Hamilton Airport

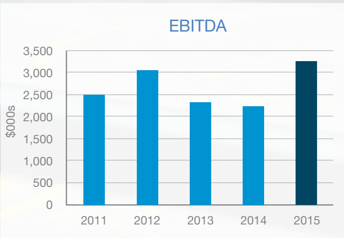
Annual Report 2015

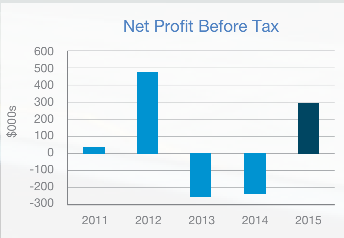
CONTENTS

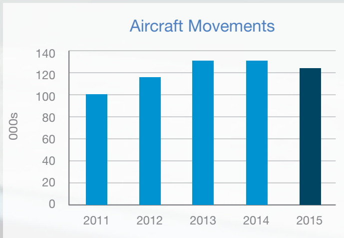
2015 RESULTS AT A GLANCE

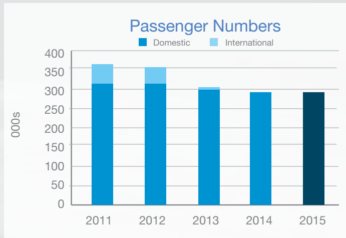
KEY FACTS

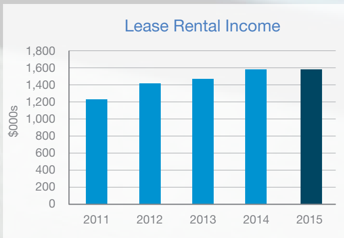
- Operating Surplus after Tax of $169,000 ; up $401,000 on 2014
- Operating Revenue (excluding land sales) up $283,000 (4.3%)
- Land sale net income $841,000 ($221,000 in 2014)
- EBITDA of $3,294,000; up $1,081,000 on 2014
- $2,225,000 positive operating net cash flow
- $1.97m debt repayment ($0.58m 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.

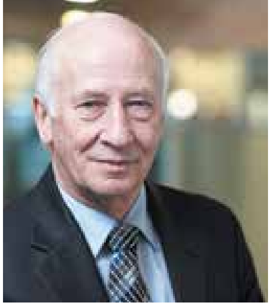
FINANCIAL PERFORMANCE

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

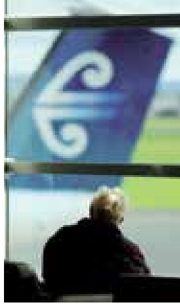
Harmonious relationships between airports and airlines are critical to the success of both parties and the Air New Zealand – Hamilton Airport relationship at the operational, marketing and strategic level is exceptionally positive.

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 famils (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
AIR NEW ZEALAND
link
ZK-EAJ

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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**
Represented by:			
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.

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.

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 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 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.

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.

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 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 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.

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**

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.

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**

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).

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**

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:

Related Party	Nature of transactions	Relationship with company	2015 $000 Transaction	2015 $000 Outstanding balance as at 30/06/15	2014 $000 Transaction	2014 $000 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**

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

	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**

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)**

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**

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**

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).

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
A Cotton	Anamallai Tea Estates & Ropeway Company Limited	Director
	Australasian Investor Relations Association Pty Limited	Director
	External Reporting Board	Member
	Merlin Consulting Limited	Director
	Riverbend Dairy Farms Limited	Director
C da Silva	Certus Group Limited	Director
	Columbus Financial Services Limited	Director
	Consumer Finance Limited	Director
	Consumer Insurance Services Limited	Director
	Da Silva Advisory Limited	Director
	Equipment Finance Limited	Director
	Fisher & Paykel Financial Services Limited	Director
	Fisher & Paykel Finance Holdings Limited	Director
	Fisher & Paykel Finance Limited	Chairman
	Gardon Limited	Director
	IT Partners Group Limited	Director
	IT Partners Limited	Director
	Jarvis Trading Limited	Director
	Lightwire Limited	Director
	MCC Properties Limited	Director
	Meteorological Service of New Zealand Limited	Director
	Milk Management Company Limited	Director
	Retail Financial Services Limited	Director
	Titanium Park Limited	Director
	Trelise Cooper Group Limited	Director
	Trelise Cooper Properties Limited	Director

DIRECTOR	ENTITY	INTEREST
	Waikato Regional Airport Limited	Director
J Spencer	Derby Street Limited	Director
	Kiwirail Holdings Limited	Chairman
	Mitre 10 (New Zealand) Limited	Director
	Mitre 10 Holdings Limited	Director
	Mitre 10 Imports Limited	Director
	Mitre 10 Retail Limited	Director
	Raukawa Iwi Development Limited	Chairman
	Taupo Mega Limited	Director
	Te Awamutu Mega Limited	Director
	Tertiary Education Commission	Chairman
	Wellington Mega Limited	Director
M Devlin	City Care Limited	Director
	Harrison Grierson Consultants Limited	Chairman
	Harrison Grierson Holdings Limited	Director
	Institute of Directors Professional Committee	Member
	Institute of Directors New Zealand Incorporated	Chartered Fellow
	National Council Representative Institute of Directors New Zealand Incorporated	Member
	National Infrastructure Advisory Board	Member
	Waikato District Council Audit & Risk Committee	Chairman
	Waikato Institute of Directors	Chairman
	Waikato Plan Joint Committee	Chairman
	Waikato University Risk Management Committee	Member
	WEL Networks Limited	Chairman
	Meteorological Services of New Zealand 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

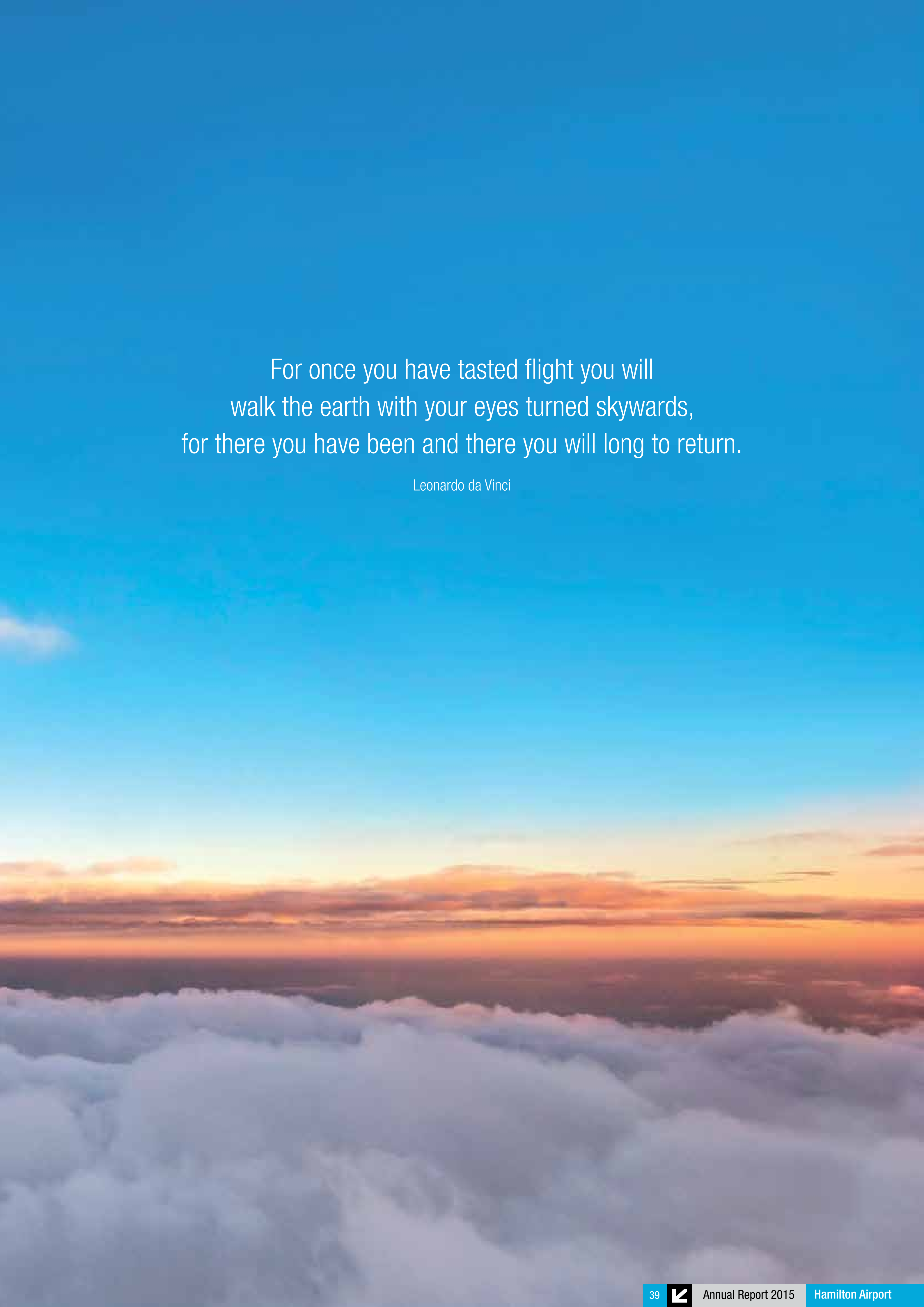
The Company arranged Directors' and Officers' liability insurance with Vero Liability Insurance Limited at a cost of $4,700 (excl GST) for the 12 month period to 31 March 2015. From 1 April 2015 to 30 June 2015, Directors' and Officers' liability Insurance is with Vero Liability Insurance Limited at 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.

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 Taxation[1]	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