limited, made the following transactions with the Company during the year:

Related Party	Nature of transactions	Relationship with company	2016		2015	
			Transaction	Year End	Transaction	Year End
Titanium Park Limited	Cash advances to facilitate funding for the Joint Venture operations	Subsidiary	(1157)	3,195	48	4,352
Titanium Park Limited	Cash advance to facilitate funding for 188 Narrows Road	Subsidiary	-	2,919	-	2,919
Titanium Park Limited	Interest charged on advances	Subsidiary	-	2,507	480	2,507
			(1,157)	8,621	528	9,778

Key Management Personnel Compensation	2016		2015	
	\$000		\$000	
Salaries and other short-term employee benefits		798		688
Total Key Management Personnel Compensation		798		688

Key management personnel comprises directors and the Group's management team.

There were no other material related party transactions during the year other than those already disclosed in the notes to these financial statements.

13. EVENTS OCCURRING AFTER BALANCE DATE

Nil.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

14. OPERATING REVENUE

	2016 \$000	2015 \$000
Exchange Revenue		
Car park	1,591	1,473
Landing charges and departure charges	2,258	2,189
Rentals and concessions	1,566	1,612
Shop trading & other	363	367
Non-exchange revenue		
Other	1,650	1,214
Total Operating Revenue	7,428	6,855

15. OTHER GAINS

	2016 \$000	2015 \$000
Gain on disposal of PPE	-	6
Gain on changes in fair value of investment property (note 25)	20	10
Total Other Gains	20	16

	2016 \$000	2015 \$000
Other losses		
Loss on sale of property, plant and equipment	2	-
Loss on fair value adjustment – interest rate swaps (note 23)	21	202
Total Other Losses	23	202

16. FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The financial risks relate to the following financial instruments: trade receivables, cash and cash equivalents, trade and other payables and borrowings.

Risk management is carried out by the Company's Board of Directors. The Board identifies and evaluates financial risks and provides written principles for overall risk management, as well as written policies covering specific areas, such as interest-rate risk, credit risk, and investing excess liquidity.

	2016 \$000	2015 \$000
Financial Assets at Fair Value through Statement of Comprehensive Revenue and Expense		(611)
Financial Assets at Fair Value through Other Comprehensive Revenue and Expense	-	25
Loans and Receivables	1,154	1,129
Financial Liabilities Measured at Amortised Cost	7,383	10,661



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

17. RECONCILIATION OF NET SURPLUS/(DEFICIT) AFTER TAX TO NET CASH FROM OPERATING ACTIVITIES

	2016 \$000	2015 \$000
Surplus/(deficit) after tax Add/(deduct) non cash items	336	169
Depreciation & amortisation	2,278	2,101
Deferred taxation	(244)	(466)
(Gains)/losses in fair value of investment property	(20)	10
Net interest rate swap (gains)/losses	21	202
Add/(deduct) items classified as investing or financing activities		
(Gains)/losses on disposal of property, plant & equipment	2	(6)
Add/(deduct) movements in working capital		
Trade & other receivables	(89)	106
Prepayments	(1)	99
Payables & accruals	518	(104)
Employee entitlements	79	(1)
Income in advance	(134)	(5)
Goods and services taxation	43	63
Inventories	14	18
Development property	66	414
Other assets allocation	10	8
Income tax payable	(108)	231
Net Cash from Operating Activities	2,771	2,809

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

18. DEPRECIATION & AMORTISATION OF ASSETS BY CLASS

	2016 \$000	2015 \$000
Buildings	572	571
Vehicles	89	89
Runways, apron & taxiways	966	960
Other paved areas	189	188
Plant & equipment	101	99
Computer equipment	38	35
Furniture & fittings	90	84
Fencing	32	32
Reticulated systems	37	36
	2,114	2,094
Intangible assets – runway designation	162	-
– computer software	2	7
Total Depreciation & Amortisation of Assets	2,278	2,101

19. INCOME TAXATION

	2016 \$000	2015 \$000
Current year	398	544
Prior period adjustment	-	36
Movement in temporary differences	(244)	(460)
	154	120

Reconciliation of Effective Tax Rate	%	2016 \$000	%	2015 \$000
Surplus for the period excluding income tax		490		289
Prima facie income tax based on domestic tax rate	28.0%	137	28.0%	80
Effect of non-deductible expenses	3.42%	17	8.17%	24
Effect of tax exempt income	0.0%	-	0.0%	-
Prior period adjustment	0.0%	-	12.36%	36
Effect of tax rate change from 30% to 28%	0.0%	-	(6.96%)	(20)
Capital gain on sale	0.0%	-	0.0%	-
	31.42%	154	41.57%	120



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

20. DEFERRED TAX LIABILITIES

Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following:

\$000	Property plant and equipment	Financial assets	Employee entitlements	Other	Total
Balance as at 30 June 2014	7,360	(115)	(23)	(85)	7,137
Charged to profit and loss	(401)	(56)	-	(3)	(460)
Tax loss recognised	-	-	-	(6)	(6)
Charged to equity	-	-	-	-	-
Balance as at 30 June 2015	6,959	(171)	(23)	(94)	6,671
Charged to profit and loss	(496)	171	(2)	77	(250)
Tax loss recognised	-	-	-	6	6
Charged to equity	1,711	-	-	-	1,711
Balance as at 30 June 2016	8,174	-	(25)	(11)	8,138

21. OTHER ASSETS

	2016 \$000	2015 \$000
CTC apron costs (amortise over lease period)	84	93
Total Other Assets	84	93

Operating Lease Incentive

During the year ended 30 June 2005 the Company leased land to CTC Aviation Training (NZ) Limited for the purpose of establishing a flight training school. As an incentive to attract CTC to enter the lease, the Company agreed to pay 50% of the costs of constructing an apron.

As this payment is considered to be an operating lease incentive, the cost to the Company has been separately identified and will be amortised over the period of the 20 year lease as a reduction in lease income.

22. EMPLOYEE ENTITLEMENTS

	2016 \$000	2015 \$000
Annual leave	102	85
Accrued salary and wages	150	88
Total Employee Benefit Liabilities	252	173

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

23. DERIVATIVE FINANCIAL INSTRUMENTS

There were no derivative financial instruments in place at year end.

	2016 \$000	2015 \$000
Fair value of interest rate swaps – 1 July	(611)	(409)
Gain/(Loss) during year	(21)	(202)
Swap closed out during year	632	
Fair Value of Interest Rate Swaps	-	(611)

24. OTHER FINANCIAL ASSETS

	2016 \$000	2015 \$000
Shares – Paper Plus	25	25
Shares – Paper Plus Sold	(25)	
Total Other Financial Assets	-	25

There were no impairment provisions for other financial assets.

25. INVESTMENT PROPERTY

The Company has identified three classifications of land as strategically important holdings as they relate directly to the aviation operations and related activities, or are considered in the airport's long term strategy of facilitating future growth in the aeronautical capability of the airport.

The Company's criteria for identifying property as of strategic importance is:

- Land areas on which runways, taxiways, aprons, terminal and apron servicing areas as currently placed or anticipated in the Airport Master Plan.
- Land areas abutting the land areas described above.
- Other land that is reserved for aviation related activities.

Land that does not meet the criteria above or that is not property available for sale is classified as investment property.

The Company's investment properties are valued annually at fair value effective 30 June. All investment properties were valued on open market evidence and conditions that prevailed as at 30 June 2016. The valuation was performed by Mairi MacDonald, Registered Valuer, ANZIV, SPINZ, an independent valuer from Quotable Value Limited. Quotable Value Limited is an experienced valuer with extensive market knowledge in the types of investment properties owned by the Company.

	2016 \$000	2015 \$000
Opening balance	3,730	3,720
Transfer from property, plant & equipment	-	-
Fair value gain on valuation	20	10
Closing Balance	3,750	3,730



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

26. INTANGIBLE ASSETS

	2016 \$000	2015 \$000
Acquired Assets		
Balance at 1 July	107	107
Additions	107	-
Disposals	(108)	-
Transfers	1,286	-
Balance at 30 June	1,392	107
Accumulated Amortisation & Impairment Losses		
Balance at 1 July	107	100
Amortisation expense	167	7
Disposal	(109)	-
Balance at 30 June	165	107
Carrying Amounts		
Balance at 1 July	-	7
Balance at 30 June	1,227	-

27. ASSET IMPAIRMENT

There has been no impairment of assets recognised in 2016 (2015: nil).

28. DIRECTORS' FEES

	2016 \$000	2015 \$000
Waikato Regional Airport Limited – Board of Directors	104	104
Hamilton & Waikato Tourism Limited – Board of Directors	30	33
Titanium Park Limited	36	36
Total Directors' Fees	170	173

The Board of Titanium Park Joint Venture no longer has an independent Chairman. Fees paid to the independent Chairman are \$0 for the year. The Group's one half share of those fees is \$0 (2015: \$5,406).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

29. AUDIT FEES

The Parent audit fees per the Audit Proposal Letter is \$62,126 (2015: \$60,416).

30. DONATIONS

During the year the Company made donations to charities totaling \$261 (2015: \$895).

31. PERFORMANCE TARGETS AND RESULTS

The Company prepares an annual Statement of Corporate Intent, which is approved by Shareholders and incorporates financial and performance measures for the ensuing year.

A comparison of the Company's actual results for the year, excluding Titanium Park land sales and excluding revaluation gains, are shown below against forecast.

The Group has achieved all finance performance targets for 2016 year (2015: Achieved)

Performance targets and results for Group	Actual 2016	Target Statement of Corporate Intent	Met	Comment	Actual 2015	Target Statement of Corporate Intent
Net surplus / (deficit) after tax (total comprehensive revenue and expense)	(\$282,000)	(\$421,000)	Y	Favourable by \$139,000 compared to target. The 2015/2016 year target excludes TPL land sales.	\$169,000	\$111,000
Net profit/(loss) after tax to average shareholder funds	0.54%	(1%)	Y	Percentage is better than planned.	0.28%	0.0%
Net profit/(loss) after tax to total assets	0.41%	(1%)	Y	Percentage is better than planned.	0.22%	0.0%
Percentage of non-landing charges revenue	81%	64%	Y	The percentage of non-landing charges revenue ratio is higher than the target due to increased passenger numbers, car park revenue and tourism funding.	81.03%	64.4%
Earnings before interest, taxation and depreciation	\$2,585,000	\$2,061,000		The 2015/2016 year target excludes TPL land sales.	\$3,294,000	\$2,880,000
Net cash flow (operating and investing)	\$2,789,000	(\$632,000)	Y	Actual result is better than planned.	\$2,225,000	(\$375,000)
Total liabilities/shareholders' funds: debt/equity ratio	21:79	25:75	Y	The ratio is more favorable than planned.	24:76	26:74
Interest cover (parent only and calculated on the basis of interest from TPL and revaluations being excluded)	5.81	2.86	Y	The ratio is more favorable than planned.	3.38	2.91



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

Non - Financial Performance targets and results (Group)

2016 Target	Comment	Met	2015 Target	Comment
Facilitate Health & Safety meetings every 2 months with representatives from each company department.	Health and Safety meetings are undertaken on monthly basis.	Y		New target for 2016
Zero Work Safe notifiable accidents/injuries.	There was one notifiable incident.	N		New target for 2016
Commission independent review of the company's Health & Safety framework. Implement recommendations from the independent review to ensure best-practice compliance.	An independent review was undertaken and recommendations completed. Enhancing of existing tenant and contractors H&S control procedures were implemented. All existing H&S frameworks have been updated to include the provisions of the Health and Safety at Work Act 2015 requirements.	Y		New target for 2016
To achieve the Airport Certification Standards as required by the Civil Aviation Authority.	Two audits were undertaken by the Civil Aviation Authority of New Zealand (CAA) during the year and the airport continues to meet the Airport Certification Standards.	Y	To achieve the Airport Certification Standards as required by the Civil Aviation Authority.	No audits were undertaken by the Civil Aviation Authority of New Zealand (CAA) during the year and the airport continues to meet the Airport Certification Standards.
Ensure airport is operationally available for all scheduled passenger services (except for uncontrollable events)	There have no incidences of scheduled flights being operationally impacted by controllable events.	Y		New target for 2016
Facilitate noise management meetings each 4 months in accordance with the Noise Management Plan	Regular meetings have been facilitated every 4 months.	Y		New target for 2016
Collect, document and act (where viable) on customer feedback forms to continuously monitor and improve the customer experience. Maintain a database to ensure recurring negative feedback is promptly acted upon.	During the period 1 July 2015 to 30 June 2016, customer feedback cards were positioned in the terminal with 19 cards collected and documented. All items are considered by the management team and addressed where appropriate. Personal complaints are responded to.	Y	Collect, document and act (where viable) on customer feedback forms to continuously monitor and improve the customer experience. Maintain a database to ensure recurring negative feedback is promptly acted upon.	Customer feedback cards are positioned in the terminal. From 1 July 2014 to 30 June 2015 there were 32 customer feedback cards collected and documented. All items are considered by the management team and addressed where appropriate. Personal complaints are responded to.

STATUTORY INFORMATION

For the Year Ended 30 June 2016

Dividend

The Directors recommend that no dividend be declared.

Directors' Interests

The following directors have made a general disclosure of interest with respect to any transaction or proposed transaction that may be entered into with other entities on the basis of him being a director, partner, trustee or officer of those entities.

Director	Entity	Interest	Director	Entity	Interest
J Spencer	Advisory Board for Iron Duke Limited	Chair		Fisher & Paykel Finance Holdings Limited	Director
	Derby Street Limited	Director		Fisher & Paykel Finance Limited	Chair
	KiwiRail Holdings Limited	Chair		Gardon Limited	Director
	Mitre 10 (New Zealand) Limited	Director		Guarda Trust	Trustee
	Mitre 10 Holdings Limited	Director		Homeopathic Trust	Trustee
	Mitre 10 Imports Limited	Director		IT Partners Group Limited	Director
	Mitre 10 Retail Limited	Director		IT Partners Limited	Director
	Raukawa Iwi Development Limited	Chair		Jarvis Trading Limited	Director
	Taupo Mega Limited	Director		Larsen Family Trust	Trustee
	Te Awamutu Mega Limited	Director		Lightwire Limited	Director
	Tertiary Education Commission	Chair		MCC Properties Limited	Director
	Wellington Mega Limited	Director		Milk Management Company Limited	Director
	Andrew Johnson Business Trust	Trustee		Ocean Sands Trust	Trustee
C da Silva	Ata Rangi Pastoral Limited	Director		Retail Financial Services Limited	Director
	Certus Group Limited	Director		Te Maunga Trust	Trustee
	Columbus Financial Services Limited	Director		Titanium Park Limited	Director
	Consumer Finance Limited	Director		Trelise Cooper Group Limited	Director
	Consumer Insurance Services Limited	Director		Trelise Cooper Properties Limited	Director
	Coromandel Trust	Trustee		Waikato Rental Trust	Trustee
	Da Silva Advisory Limited	Director			
	Fisher & Paykel Financial Services Limited	Director			

Continued on following page



STATUTORY INFORMATION

For the Year Ended 30 June 2016

Director	Entity	Interest	Director	Entity	Interest
A Cotton	Access IR Group Limited	Director		Institute of Directors Professional Committee	Member
	Australasian Investor Relations Association Pty Limited	Director		Meteorological Services of New Zealand Limited	Director
	Donny Trust	Trustee		National Council Representative Institute of Directors New Zealand Incorporated	Member
	External Reporting Board	Member		National Infrastructure Advisory Board	Member
	Merlin Consulting Limited	Director		Titanium Park Limited	Chair
	Merlin Group Limited	Director		Waikato District Council Audit & Risk Committee	Chair
M Devlin	City Care Limited	Director		Waikato Institute of Directors	Chair
	Harrison Grierson Consultants Limited	Chair		Waikato Plan Joint Committee	Chair
	Harrison Grierson Holdings Limited	Director		Waikato University Risk Management Committee	Member
	IT Partners Group	Director		WEL Networks Limited	Chair
	Institute of Directors New Zealand Incorporated	Chartered Fellow			

Use of Company Information

No notices were received from Directors requesting use of Company information received in their capacity as Directors that would not have been otherwise available to them.

Share Dealing

No Director holds shares in the Company nor acquired or disposed of any interest in shares in the Company during the year.

Directors' Remuneration

Director remuneration paid during the year was as follows:

		2016 \$000
J Spencer	WRAL Chair	35
M Devlin	WRAL Director, TPL Chair	39
C da Silva	WRAL Director, TPL Director	39
A Cotton	WRAL Director, Audit & Risk Chair	23
G Dwyer	TPL Director	4
G Osbourne	HWTL Chair	10
S Douglas	HWTL Director	7
D Scarlet	HWTL Director	7
R Weir	(Resigned February 2016)	5
A Bounds	(Resigned July 2015)	1

No other remuneration or benefits have been paid or given to Company's directors.

STATUTORY INFORMATION

For the Year Ended 30 June 2016

Insurance

Directors' and Officers' liability insurance is with Vero Liability Insurance Ltd, with the policy for the parent Company extending to the Company.

Remuneration of Employees

Directors' and Officers' liability insurance is with Vero Liability Insurance Ltd, with the policy for the parent Company extending to the Company.

Amount of Remuneration	Employees
\$220,000 - \$229,999	1
\$180,000 - \$189,999	1
\$160,000 - \$169,999	1

Remuneration includes salary, performance bonuses and motor vehicle allowances received in their capacity as employees.



AUDIT REPORT

For the Year Ended 30 June 2016

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Waikato Regional Airport Limited Group's financial statements and performance information for the year ended 30 June 2016

The Auditor-General is the auditor of Waikato Regional Airport Limited Group (the Group). The Auditor-General has appointed me, Clarence Susan, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information of the Group, consisting of Waikato Regional Airport Limited and its subsidiaries and other controlled entities, on her behalf.

Opinion on the financial statements and the performance information

We have audited:

- the financial statements of the Group on pages 10 to 35, that comprise the balance sheet as at 30 June 2016, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Group on pages 35 to 36.

In our opinion:

- the financial statements of the Group:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2016; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.
- the performance information of the Group presents fairly, in all material respects, the Group's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Group's objectives, for the year ended 30 June 2016.

Our audit was completed on 1 September 2016. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities, and explain our independence.

AUDIT REPORT

For the Year Ended 30 June 2016

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and the performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and the performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and in the performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Group's financial statements and performance information in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the appropriateness of the reported performance information within the Group's framework for reporting performance;
- the adequacy of the disclosures in the financial statements and in the performance information; and
- the overall presentation of the financial statements and the performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the performance information. Also, we did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and fair presentation of financial statements for the Group that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparation of the performance information for the Group.



AUDIT REPORT

For the Year Ended 30 June 2016

The Board of Directors' responsibilities arise from the Local Government Act 2002.

The Board of Directors is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements and the performance information that are free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for the publication of the financial statements and the performance information, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and the performance information and reporting that opinion to you based on our audit. Our responsibility arises from the Public Audit Act 2001.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in the Group.



Clarence Susan
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand

FIVE YEAR REVIEW

For the Year Ended 30 June 2016

	2016 \$000's	2015 \$000's	2014 \$000's	2013 \$000's	2012 \$000's
Revenue	8,079	7,765	7,022	7,225	7,984
Increase/-Decrease	4%	11%	(3%)	(10%)	13%
Expenditure	7,589	7,476	7,274	7,475	7,514
Increase/-Decrease	2%	3%	(3%)	0%	7%
Operating Surplus before Abnormal Item* and Taxation	470	273	(245)	(245)	345
Increase/-Decrease	72%	211%	(0%)	(171%)	236%
Operating Surplus before Tax Item	490	289	(252)	(250)	470
PERFORMANCE INDICATORS					
Operating Surplus (after abnormal item and taxation) to Average Shareholder's Equity	0.54%	0.28%	(0.4%)	(0.4%)	0.4%
Percentage of Non-Landing Charges Revenue to Total Revenue	85%	81%	82%	81%	82%
Total Equity	64,405	59,669	59,500	59,732	59,162
Total Liabilities	17,899	18,874	20,937	19,967	19,074
Total Assets	82,304	78,543	80,437	79,699	78,235
Net Asset Backing per Share	\$15.96	\$14.79	\$14.75	\$14.80	\$14.67
Shareholders' Equity Ratio	78%	76%	74%	75%	76%
Passengers					
- Domestic	303,135	291,385	294,396	294,512	315,662
- International	-	-	-	11,384	38,406
- Total	303,135	291,385	294,396	305,896	354,068

* Abnormal item includes gains/losses on sale of property, plant and equipment.



CORPORATE DIRECTORY

For the Year Ended 30 June 2016

Board of Directors	John Spencer CNZM (Chair)
	Carlos da Silva
	Annabel Cotton
	Margaret Devlin
Chief Executive Officer	Mark Morgan
General Manager Operations	Simon Hollinger
Finance Manager	Nikki Orange
Registered Office	Hamilton Airport Terminal Building
	Hamilton Airport
	Airport Road, R D 2
	Hamilton 3282
Telephone	07 848 9027
Facsimile	07 843 3627
E-mail	wral@hamiltonairport.co.nz
Web Site	www.hamiltonairport.co.nz
Bankers	Bank of New Zealand
Solicitors	Tompkins Wake, Hamilton
Auditors	Audit New Zealand, Hamilton on behalf of the Controller and Auditor-General



Hamilton Airport

