

PALMERSTON NORTH AIRPORT LIMITED



ARTISTIC IMPRESSION OF TERMINAL GATES - AIRSIDE

INTERIM REPORT TO 31 DECEMBER 2015

COMPANY DIRECTORY**PALMERSTON NORTH AIRPORT LIMITED****DIRECTORS:**

D N Walker (Chairman)

G F Gillespie

J E Nichols

J M K B Adlam

O B Stock (Retired September 2015)

M A Georgel (Commenced October 2015)

MANAGEMENT:

D J Lanham

Chief Executive

G W Pleasants

Manager Aeronautical & Infrastructure

G E Clark

Commercial Manager

A C Scott

Visitor Development Manager

Z Palmer

Acting Finance Manager

REGISTERED OFFICE:

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Terminal Building

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TRADING BANKERS:

Bank of New Zealand

LEGAL ADVISORS:

Cooper Rapley Lawyers

AUDITORS:

Audit New Zealand (on behalf of The Auditor-General)

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JOINT REPORT OF CHAIRMAN and CHIEF EXECUTIVE OFFICER FOR THE SIX MONTHS ENDING 31 DECEMBER 2015

The Board and Management of Palmerston North Airport Limited (PNAL) continue to implement the Company's strategy in pursuit of our vision to "grow shareholder and regional economic value by operating a safe, efficient, attractive and profitable airport that serves the Central Region". The vision reflects the importance that Palmerston North Airport plays as a gateway to the wider region which extends from Ruapehu in the North, through Wanganui and Rangitikei, Manawatu, south to Horowhenua and across the ranges to Tararua and the Wairarapa. Our vision also reflects the need to work closely with a wide range of stakeholders both from a business and visitor perspective in identifying growth opportunities across the inbound, outbound and business sectors.

The first six months of the 2015/16 financial year has been very busy with preparation for Jetstar's entry to Palmerston North Airport, including the commencement of associated infrastructure projects, commencement of OriginAir services, an aeronautical pricing review and a review of the Airport Zone within the District Plan.

Revenue of \$2.573 million was 2.5% ahead of budget and 4.5% ahead of last year, primarily driven by modest growth in passenger volumes, including the launch of Originair services in August and growth in car park revenue. Total operating costs of \$1.512 million were 2.8% above budget, and 1.6% above last year. Cost increases were driven primarily by consultancy costs associated with Plan Change 15H – Airport Zone and the aeronautical pricing review.

EBITDA of \$1.061 million was 2% above the SOI forecast, and was 9% ahead of last year. However net surplus after tax of \$0.253 million was 18% below budget, and 11.5% below last year. The lower profit was due to higher depreciation charges which are a consequence of the triennial revaluation of assets undertaken in June 2015 which resulted in the valuation of land and buildings increasing by \$4.5 million, and an increase in the valuation of aeronautical infrastructure assets by \$12.22 million. This was the first time a revaluation of aeronautical infrastructure assets has taken place. The impact of the revaluation was not included in the SOI. This was partially offset by lower finance costs due to lower interest rates and lower than forecast debt.

Full year performance is expected to exceed revenue and EBITDA targets by 11% and 23% respectively. This is driven primarily by the growth in passenger movements associated with Jetstar's launch in February 2016, and the revised aeronautical pricing regime which became effective 1 December 2015. Annual passenger movements of 522,000 are forecasted, up 51,000 movements on the 2015/16 SOI target of 471,000.

PNAL's last aeronautical price reset was effective from 1 December 2011. PNAL is required by statute to review charges at least every five years, and to consult with its substantial customers in determining the charging methodology. A comprehensive pricing review and consultation process was undertaken over the six month period with agreement being reached with PNAL's substantial customer on a new pricing methodology. The pricing regime adopted ensures that PNAL is able to achieve a fair and equitable rate of return against its asset base and the level of investment in maintaining aeronautical infrastructure. Revenue increases which will be phased in over a number of years started from 1 December 2015.

Jetstar's announcement that Palmerston North had been selected as one of four new regional destinations from February 2016 was welcome news, as was Originair's launch of Palmerston North – Nelson services in August 2015. We expect the entry of competition to lower prices and increase passenger volumes with an increase in passenger volumes of around 20% projected on an annualised basis as a consequence of the Jetstar and Originair's entry. The PNAL team has established close working relationships with both Jetstar and Originair and will be working on joint initiatives to grow both inbound and outbound passenger volumes utilising Palmerston North Airport.

PNAL's relationship with Air New Zealand remains very strong and strategically important, with levels of cooperation and engagement reaching new levels during the period. Air New Zealand retain a high commitment to the region and during the period completed a major upgrade of their check-in area including the latest check-in kiosks that enable Palmerston North passengers to check in for onward international flights. An upgrade of their lounge facilities is expected soon.

PNAL continues to forge closer working relationships with local and neighboring Regional Tourism Organisations to raise the profile of Palmerston North Airport as the gateway from and to the wider region. PNAL's "Fly Palmy" consumer brand continues to be developed and leveraged in consolidating the Airport's position within the minds of travelers.

Passenger growth projections have triggered a review of airport infrastructure. Capital projects which commenced during the period include the expansion of the secure car park, which will increase capacity within this high demand facility by 25%. The relocation of the terminal arrivals door to an area adjacent to the bag reclaim carousel and an associated extension of the airside wind lobby will assist in improving passenger flows, while affording passengers a greater level of protection from the weather. Other modest infrastructure projects are in development and will assist in ensuring airport facilities continue to meet growing passenger and terminal user volumes.

The completion of the Thrifty Car Rentals facility at 34 Airport Drive is the first commercial development on the landside of Airport Drive. The opportunity for commercialisation of both landside and airside land holdings has been assisted by the finalisation of District Plan provisions which provide greater clarity around permitted activities.

PNAL worked closely with the PNCC City Planning team in reaching what is considered a fair outcome in Airport Zone provisions. PNCC City Planners appreciate that airport operators have moved beyond the role of travel and trade facilitation to now become recognised as economic drivers in their own right. Modern airports are transport hubs and have become major centres of employment for local people, driving regional competitiveness and economic development.

Operationally we have continued capital upgrades. The final stage of the runway resurfacing program will occur in February 2016, and additional pavement work and a new rescue fire facility are programmed for commencement later in 2016.

All statutory requirements relating to the airport have been met, including successful completion of independent audits by the Civil Aviation Authority, during the first six months of the year. These were also supported by continuing monthly internal audits and quality control checks undertaken by an independent body.

The following priorities have been progressed over the last six months:-

- Aeronautical pricing review completed.
- Successful launch of Originair Palmerston North – Nelson air services.
- Selection of Palmerston North Airport for Jetstar regional air services.
- Jetstar / Originair back of house and front of house facilities completed.
- Air NZ's completion of back of house and front of house upgrades.
- Completion of the 34 Airport Drive facility.
- Commencement of airside wind lobby construction & arrivals door relocation.
- Commencement of secure carpark expansion.
- Planning for Stage 3 of runway overlay program.
- Evaluation of additional terminal and carpark expansion projects.
- Consolidation of the "Fly Palmy" advocacy brand.
- Worked collaboratively with PNCC to achieve compromise around Plan Change 15H- Airport Zone provisions.
- Commencement of the-design & re-launch of the PNAL company website.
- Ongoing planning for multiple airside and land side commercial development opportunities.
- Ongoing review/ re-negotiation of commercial leases.

A strong second half of the year is expected as the Company benefits from increased passenger numbers and the impact of the recent pricing review.

In closing PNAL is aware of its role as a facilitator of economic development within Palmerston North and the wider region, as such we continue to evaluate opportunities to position Palmerston North Airport as the gateway of choice for inbound and outbound travelers and as an attractive location for commercial development.

Derek Walker
Chairman

David Lanham
Chief Executive

STATEMENT OF SERVICE PERFORMANCE

- * The Company's current Statement of Intent is dated June 2015.
- * The Company is trading as Palmerston North Airport.
- * Palmerston North Airport has been maintained as an airport certificated pursuant to Civil Aviation Rule Part 139 and has achieved satisfactory audits during the period.
- * All obligations under the Resource Management Act and the District Plans of the Palmerston North City Council and Manawatu District Council have been met.

<p>Objective :</p> <ul style="list-style-type: none"> * <i>To grow the shareholder's and regional economic value by operating a safe, efficient, attractive and profitable airport that serves the Central Region.</i>
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Performance Measures:

	Dec 2015 6 Months	Dec 2014 6 Months	SOI Target 12 Months
1. Ratio of Net Surplus before interest and tax to Total Assets:	0.8%	1.3%	2.7%
2. Ratio of Net Surplus after interest and tax to consolidated Shareholders funds:	0.5%	0.8%	1.6%
3. Interest cover ratio of Net Surplus before interest tax and depreciation to interest, at or above 2.5 times:	6.8	4.9	5.0
4. Maintain a tangible net worth (of or above) \$35m	49.3	35.9	35.0
5. Total Passenger Throughput	241,000	239,000	471,000
6. Maintain a high level of customer satisfaction	Target for Customer Satisfaction is 90% Will be completed by year end		
7. CAA Part 139 Certification	Achieved	Achieved	Achieved

STATEMENT OF FINANCIAL PERFORMANCE - Parent & Consolidated
For the Six Months Ended 31 December 2015

	<i>Note</i>	31-Dec-15 6 Months Unaudited	31-Dec-14 6 Months Unaudited	30-Jun-16 12 Months SOI	30-Jun-15 12 Months Audited
REVENUE	4	2,573,431	2,463,302	5,049,240	4,942,760
OPERATING EXPENSES					
Airfield Services		212,752	212,752	425,508	425,503
Other Operating Expenses	5	575,021	551,117	1,211,006	1,108,737
TOTAL OPERATIONS AND MAINTENANCE		787,773	763,869	1,636,514	1,534,240
Administration:					
Audit Fees		14,290	14,046	27,504	28,500
Loss on Sale of Assets					
Bad Debts Written Off		14,017	50	5,004	123
Changes in doubtful debt provision		(18,030)	32,068	20,004	30,317
Directors' Fees		38,250	38,250	76,500	76,500
Employee Expenses	6	388,642	346,017	675,823	648,859
General Administration		225,332	208,443	362,156	560,015
Market Development		61,883	85,639	129,080	
TOTAL ADMINISTRATION:		724,384	724,513	1,296,071	1,344,314
TOTAL OPERATING EXPENSES		1,512,157	1,488,382	2,932,585	2,878,554
Operating Surplus before interest, depreciation & taxation		1,061,274	974,920	2,116,655	2,064,206
Finance Costs & Depreciation:					
Finance costs	7	155,466	198,045	421,080	383,955
Depreciation	15	553,983	379,107	862,282	769,048
TOTAL FINANCE COSTS & DEPRECIATION:		709,449	577,152	1,283,362	1,153,003
Operating Surplus before taxation		351,825	397,768	833,293	911,203
Taxation Expense on operating surplus	8	98,510	111,375	233,322	248,852
NET SURPLUS AFTER TAXATION		253,315	286,393	599,971	662,351

For and on behalf of the Board



Derek Walker *Chairman*
Date : 25 February 2016



Jon Nichols - *Director*
Date : 25 February 2016

*The accompanying accounting policies and notes form part of and are to be read
in conjunction with these financial statements*

STATEMENT OF COMPREHENSIVE INCOME - Parent and Consolidated
For the Six Months Ended 31 December 2015

<i>Note</i>	31-Dec-15 6 Months Unaudited	31-Dec-14 6 Months Unaudited	30-Jun-16 12 Months SOI	30-Jun-15 12 Months Audited
NET SURPLUS AFTER TAXATION	253,315	286,393	599,971	662,351
Gains on revaluation of land and buildings	-	-	-	16,720,223
Movement in deferred tax	-	-	-	(3,683,462)
Reversal of valuation surplus on disposal				
Comprehensive income attributed to the shareholder	253,315	286,393	599,971	13,699,112

STATEMENT OF CHANGES IN EQUITY - Parent & Consolidated
For the Six Months Ended 31 December 2015

<i>Note</i>	31-Dec-15 6 Months Unaudited	31-Dec-14 6 Months Unaudited	30-Jun-16 12 Months SOI	30-Jun-15 12 Months Audited
EQUITY AT THE BEGINNING OF THE YEAR	49,304,587	35,823,396	36,156,912	35,823,396
Total Comprehensive (loss) income	253,313	286,393	599,971	13,699,112
Distribution to shareholders during the year	(264,941)	(217,921)	(192,805)	(217,921)
EQUITY AT THE END OF THE YEAR	49,292,959	35,891,875	36,564,079	49,304,587

*The accompanying accounting policies and notes form part of and are to be read
in conjunction with these financial statements*

STATEMENT OF FINANCIAL POSITION - Parent & Consolidated
As at 31 December 2015

	Note	31-Dec-15 Unaudited	31-Dec-14 Unaudited	30-Jun-16 SOI	30-Jun-15 Audited
CURRENT ASSETS					
Cash and Cash Equivalents	9	146,925	243,832	122,735	163,113
Trade accounts receivable	10	481,879	331,820	367,910	347,583
Inventory	11	36	74	-	70
Assets intended for sale	15	427,500	-	-	
Sundry receivables and prepayments		80,362	83,245	13,432	7,709
Tax receivable					
TOTAL CURRENT ASSETS		1,136,702	658,971	504,077	518,475
Less: CURRENT LIABILITIES					
Income in advance		92,921	66,106	90,000	65,177
Trade accounts payable	12	110,741	128,734	120,000	362,269
Other creditors		113,733	150,983	156,000	223,057
Employee benefit liabilities	13	21,441	40,788	54,000	35,917
Tax payable		125,453	187,649	86,742	-
Current portion of borrowings	14				
TOTAL CURRENT LIABILITIES		464,289	574,260	506,742	686,420
WORKING CAPITAL		672,413	84,711	(2,665)	(167,945)
Add: NON CURRENT ASSETS					
Property, Plant & Equipment	15	60,622,064	43,739,891	45,442,860	61,024,050
Investment Property					
Long Term Advance					
TOTAL NON CURRENT ASSETS		60,622,064	43,739,891	45,442,860	61,024,050
Less: NON CURRENT LIABILITIES					
Deferred tax liability	16	6,501,518	2,832,727	2,876,117	6,501,518
Borrowings	14	5,500,000	5,100,000	6,000,000	5,050,000
TOTAL NON CURRENT LIABILITIES		12,001,518	7,932,727	8,876,117	11,551,518
NET ASSETS		49,292,959	35,891,875	36,564,078	49,304,587
Represented by:					
SHAREHOLDERS' EQUITY					
Paid in Capital		9,380,400	9,380,400	9,380,400	9,380,400
Retained earnings		16,742,584	16,378,252	10,133,214	16,754,210
Asset revaluation reserve		23,169,975	10,133,214	17,050,465	23,169,977
TOTAL SHAREHOLDERS' EQUITY		49,292,959	35,891,875	36,564,079	49,304,587

For and on behalf of the Board



Derek Walker - *Chairman*
Date :



Jon Nichols - *Director*
Date :

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in conjunction with these financial statements*

CASH FLOW STATEMENT - Parent & Consolidated
For the Six months Ended 31 December 2015

	Note	31-Dec-15 6 Months Unaudited	31-Dec-14 6 Months Unaudited	30-Jun-16 12 Months SOI	30-Jun-15 12 Months Audited
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash was provided from:					
Receipts from Customers		2,470,020	2,483,255	5,002,225	4,828,429
Interest Received		1,059	5,690	3,092	12,907
Tax Refund					78,776
		<u>2,471,079</u>	<u>2,488,945</u>	<u>5,005,317</u>	<u>4,920,112</u>
Cash was disbursed to:					
Payment to Suppliers and employees		1,781,171	1,543,730	3,123,928	2,807,728
Net GST movement					
Payment of Income Tax		156,209	70,000	-	150,458
Interest Payments		155,466	198,044	421,080	383,955
		<u>2,092,846</u>	<u>1,811,774</u>	<u>3,545,008</u>	<u>3,342,141</u>
Net cash flows from operating activities	17	<u>378,233</u>	<u>677,171</u>	<u>1,460,309</u>	<u>1,577,971</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash was provided from:					
Sale of Fixed Assets		-	-	500,000	-
				<u>500,000</u>	
Cash was applied to:					
Purchase of Fixed Assets		579,494	74,497	3,121,750	1,005,968
		<u>579,494</u>	<u>74,497</u>	<u>3,121,750</u>	<u>1,005,968</u>
Net cash flow from investing activities		<u>(579,494)</u>	<u>(74,497)</u>	<u>(2,621,750)</u>	<u>(1,005,968)</u>
CASH FLOW FROM FINANCING ACTIVITIES					
Cash was provided from:					
Borrowing		450,000	-	1,800,000	-
		<u>450,000</u>		<u>1,800,000</u>	
Cash was applied to:					
Repayment of borrowings		-	600,000	900,000	650,000
Payment of Dividends		264,939	217,921	192,805	217,921
		<u>264,939</u>	<u>817,921</u>	<u>1,092,805</u>	<u>867,921</u>
Net cash from financing activities		<u>185,061</u>	<u>(817,921)</u>	<u>707,195</u>	<u>(867,921)</u>
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		<u>(16,200)</u>	<u>(215,247)</u>	<u>(454,246)</u>	<u>(295,918)</u>
Cash, cash equivalents and bank overdrafts at the beginning of the year		<u>163,113</u>	<u>459,031</u>	<u>576,981</u>	<u>459,031</u>
Cash, cash equivalents and bank overdrafts at the end of the year	9	<u>146,925</u>	<u>243,832</u>	<u>122,735</u>	<u>163,113</u>
Made up of:					
Cash and Bank Balance		146,925	243,832	122,735	297,775
Deposits		-	-	-	-
CLOSING CASH BALANCE		<u>146,925</u>	<u>243,832</u>	<u>122,735</u>	<u>297,775</u>

The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements

**Consolidated Statement of Commitments
For the Six Months Ended 31 December 2015**

Non-cancellable Commitments - Operating Lessee

Not more than one year	31,636
One to two years	9,966
Two to five years	11,283
Over five years	<u>0</u>
	52,885

Non-cancellable Commitments - Operating Lessor

Not more than one year	402,245
One to two years	158,688
Two to five years	289,924
Over five years	<u>344,582</u>
	1,195,439

NOTES TO THE FINANCIAL STATEMENTS For the six months ended 31 December 2015
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1. REPORTING ENTITY

Palmerston North Airport Limited is a New Zealand company registered under the Companies Act 1993.

2. BASIS OF PREPARATION**Statement of compliance**

The financial statements of Palmerston North Airport Limited have been prepared in accordance with the requirements of the Airport Authorities Act 1966, Airport Authorities Amendment Act 2000, the Local Government Act 2002, Airport Authorities (Airport Companies Information Disclosure) Regulations 1999 the Companies Act 1993, and the Financial Reporting Act 2013. The financial statements have been prepared in accordance with NZ GAAP. They have been prepared in accordance with Tier 2 PBE reporting standards.

The entity is eligible and has elected to report with Tier 2 PBE accounting standards RDR on the basis that the entity has no public accountability and has expenses >\$2m and ≤ \$30m.

Measurement base

The financial statements have been prepared on a historical cost basis except where modified by the revaluation of land and buildings and infrastructure assets.

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional currency of the company is New Zealand Dollars.

3. ACCOUNTING POLICIES**Changes in accounting policies**

There were no changes to accounting policies during the period being reported.

Specific accounting policies

The accounting policies as published in the Annual Report to 30 June 2015 have been applied constantly to all periods presented in these financial statements.

	31-Dec-15	31-Dec-14	30-Jun-16	30-Jun-15
	6 Months	6 Months	12 Months	12 Months
	Unaudited	Unaudited	SOI	Audited

4. ANALYSIS OF OPERATING REVENUE:

	31-Dec-15	31-Dec-14	30-Jun-16	30-Jun-15
Landing, departure & facility fees	1,388,085	1,325,013	2,664,560	2,602,786
Car park, rent and advertising	1,093,706	1,084,049	2,131,866	2,160,529
Other	90,583	48,550	249,723	166,538
Interest	1,058	5,690	3,092	12,907
	2,573,432	2,463,302	5,049,240	4,942,760

5. OTHER OPERATING EXPENSES

Rates	185,094	181,319	369,532	362,637
Power and Insurance	142,384	145,512	289,966	314,457
Repairs and maintenance	247,543	224,286	551,508	431,643
	575,021	551,117	1,211,006	1,108,737

	31-Dec-15	31-Dec-14	30-Jun-16	30-Jun-15
	6 Months	6 Months	12 Months	12 Months
	Unaudited	Unaudited	SOI	Audited

6. EMPLOYEE EXPENSES

Salaries and wages	370,365	329,939	668,950	613,780
Employer Contribution to Kiwi Saver	12,559	7,025	6,873	15,336
Movement in employee entitlements	5,718	9,053	-	19,743
	<u>388,642</u>	<u>346,017</u>	<u>675,823</u>	<u>648,859</u>

7. FINANCE COSTS

Interest on term loans	155,466	198,045	421,080	383,955
Interest on overdraft	-	-	-	-
	<u>155,466</u>	<u>198,045</u>	<u>421,080</u>	<u>383,955</u>

8. TAXATION

Current year tax payable	98,510	111,375	233,322	255,137
Prior year adjustments	-	-	-	(12,814)
Movement in deferred tax	-	-	-	6,532
Total	<u>98,510</u>	<u>111,375</u>	<u>233,322</u>	<u>248,855</u>

Tax payable is exclusive of any tax-loss offset with Palmerston North City Council.

9. CASH AND CASH EQUIVALENTS

BNZ Current account	2,077	(7,340)	10,000	152,105
Cash on hand	3,230	4,212	1,000	3,151
Foreign currency on hand	-	-	-	-
Short term deposits	141,619	246,960	111,735	7,857
Total	<u>146,926</u>	<u>243,832</u>	<u>122,735</u>	<u>163,113</u>

10. TRADE ACCOUNTS AND OTHER RECEIVABLES

Debtors and other receivables	491,200	363,731	367,910	377,274
Receivables from related party	2,966	157	-	627
Provision for impairment	(12,287)	(32,068)	-	(30,318)
Total	<u>481,879</u>	<u>331,820</u>	<u>367,910</u>	<u>347,583</u>

Debtors and other receivables are non-interest bearing and receipt is normally on 30-day terms. Therefore, the carrying value of debtors and other receivables approximates their fair value after making provisions for impairment on specific overdue accounts.

	31-Dec-15 6 Months Unaudited	31-Dec-14 6 Months Unaudited	30-Jun-16 12 Months SOI	30-Jun-15 12 Months Audited
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11. INVENTORY

Other office stationery	36	74	-	70
Total	<u>36</u>	<u>74</u>	<u>-</u>	<u>70</u>

The airport does not hold any inventories that are subject to retention of title clauses and no inventories are pledged as security for liabilities.

12. TRADE ACCOUNTS PAYABLE

Trade accounts payable	107,904	126,990	115,000	178,076
Payables to related party	2,837	1,744	5,000	2,303
Total	<u>110,741</u>	<u>128,734</u>	<u>120,000</u>	<u>180,379</u>

All trade accounts payable are non-interest bearing and are normally settled on 30-day terms. The carrying amounts of trade accounts payable are the contractual amounts and approximate their fair value.

13. EMPLOYEE BENEFIT LIABILITIES

Accrued Pay	(20,194)	15,562	18,000	-
Annual leave	40,176	25,015	32,400	35,340
Sick leave	1,460	211	3,600	577
Total	<u>21,441</u>	<u>40,788</u>	<u>54,000</u>	<u>35,917</u>

14. BORROWINGS

Borrowings	5,500,000	5,100,000	6,000,000	5,050,000
Current portion of borrowings	-	-	-	-
Total	<u>5,500,000</u>	<u>5,100,000</u>	<u>6,000,000</u>	<u>5,050,000</u>

The Company has a bank facility of \$5.7 million which is secured by a registered first debenture and mortgage from the Bank of New Zealand over assets and property of the Company.

The carrying value of borrowings is materially consistent with their fair value.

15. PROPERTY, PLANT AND EQUIPMENT

	30-Jun-15 Carrying Amount	Additions	Assets Intended for Sale	Disposals	Depreciation	31-Dec-15 Carrying Amount
Land	24,916,000	850	180,000	-	-	24,736,850
Buildings	11,548,811	523,913	247,500	-	118,350	11,706,874
Infrastructure	23,417,819	36,243	-	-	364,062	23,090,000
Plant & Equipment	921,930	10,922	-	-	46,625	886,227
Furniture & Fittings	187,960	3,177	-	-	18,100	173,037
Computer Equipment	18,035	4,390	-	-	3,323	19,102
Motor Vehicles	1,840	-	-	-	221	1,619
Intangibles	11,655	-	-	-	3,300	8,355
	<u>61,024,050</u>	<u>579,495</u>	<u>427,500</u>	<u>-</u>	<u>553,981</u>	<u>60,622,064</u>

16. DEFERRED TAX ASSETS/(LIABILITIES)

	Property, plant and equipment	Employee entitlements	Other provisions	Total
Balance at 30 June 2015	6,520,302	(10,176)	(8,608)	6,501,518
Change to profit and loss				
Balance at 31 December 2015	<u>6,520,302</u>	<u>(10,176)</u>	<u>(8,608)</u>	<u>6,501,518</u>

17. CASH FLOW RECONCILIATION

Reconciliation of surplus after taxation with net cash flows from operating activities:

	31-Dec-15 6 Months Unaudited	31-Dec-14 6 Months Unaudited	30-Jun-16 12 Months SOI	30-Jun-15 12 Months Audited
Net surplus after tax	253,314	286,393	599,971	662,351
Add Depreciation	553,983	379,107	862,282	769,048
Add loss of sale of assets				
Net movement in deferred tax				
Net movement in working capital	<u>(429,064)</u>	<u>11,671</u>	<u>(1,944)</u>	<u>(146,572)</u>
Net cash from operating activity	<u>378,233</u>	<u>677,171</u>	<u>1,460,309</u>	<u>1,577,971</u>

18. CONTINGENCIES

Payments made under operating leases are recognised on a straight-line basis over the term of the lease.